Solvency and Financial Condition Report (SFCR)

Financial Year End: March 31, 2023

ARGUS

Our Interest is You.

Argus Insurance Company (Europe) Ltd.

Our Vision
To give more and more people the freedom to do what matters most.

Our Mission
To provide financial services which predict and protect for the future, always ensuring **"Our Interest is You"**.

Our Purpose
At Argus, our purpose is to deliver long-term sustainable returns to our shareholders through exceptional customer service, delivered by engaging and motivating our staff. **"Our Interest is You"** spans across all stakeholders as we seek to provide exceptional value through the solutions and services that we offer.

Our Values
Integrity
Fairness
Excellence
Respect
Professionalism
Teamwork

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EXECUTIVE SUMMARY

Argus Insurance Company (Europe) Limited (AICEL or the Company) is registered and domiciled in Gibraltar and licensed by the Gibraltar Financial Services Commission under the Financial Services (Insurance Companies) Regulations 2020 (and as amended by the Financial Services (Insurance Companies) (Amendment) (EU Exit) Regulations 2021) of Gibraltar and acts through its overseas third country branch in Malta, registered with the Malta Business Registry and licensed by the Malta Financial Services Authority (Malta Branch). It is a wholly owned subsidiary of Argus Group Holdings Limited (Group) based in Bermuda. AICEL offers a broad range of high-quality general insurance products to both commercial and individual clients. Our range of products is distributed both directly and through selected intermediaries. The Company underwrites risks in both Gibraltar and Malta.

The purpose of this report is to satisfy the public disclosure requirements of the Financial Services (Insurance Companies) Regulations 2020 and to provide, a qualitative and quantitative overview of the control environment that the Company operates within, and the methodology used when calculating the solvency margin. The report provides the elements of the disclosure that relate to business performance, governance, risk profile, solvency and capital management.

At Argus, we focus on providing real benefit to our customers by delivering market-leading innovative solutions and high-quality service of excellent value. Delivering on our brand promise "Our Interest is You" is core to our culture and central to our role as a trusted partner in navigating through everyday challenges and supporting long-term success.

AICEL delivered positive results for the financial year ended March 31, 2023 with gross premiums written of £22.8 million compared to £20.2 million for the year ended March 31, 2022, an increase of £2.6 million or 13 percent. We reported profit before tax for the year of £1.7 million, compared to £1.1 million for the year ended March 31, 2022, an increase of £0.6 million. The Company has exceeded the Solvency Capital Requirements (SCR) and the Minimum Capital Requirements (MCR) throughout the year.

AICEL's focus is to ensure long-term sustainability. We continue to develop strong relationships with key brokers, expand in profitable product lines, focus on client retention and growth.

In October 2022, AICEL Malta commenced a strategic shift, placing emphasis on manufacturing insurance products that will exclusively be distributed through brokers and Tied Insurance intermediaries. Direct customers are being re-routed to business introducers as and when their policies expire.

This new strategy will enable the Branch led by a new General Manager to concentrate efforts and resources in developing the business and increase our market share in the territory.

The Solvency II balance sheet and SCR for the Company are reported quarterly. The calculation of the SCR has been outsourced to the Group's Actuarial function and is calculated bi-annually using the Standard Formula model.

The Solvency II balance sheet requires specific valuation rules to be applied, meaning that there are differences between the Solvency II balance sheet and that reported in the Company's annual statutory financial statements. These differences are detailed in Sections 5 and 8.

The table below shows overall net assets on a statutory financial statement (or Statutory) and Solvency II basis:

£000	Solvency II	Statutory Accounts
Total Assets	42,872	49,694
Total Liabilities	28,778	35,484
Own Funds	14,094	14,210

The Company has continuously complied with all aspects of the Solvency II regulations from the date of first implementation on January 1, 2016.

Alison Hill
Director
Date 7 July 2023

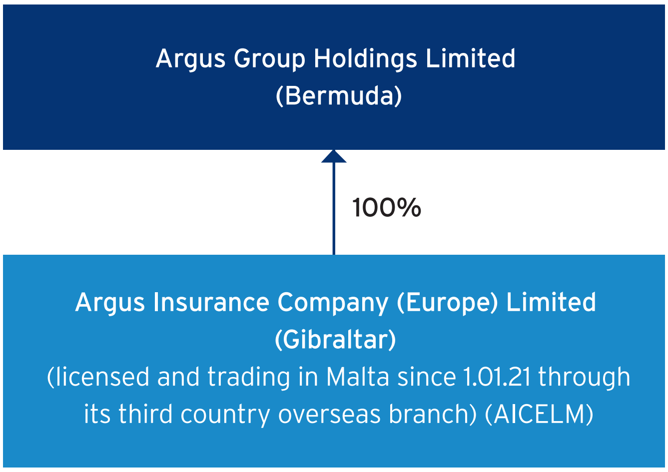
Tyrone Montovio
Director
Date 7 July 2023

1 BUSINESS & PERFORMANCE

1.1 Business and external environment

Argus Insurance Company (Europe) Limited is a Gibraltar company that is 100 percent owned by Argus Group Holdings Limited, a Bermuda company.

Argus Group Simplified Organisational Structure



The principle activities of the Company are Insurance and Risk Management.

Name of the Undertaking:	Argus Insurance Company (Europe) Limited Suite C Regal House, 3 Queensway, Gibraltar, GX11 1AA Tel: + 350 200 79520 Fax: + 350 200 70942 Company Registration Number – 01862
Lines of Business:	Motor (Liability and Other) Property Marine Liability Accident
Financial Supervisory Authority:	Gibraltar Financial Services Commission PO Box 940, Suite 3, Ground Floor, Atlantic Suites, Europort Avenue, Gibraltar Tel: +350 200 40283 Fax: +350 200 40282
External Auditor:	EY Ltd, Suite 3C Regal House, 3 Queensway, Gibraltar Tel: + 350 200 13239

Market Overview

Gibraltar

Following the post-pandemic period, economic activity in Gibraltar experienced an upturn in FY2022, driven primarily by both privately and publicly funded construction projects. Some of these capital projects are being delayed, however we anticipate their completion in FY2023.

Furthermore, we anticipate further expansion in this sector with the development of the Eastside project in Gibraltar, which has already secured an agreement with The TNG Global Foundation. The Gibraltar Government projects a substantial economic impact of £2.5 billion over a span of ten years.

By 31 March 2023, aligned with the trend in the UK, Gibraltar's inflation rates have slightly decreased by 0.4 percent to 8.5 percent. (***Source: HM Government of Gibraltar***).

Malta

In 2022, real GDP growth in Malta exceeded initial projections, reaching 6.6 percent. The economy exhibited robust growth in both private and public consumption, offset by a decline in gross fixed capital formation. The services sectors, particularly tourism, demonstrated strong performance, contributing to positive economic results.

For 2023, real GDP growth is expected to slow down to 3.1 percent due to an economic deceleration in Malta's major trading partners. However, in 2024, real GDP growth is anticipated to rebound to 3.7 percent, driven by net exports and domestic demand. The tourism sector's contribution to growth is projected to moderate as tourist flows approach pre-pandemic levels.

In 2022, HICP inflation reached 6.1 percent in Malta, despite government intervention to maintain energy prices at 2020 levels. The authorities have announced their commitment to limit energy inflation in 2023 and 2024. Nevertheless, inflation is expected to remain elevated at 4.3 percent in 2023, driven by ongoing pressures in food, transport, and imported goods prices. In 2024, inflation is projected to subside to 2.4 percent as imported price pressures ease. (***Source:*** *https://economy-finance.ec.europa.eu/economic-surveillance-eu-economies/malta/economic-forecast-malta_en*)

1.2 Underwriting Performance

For the year ended March 31, 2023, the Company reported underwriting income of £1,848,000. The increase of £590,000 compared to the prior year was caused primarily by an increase in premiums in line with inflation and industry and lower general and administrative expenses, this is partially offset by an increase in claims expenses. The consolidated net loss ratio for the operations for the current year is 49 percent, which is 5 percent higher than prior period.

Total Underwriting Performance £000	2023 Actual	2022 Actual	Variance	Variance %
UNDERWRITING REVENUES				
Net premiums earned	14,585	13,168	1,417	11%
Commission, Fees and Other Income	2,016	2,413	(397)	(16%)
Total underwriting revenues	**16,601**	**15,581**	**1,020**	
UNDERWRITING DEDUCTIONS				
Net loss and loss expenses	7,157	5,743	(1,414)	(25%)
Commission expenses	3,278	2,915	(363)	(12%)
General and administrative expenses	4,318	5,665	1,347	24%
Total underwriting deductions	**14,753**	**14,323**	**(430)**	
UNDERWRITING INCOME	**1,848**	**1,258**	**590**	

The following table shows underwriting income for the year ended March 31, 2023 by lines of business.

Gibraltar & Malta Combined Underwriting Income Report Results for the year ended March 31, 2023						
£000	Accident	Motor	Marine	Property	Liability	Total
UNDERWRITING REVENUES						
Net premiums earned	1,836	10,357	95	471	1,826	14,585
Commission, Fees and Other Income	22	182	84	1,715	13	2,016
Total underwriting revenues	**1,858**	**10,539**	**179**	**2,186**	**1,839**	**16,601**
UNDERWRITING DEDUCTIONS						
Net loss and loss expenses	213	5,714	73	252	905	7,157
Commission expenses	371	1,785	86	678	359	3,278
General and administrative expenses	892	2,129	14	879	403	4,318
Total underwriting deductions	**1,476**	**9,628**	**173**	**1,810**	**1,667**	**14,753**
UNDERWRITING INCOME	**382**	**911**	**6**	**376**	**172**	**1,848**

The following tables show underwriting income for the year ended March 31, 2023 and 2022 by geographical areas.

Gibraltar Underwriting Performance £000	2023 Actual	2022 Actual	Variance	Variance %
UNDERWRITING REVENUES				
Net premiums earned	6,101	5,460	641	12%
Commission, Fees and Other Income	1,398	1,797	(399)	(22%)
Total underwriting revenues	**7,499**	**7,257**	**242**	
UNDERWRITING DEDUCTIONS				
Net loss and loss expenses	2,276	1,871	(405)	(22%)
Commission expenses	1,195	1,120	(75)	(7%)
General and administrative expenses	2,868	3,187	319	10%
Total underwriting deductions	**6,339**	**6,178**	**(161)**	
UNDERWRITING INCOME	**1,160**	**1,079**	**81**	

Gibraltar underwriting income increased to £1,160,000 for the year ended March 31, 2023 compared to £1,079,000 for the year ended March 31, 2022. The increase is mainly driven by an increase in premiums in line with industry and lower general expenses, partly offset by higher operating and claims expenses. The net loss ratio increased to 30 percent compared to 26 percent in the prior year. Net earned premiums are 12 percent higher against prior year as the result of writing more business and higher premiums.

Malta Underwriting Performance £000	2023 Actual	2022 Actual	Variance	Variance %
UNDERWRITING REVENUES				
Net premiums earned	8,484	7,708	776	10%
Commission, Fees and Other Income	618	616	2	0%
Total underwriting revenues	**9,102**	**8,324**	**778**	
UNDERWRITING DEDUCTIONS				
Net loss and loss expenses	4,881	3,872	(1,009)	(26%)
Commission expenses	2,083	1,795	(288)	(16%)
General and administrative expenses	1,450	2,478	1,028	41%
Total underwriting deductions	**8,414**	**8,145**	**(269)**	
UNDERWRITING INCOME	**688**	**179**	**509**	

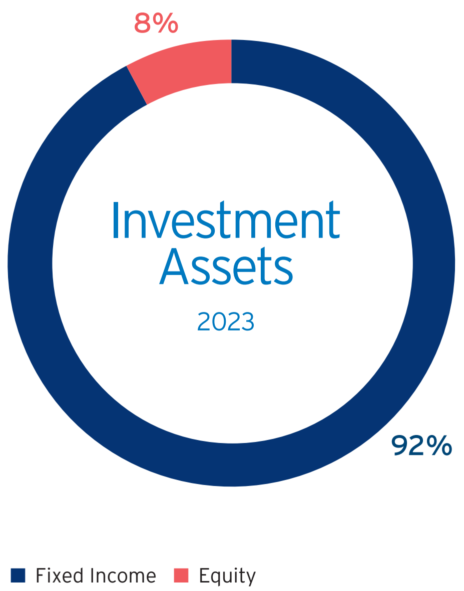
The Malta Branch had an underwriting profit of £688,000 for the year ended March 31, 2023 compared to £179,000 for the year ended March 31, 2022. The increase is mainly driven by higher net earned premiums due to writing more business and higher premiums in line with industry and a reduction in operating expenses. These positive variances are partially offset by the increase in claims expenses

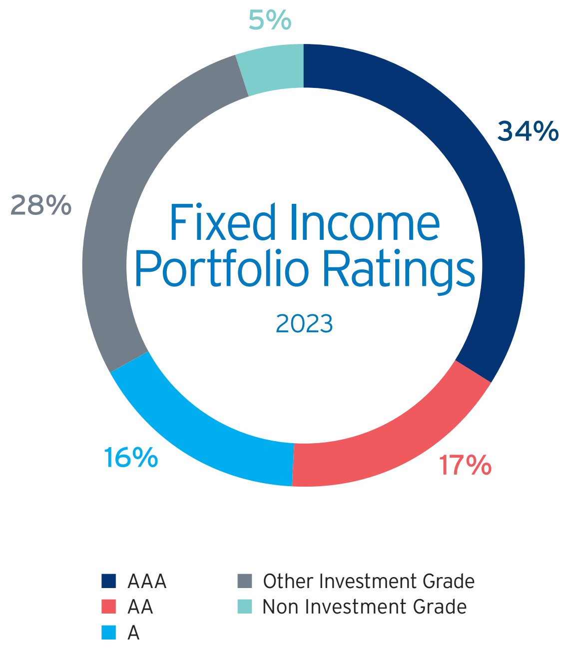
1.3 Investment Performance

The Company's investment portfolio is designed to ensure funds are readily available to satisfy our obligation to policyholders and to enhance shareholder value by generating appropriate long-term risk-adjusted yields.

As can be seen from the charts below, 92 percent of the Company's investments are fixed income bonds of which 95 percent are investment graded.

The portfolio's weighted average fixed income credit quality is A+, and its weighted average duration is 2.4 years.





For the year ended March 31, 2023, the consolidated investments yield a negative return of £655,000, a further deficit of £182,000 when compared with the prior year of £473,000. The decrease in return was driven by unrealised losses experienced throughout the year.

The table below provides a breakdown of the Company's investment portfolio by asset class along with the total returns generated for the years ended March 31, 2023 and March 31, 2022. Of this, £261,000 was recognised through the income statement, while unrealised losses of £916,000 were recorded in other comprehensive income (OCI).

£000	2023 Asset Balance	2023 Net Investment Income	2023 OCI	2023 Total Return	2022 Asset Balance	2022 Net Investment Income	2022 OCI	2022 Total Return
Fixed Income	24,637	154	(887)	(732)	17,059	(12)	(602)	(614)
Equities	2,279	107	(29)	78	3,274	212	(71)	141
Total	**26,916**	**261**	**(916)**	**(655)**	**20,333**	**200**	**(673)**	**(473)**

* Other includes bank interest income and other charges.

The table below provides a breakdown of (loss)/income generated under each asset class:

£000	2023 Net Interest Income	2023 Realised Gains	2023 Unrealised Movement Via P&L	2023 Unrealised Movement Via OCI	2023 Total Return	2022 Net Interest Income	2022 Realised Gains	2022 Unrealised Movement Via P&L	2022 Unrealised Movement Via OCI	2022 Total Return
Fixed Income	180	(26)	-	(887)	(733)	29	(41)	-	(602)	(614)
Equities	72	35	-	(29)	78	64	148	-	(71)	141
Total	**252**	**9**	**-**	**(916)**	**(655)**	**93**	**107**	**-**	**(673)**	**(473)**

During the fiscal year, the Company's consolidated fixed income assets generated a net gain of £154,000, of which the Sterling Portfolio contributed income of £122,000 and the Euro Portfolio contributed £32,000. The income is comprised of interest income and realised gains of £216,000 which was offset by amortisation and investment manager fee expense of £62,000. Under the current accounting treatment of fixed income securities, £887,000 of unrealised losses will flow through OCI on to the balance sheet.

During the fiscal year, the Company consolidated equity investments generated a net income of £107,000 comprised of dividend income of £72,000 and net realised gains of £35,000. Unrealised equity losses on available for sale investments of £29,000 will flow through OCI.

2 SYSTEM OF GOVERNANCE

2.1 Governance Arrangements

The Board of directors ("Board") establish the company's purpose, values and strategy and have overall responsibility for oversight of the Company (which includes the Malta Branch) and for ensuring that the management of the Company ("Management") complies with the legal and regulatory requirements in both jurisdictions. The Board take a risk-based approach to the system of governance it implements.

The Board adhere to the Articles of Association, which details each director's statutory and fiduciary duties under Gibraltar law.

Management is responsible for the day-to-day operations and administration of the Company.

In addition, the following Group committees also have input into the management of the Company:

- Group Audit Committee
- Group Risk Committee
- Group People and Compensation Committee **("P&C Committee")**
- Group Governance Committee
- Group Executive Risk Management Committee

The Board approves Company-specific versions of the relevant Group risk management policies, processes and standards of conduct, given the regional nature, scale and complexity of the Company's risks.

The Company's Board of Directors:

Keith Abercromby	*Non-Executive Director and Chairman*
Michael Macelli	*Independent Non-Executive Director*
Peter Burnim	*Non-Executive Director*
Constantinos Miranthis	*Non-Executive Director*
Alison Hill	*Executive Director*
Peter Dunkerley	*Executive Director*
Tyrone Montovio	*Executive Director*

The European Regional Risk Management Committee – Carrier (EURRMC), chaired by the Head of Risk Europe, ensures alignment of the European risk governance framework to that of the Argus Group regional operating model.

Group Audit Committee

The Group Audit Committee is tasked with assisting the Group Board of Directors in fulfilling its oversight responsibilities for the Company's financial reporting process, the system of internal controls, the audit process, as well as the Company's process for monitoring compliance with laws and regulations and the code of conduct.

Group Risk Committee

The Group Risk Committee is tasked with assisting the Group Board of Directors in fulfilling its oversight responsibilities for the Company's risk management, assets liability management and financial investments (the latter as defined in the Group's Investment Policy), as well as the Company's process for monitoring overall compliance with those matters.

Group People and Compensation Committee (P&C)

The Group's compensation programme is a key component of our talent management strategy and incentivises forward-looking activities that generates long-term sustainable value. The Company's remuneration packages offered to staff are designed to attract, retain and motivate high quality employees. Both fixed and variable remuneration is offered. Fixed remuneration is given in the form of a base salary and is determined by taking into account an individual's experience and qualifications.

Variable remuneration is discretionary and takes the form of a cash bonus and is available to all staff. Three factors that impact the variable remuneration are the Company's market position, individual employee's performance and the Group's ability to meet its financial and strategic targets. The granting of restricted Group stock is at the discretion of the P&C Committee. When determining stock distributions, consideration is given to further enhance the Group's ability to retain the services of key employees.

Comprehensive salary reviews are conducted as part of the annual performance appraisal process. The Human Resource department ensures that remuneration is internally equitable and aligned with market-competitive compensation levels.

The P&C Committee is empowered to review and approve key compensation policies on behalf of the Group and to ensure that such policies provide total compensation which is competitive in the marketplace. The role of the P&C Committee is the annual review and approval of the Company's remuneration and compensation policies. This includes the executive total compensation plan structure, short-term incentive compensation plans, review of performance evaluations and equity-based plans to the Company's executive officers and other designated senior officers. Additionally, the Committee is charged with oversight of plans for the Chief Executive Officer (CEO) and senior officers' development and succession.

Group Governance Committee

The Group Governance Committee is tasked with organising and overseeing the process by which individuals are nominated to become board members along with matters of corporate governance, including advising the Board on matters of:

- board organisation, membership and function;
- committee structure and membership; and
- conduct of board and shareholder meetings.

The Group Governance Committee also plays an integral role in the appointment of directors to subsidiary boards and committees establishing selection criteria and periodically reviewing the structure, operation, composition processes and practices of the boards and committees.

The Company has not established its own separate remuneration committee and therefore maintains a Remuneration Policy which is set by the Group. The Company has four Non-Executive Directors who receive a fixed fee which has no variable or performance-related elements. The remaining Executive Directors are employees of the Company or from the Group and are therefore remunerated based on their employment contract. The Executive Directors receive no additional remuneration or share options based upon their role as Directors.

During the year the Company did not pay a dividend to the Group (£nil paid in 2022) but management fees have been paid in the amount of £687,000 from the Company to its parent. There were no other material transactions between the Company and Group.

2.2 Fit & Proper

The Board recognise that the "Fit and Proper" requirements demand certain qualities for persons responsible for the oversight and management of a financial services provider and those with responsibility for its key functions.

The Company has in place a Fit and Proper Policy. The Board ensures that any candidates proposed for membership on the Board, or for other key functions or roles, are assessed to ensure that they fulfil fit and proper requirements. This assessment takes into account their responsibilities, skills and experience across the following areas:

- Insurance and financial services
- Business Strategy and Models
- Systems of governance
- Regulatory frameworks and requirements
- Financial and actuarial analysis; and
- Skills relevant to individual roles and responsibilities

Due diligence checks include verification of identification and address. Searches on due diligence databases are carried out and the candidate is asked to declare any interests to enable the Board to review whether they conflict with the Company's interests. All conflicts of interest identified are recorded on a Log.

Fit and Proper requirements are ongoing and are assessed on an annual basis in accordance with the Company's Fit and Proper Policy.

The Board has not established its own committee for this purpose. All candidates for election as non-executive directors are determined by the Group P&C Committee and Governance Committee.

The Board as a whole has demonstrated a diverse mix of skills, knowledge and experience throughout the reporting period in the following areas:

- Accounting, financial and actuarial analysis
- Internal Audit
- Business judgement
- General management
- Local and international insurance and reinsurance, including product knowledge.
- Familiarity with Gibraltar and Malta economies and their respective political and social contexts
- Familiarity with the Gibraltar and Malta legal, compliance and regulatory frameworks and requirements.

Members of the Board and committees and those carrying out other significant functions have extensive knowledge and experience across a variety of areas. This ensures that there is an appropriate spread of skills for managing the business leadership and vision.

2.3 Risk Management System and ORSA

Risk Management System

The Board is ultimately responsible for ensuring the effectiveness of the risk management system, setting the Company's risk appetite and overall risk tolerance limits, as well as providing the main risk management strategies and policies.

Material risks addressed by the risk management system include the following:

- Underwriting risk
- Market risk
- Credit risk
- Liquidity risk
- Operational risk

The Board has established an AICEL Risk Management Policy, and appointed a Head of Risk Europe whose responsibilities include:

- Ensuring the effective operation of the Company's risk management system;
- Monitoring the risk management system;
- Monitoring the general risk profile of the Company;
- Reporting on risk exposures and advising Management and the Board on risk management matters.

The Head of Risk Europe reports to the Group Executive Risk Management Committee monthly via their Working Group and to the Company's Board on a quarterly basis.

Risk Management Strategies, Objectives, Processes and Reporting

The Company aims to ensure that all material risks are considered when managing the business. The ultimate goal is to ensure policyholder protection and to enable the Company to achieve its overall strategic objectives, while maintaining regulatory compliance. The processes in place are intended to identify all material risks, minimise risks wherever possible and manage and control all significant risks within acceptable limits.

The Company has developed a Risk Appetite Statement, which provides a guide to management for the consideration of risk when managing the business. The statement includes the Company's:

- Risk Strategy;
- Risk Preferences; and
- Risk Tolerances.

The actions and policies implemented to meet strategic objectives and regulatory obligations form the core of the risk management framework. The Company's systems, processes and controls are considered proportionate and appropriate to the nature, scale and complexity of the Company's risks and operations.

Identification, Measurement, Monitoring, Management and Reporting of Risks

The Company ensures that the risk management system and solvency assessment systems are embedded in the running of its business through the Argus Group's quarterly Executive Risk Management Committee, and bi-monthly through its European Regional Risk Management Committee - Carrier (EURRMC) which considers the Company's specific risks. The Group Executive Risk Management Committee has two regional risk management committees, one of which is the EURRMC, and a separate working group to monitor underwriting and claims risk; the P&C Collaboration Forum. All material risks, business decisions and strategic planning are brought to these committees/working groups and reported to the Board for review and approval. Business decisions are assessed taking into consideration the risks and the Company's appetite, as defined in the Company's Risk Appetite Statement. A solvency assessment is carried out on a forward-looking basis at least quarterly. The impact on solvency and capital from potential material business decisions is incorporated in the Medium-Term Capital Plan and reported to the EURRMC.

The Risk Register is a key input into the risk management framework, and any material changes in the underlying risks will be considered for potential impact on the Company's capital requirements. Such changes include, but are not limited to, changes in business mix, strategy and investment.

The controls identified in the Risk Register to monitor, mitigate and control the risks facing the Company are reviewed for continued relevance and documented. Compliance with the components of the controls is verified via the ongoing management reviews and Internal Audit. Any significant issues are reported to the Company's Board.

Implementation of Risk Management Function

The risk assessment exercise takes place annually in conjunction with the annual business planning and strategy review cycle. The identified risks, together with risk measurement and mitigation controls respectively, are recorded in the risk register of the Company. The risk identification process takes into consideration all material risks identified and included in the Solvency II Directive and uses the Group Risk Assessment Guidelines and Risk Register Templates. Risk Registers are reviewed and challenged by the Executive Risk Management Committee and the Company's Board.

Own Risk and Solvency Assessment

ORSA Process and Integration

A policy setting out the parameters to satisfy the requirement to carry out an Own Risk and

Solvency Assessment (ORSA) was established at Group level and adopted by the Company. The purpose of the policy is to ensure that all material risks faced by the Company are appropriately assessed and the level of capital required in managing these risks, or other risk mitigation measures, are determined and put in place. The ORSA provides the Board and Management with a thorough understanding of the Company's risk profile and provides the information needed to make appropriate decisions.

The Company produces an ORSA at least annually incorporating the output from the annual business planning process. Additional ORSAs may be produced in response to material changes to the Company's risk profile.

The ORSA is produced by Management in conjunction with the Group's Actuarial and Risk functions. The ORSA report is discussed and challenged by the Company's Board. The Company's Board maintains oversight, ensuring that the ORSA takes account of the Company's material risks and is aligned with the Board's strategy for the business.

The ORSA approval process includes comment, review and approval by the EURRMC and final approval by the Company's Board.

Relationship between Solvency Needs, Risk Profile, Capital Management and Risk Management

The ORSA enables the Board to assess the Company's capital needs over the planning horizon. The ORSA is carried out taking due account of the Company's specific risk profile. This includes risks explicitly captured in the Standard Formula, as well as risks which are either not captured or not able to be mitigated through capital.

The ORSA process operates continuously throughout the year, with consideration being given as to whether any decisions, events, issues, market factors or similar are likely to impact the Company's risk profile, appetite, free reserves, or other relevant matters. In such a case, the impact on the Company's own assessment of its capital needs will be considered and, if required, a further ORSA, together with the SCR calculation, will be carried out. This ensures that the Company's existing and forecast capital position and risk profile are properly considered in any strategic decisions.

The Company's capital management policy has been established to ensure that the Company has in place the appropriate levels and quality of capital required by the SCR calculation and as

determined by the ORSA. The policy aims to ensure that appropriate plans are in place to enable the Company to meet its capital requirements both in the immediate and the medium-term and that all items of own funds comply with the relevant rules, regulations, and legislation.

Management considers the capital requirements of the Company on a quarterly basis, and reports to the Executive Risk Management Committee through the Medium-Term Capital Plan. The Medium-Term Capital Plan is prepared quarterly outlining the actions to be taken for the subsequent year, and further into the future as appropriate. These actions are based on:

- The adequacy of capital held as at the quarter end date;
- A forecast of business performance;
- The impact of distributing surplus capital; and
- Other business decisions in line with the Company's strategic goals.

The Medium-Term Capital Plan ensures that the Company is sufficiently capitalised to meet all statutory and regulatory requirements.

2.4 Internal Control System

The Board has established a system of internal controls comprised of the internal control environment monitoring and reporting mechanisms to ensure that business objectives are achieved in an effective and efficient manner; and that reliable financial information is produced for the decision-making process.

The adherence to internal policies and procedures is an integral part of the business culture. Senior management of the Company ensures that the internal control system and control activities are commensurate with the risks arising and that all personnel are aware of their role and responsibilities.

Monitoring and Reporting

The Board has an established Compliance Function, which is responsible for the ongoing monitoring of, and reporting on, the Company's adherence to its internal control system. The compliance function is headed by the Compliance Officer, who is also the MLRO, and who reports to the EURRMC bi-monthly, and to the Board quarterly.

Compliance Function

The Company's Compliance function's primary responsibilities include:

- Establishment and implementation of the Company's compliance programme;
- Ensuring that all personnel are aware of their role in the Company's internal control system;
- Monitoring and reporting on compliance with policies and procedures, applicable laws and regulations, as well as Board approved standard of business conduct policy;
- Monitoring regulatory changes and advising Management and the Board where such changes have implications for the Company's regulatory compliance risks;

- Advising Management and the Board on compliance issues pertaining to:
    - Corporate Governance;
    - The prevention of money laundering and terrorist financing;
    - Know Your Customer and Due Diligence process;
    - Data privacy and protection; and
    - Customer complaints.

Non-compliance incidents are dealt with swiftly in proportion to the severity of the incident.

2.5 Internal Audit

The Internal Audit function is outsourced to the Group and is managed by the Chief Global Compliance and Audit Officer who coordinates independent audits and reports to the Board of the Company and directly to the Group Audit Committee.

The Company's Internal Audit policy covers the scope, authority and responsibilities of the Internal Audit function. The Internal Audit function is responsible for developing and implementing a Board-approved audit plan that sets out the following:

- The audit work to be undertaken during each fiscal year, taking into account strategic business objectives, the complete system of governance and the relevant regulatory requirements;
- A risk-based approach in deciding its priorities focusing on the areas of greatest risk to the business;
- Assessment and adherence to the effectiveness of internal systems and controls, procedures and policies;
- The timing and submission of the internal audit report to the Board.

The Internal Audit function will issue timely reports following each audit which include commentary on whether appropriate and effective action has been taken by management on significant findings.

Where necessary, the Internal Audit function may carry out audits and/or special investigations as requested by Senior Executives and the Board.

2.6 Actuarial

The Company's Actuarial Function is managed by an employed individual within AICEL who holds the position of Global Head of Actuarial – Property and Casualty. The Actuarial function is governed by Terms of Reference, which encompasses the requirements of the Solvency II Directive, and has been approved by the Board.

The Company's Actuarial function is responsible for the following key areas:

- Overseeing and validating the calculation of technical provisions;
- Calculating the Company's Solvency Capital Requirement
- Opining on the adequacy of reinsurance arrangements;
- Opining on the overall underwriting policy; and
- Contributing to the Company's risk management system.

The Company engages an external actuarial firm to carry out the independent reserve reviews, and to opine on the reinsurance arrangements and underwriting policy, under the oversight of the Actuarial function holder, and ultimately the Board. The Actuarial function holder is responsible for providing a recommendation to Management regarding the adequacy of the reserves. The Actuarial function holder reports at least annually to the Board on the nature, reliability, and adequacy of the Company's reserves for insurance liabilities.

The Actuarial function contributes to the effectiveness of the risk management framework, particularly as it relates to policyholder obligations, potential exposures, and capital requirements. Analyses performed by the Actuarial function include but are not limited to:

- Own risk and solvency self-assessment at least annually (ORSA);
- Asset liability matching quarterly;
- Experience analyses at least annually;
- Effectiveness of underwriting processes;
- Effectiveness/appropriateness of reinsurance arrangements; and
- Product profitability, business performance.

The Actuarial function reports on its activities via the relevant executive management committees and committees of the Board.

2.7 Outsourcing

The Company governs it's outsourcing arrangements, including those for critical functions, through its Group Vendor Management Policy, thereby ensuring that the outsourced functions are conducted in a sound manner in compliance with applicable laws and regulations, and in doing so, ensuring that the Company meets its financial and service obligations to policyholders. The Group Vendor Management Policy also applies to the outsourcing of non-critical functions.

The Vendor Management policy sets out a robust governance process to follow when selecting a Third-Party Service Provider (TPSP). Prior to the appointment of a TPSP, due diligence is undertaken by Management to assess the suitability, competency, and capability of each TPSP to carry out the outsourced function and the control environment in which it operates. Part of the control environment assessment is to ensure that the TPSP has sufficient data security controls in place to protect the Company data and that of its policyholders, as well as having an appropriate business continuity plan.

The Group Vendor Management Policy sets out a process for Management to monitor the performance of each outsourced critical function or service and to report to the Company all instances of non-compliance with the policy or breach of laws and regulations in a timely manner.

Outsourcing Providers by Location:

The table below shows both the critical and non-critical operational functions which are outsourced by the Company and the location of that service providers' operations.

Third Party Outsourced Service Description	Location
Claims handling services	Spain
Payroll	Gibraltar/Malta
Actuarial Review	Ireland
Internal Audit Field Work & Reporting	Gibraltar/Malta

The following table highlights the operational functions that are sourced from within the Group:

Intra-Group Outsourced Service	Location
Actuarial Function	Bermuda (Group)
IT Infrastructure & Support	Bermuda (Group)
Investment Function	Bermuda (Group)
Internal Audit Function	Bermuda (Group)

2.8 Adequacy of System of Governance

The Company aims to continuously improve its compliance and governance systems by ensuring that they are reviewed, evaluated, and that recommendations are made to the Board regarding enhancing and developing systems. The Company also considers relevant advice and guidelines from industry bodies. New processes are implemented where appropriate and relevant for the size and complexity of the Company. Internal audits and external audits provide independent evaluation of the Company's systems of governance. Recommendations from these audits are considered by the Board and implemented in a manner proportionate to the business' risks.

3 RISK PROFILE

To facilitate effective business operations and to maintain consistency in its risk management process of risk identification, measurement, management, monitoring and reporting, the Company has identified material risks to which it is exposed. These risks are recorded on the Company's Risk Register and reviewed on at least an annual basis.

For each material risk, the Company has described the various mitigation controls and risk treatment to minimise or reduce the risk exposure arising.

The material risks to which the company is exposed include the following:

- Underwriting risk
- Market risk
    - Currency risk
    - Interest rate risk
    - Equity price risk
- Credit (Default) risk
- Concentration of credit risk
- Liquidity risk
- Operational risk

3.1 Underwriting Risk

Underwriting risk can arise from inadequate pricing or risk selection, inappropriate reserving, or other fluctuations in the frequency and severity of insured events.

The Company manages underwriting risk through regular reviews of the performance of the portfolio of business including loss ratios, claims frequency, claims costs and premiums. This is linked to a continuous feedback cycle of reserving and claims development. In Gibraltar the Company distributes its policies on a direct basis and via a network of brokers whilst in Malta business is distributed via tied insurance intermediaries and independent brokers in competitive but fairly stable small markets.

Claims are handled in-house, while specialist external legal or claims advice may be sourced for larger or more complex claims. Motor claims arising from incidents in Spain or involving Spanish third parties are outsourced to a third-party claims handler. Reserving practices and approach are set by the Company based on local market experience and results arising from external actuarial reviews.

Material Risk Concentrations

The Company underwrites a variety of classes of insurance, so the portfolio is not restricted to one particular product. The Company does, however, rely on several key intermediaries for its business so these relationships are monitored closely.

Risk Mitigations

The Company mitigates underwriting risk through the purchase of reinsurance protection and implementation of appropriate controls. Reinsurance is placed with counterparties that have a strong credit rating. Reinsurers are selected on the strength of financial ratings A- or higher as measured by Standard and Poor or A. M. Best. Management regularly monitors and performs an assessment of creditworthiness of reinsurers.

In addition, the Company further monitors underwriting risk through the P&C Collaboration Forum and the EURRMC.

3.2 Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market factors. Market factors include three types of risk: currency risk, interest rate risk and equity risk.

Currency Risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Company's principal transactions are carried out in Sterling and Euros and its exposure to foreign exchange risk arises primarily with respect to Euros from the Malta business. The Company's practice is to ensure that all Euro-denominated liabilities are matched with Euro-denominated assets, thus mitigating currency exposure.

Interest Rate Risk

Interest rate risk is the potential for financial loss arising from changes in interest rates. Change in market interest rates can impact the reinvestment of matured investments, as the returns available on the new investment may be significantly different from the returns previously achieved. The Company manages these risks through:

- Asset allocation and diversification of the investment portfolio;
- Investing in fixed income assets that closely match the liability product cash flows for products with fixed and highly predictable benefit payments; and
- Quantifying and reviewing regularly the risk associated with the mismatch in portfolio duration and cash flow.

Equity Price Risk

Equity price risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The Company manages equity price risk by setting and monitoring the objectives and constraints on investments, diversification plans, and the limits on investments in each country, sector and market.

The Company has no significant concentration of equity price risk.

3.3 Credit Risk

Maximum Exposure to Credit Risk

The Company manages credit risk by applying diversification requirements, such as investing by asset class, geography and industry. The Company conducts regular reviews of credit quality ratings of its investments and conducts active credit risk governance, including independent monitoring and review, and reporting to management and the Company's Board.

Concentration of Credit Risk

Concentrations of credit risk arise from exposures to a single debtor, a group of related debtors or groups of debtors that have similar credit risk characteristics in that they operate in the same geographic region or in similar industries. The characteristics are similar in that changes in economic or political environments may impact their ability to meet obligations as they come due. Aged receivables are monitored and reviewed on a quarterly basis; any significant aggregation is brought to the attention of the management. Similarly, reinsurance concentration limits are in place and reinsurance recoverables are monitored on a regular basis.

3.4 Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet all cash outflow obligations as they fall due. The Company's asset-liability management process allows it to maintain its financial position by ensuring that sufficient liquid assets are available to cover its potential liability funding requirements. The Company invests in various types of assets with a view to matching them with its liabilities of various durations. To strengthen its liquidity further, the Company actively manages and monitors its capital and asset levels, diversification and credit quality of its investments, cash forecasts, and actual amounts against established targets.

Short-term (less than one year) liquidity needs are more than adequately met by maturing bonds, the sale of equities, as well as by current operating cash flows. Longer duration cash flows are also backed by a broader range of asset classes including equity and other non-fixed income assets.

Based on the Company's historical cash flows and current financial performance, Management believes that the cash flow from the Company's operating activities will continue to provide sufficient liquidity for the Company to satisfy insurance liability and debt service obligations and to pay other expenses as they fall due.

For insurance contract liabilities, maturity profiles are determined based on estimated timing of net cash outflows from the recognised insurance liabilities.

3.5 Operational Risk

Operational risk is defined as the risk of financial loss, reputational or brand damage, resulting from inadequate or failed internal processes, people, systems or from external events, including legal and compliance risk.

The Company has an Operational Risk Management Policy and procedures, which cover the following areas:

- Identification of material operational risks to which the Company is, or might be, exposed and assessment of how to mitigate these risks;
- Activities and internal processes for managing operational risks, including the IT systems;
- Definition of risk tolerance limits with regard to operational risk; and
- A process to identify, record and analyse the causes of operational risk events resulting from control breakdowns or non-compliance with Operating Policies and Procedures, as well as customer complaints.
- The Company has established the following controls to mitigate operational risk:
    - Four-eyes processes for review and analysis;
    - Information systems controls, as well as physical controls to ensure the integrity and protection of the Company and customer's data is adequate;
    - Employee training and awareness of the various cyber risks/threats and how to guard against them;
    - Bi-monthly reporting of operational risk events, including customer complaints to the EURRMC and significant issues arising to the Board on a quarterly basis; and
    - Disaster Recovery and Business Continuity plans.

3.6 Other Material Risk Exposures

A risk register of significant risks is maintained by Management and is reviewed by the EURRMC.

Pandemic

The Company responded proactively to the Covid-19 pandemic by implementing measures to guarantee business continuity and support customers and employees. Remote working is embedded as 'business as usual' for all staff and is tested as part of our business continuity testing.

Post-Brexit

No negative impact to business volumes and mix have been experienced since 31st December 2020. However, whilst negotiations on the treaty that will govern the EU's relations with Gibraltar are not concluded, Brexit remains on the Company's risk register as a strategic and operational risk to the cross-border freedom of movement of people and the potential negative impact on the Gibraltar economy.

The Company continues to operate in Malta through its branch, authorised by the Malta Financial Services Authority.

4 ASSETS – INFORMATION ON AGGREGATION BY CLASS

The valuation methods used are based on International Accounting Standards, as used in the Company's financial statements. Any variations in valuation are detailed in Section 5.

5 VALUATION FOR SOLVENCY PURPOSES CONTENT BY MATERIAL CLASSES OF ASSETS AND LIABILITIES OTHER THAN TECHNICAL PROVISIONS

The following table shows the differences between the Solvency II valuations of asset classes and those in the Company's Statutory Financial Statements; explanations are provided:

Assets	Solvency II Value £000	IFRS value £000	Variance £000	Comments
Deferred acquisition costs	-	1,710	1,710	DAC valued at zero under Solvency II
Deferred tax assets	16	-	(16)	Tax impact of difference on Net Assets
Property, plant & equipment held for own use	1,545	1,824	279	PPE valued using market value basis for Solvency II
Equities – listed	2,279	2,279	-	
Government Bonds	13,482	13,504	22	Accrued dividends not included under Solvency II
Corporate Bonds	11,155	11,271	116	Accrued dividends not included under Solvency II
Reinsurance recoverables: Non-life excluding health	6,462	8,435	1,973	See Section 7 for details
Reinsurance recoverables: Health similar to non-life	(18)	-	18	See Section 7 for details
Insurance intermediaries receivables	942	3,293	2,351	Receivables that are not overdue form part of the future cash flows reported within provisions for Solvency II
Reinsurance receivables	-	-	-	
Receivables (trade, not insurance)	1,423	1,793	370	Prepayments are valued zero under Solvency II
Cash and cash equivalents	5,585	5,585	-	
Total assets	**42,872**	**49,694**	**6,822**	

6 VALUATION OF TECHNICAL PROVISIONS

Technical provisions represent the insurance liabilities as of the reporting date. The Technical provisions comprise of the Best Estimate of Liabilities (BEL) and a risk margin determined in accordance with the Solvency II Directive, Articles 75 to 86.

A summary of the technical provisions for the Company as at March 31, 2023 is set out in the following table:

£000	Net BEL	Risk Margin	Net Solvency II Technical Provisions
Best Estimate Liabilities			
Motor Liability	7,461	361	7,823
Motor Other	4,539	220	4,759
General Liability	2,904	150	3,054
Property	359	8	367
Marine	99	5	104
Income Protection	185	9	194
Solvency II Technical Provisions	**15,548**	**753**	**16,300**

6.1 Actuarial Methodologies and Assumptions

The BEL is comprised of two components, the claims provision and the premium provision. The claims provision represents the liability for the unpaid portion of the claims that have occurred as of the

valuation date. The premium provision represents the present value of the expected cash flows on the unexpired portion of all in-force policies, and policies to which the Company is contractually bound that have yet to incept. These are commonly referred to as Bound But Not Incepted exposures (BBNI).

The starting point for deriving the BEL is the Company's unpaid claims liabilities on an IFRS basis.

Traditional actuarial techniques are used, such as the Paid and Reported Loss Development methods, the Bornhuetter-Ferguson method, the Expected Loss Ratio method and the Case Reserve Development method. The particular method selected for a particular reserve segment is judgmentally selected based on the applicability of each method and the availability of data to support each method.

No assumptions regarding Management actions are included in the calculation of the technical provisions. Expected policyholder behaviour is captured through the expected lapse rates with respect to policies in force, or bound, but not incepted underlying the derivation of the premium provisions.

Expected lapse rates are based on the Company's average lapse experience by reserve segment.

The key differences between the Company's insurance liabilities on an IFRS basis and on a Solvency II are as follows:

- *Discounting* – Cash flows are discounted using the risk-free term structure provided by European Insurance and Occupational Pensions Authority (EIOPA).
- *Unearned Premium* – These are replaced by premium provisions, which are valued on a best estimate basis taking account of all future premium cash inflows.
- *Expenses* – Expenses include run-off expenses; ceded expenses take account of reinsurance commissions from the Company's reinsurance programmes.
- *BBNI* – The technical provisions include future premium cash flows not yet due in respect of BBNI exposures up to the relevant contract boundary.

- *Adjustment for counterparty default* – Ceded liabilities are reduced for expected reinsurer default using the probability of default applicable to the credit rating of the counterparty as specified by the EIOPA guidance.
- *Events Not in Data* (ENIDs) – There may be possible future events which are not reflected in the historical data of the Company or the market. ENIDs are typically viewed as being low frequency and high severity events, but consideration also needs to be given to the potential for favourable loss experience not in the data. An ENID loading is applied to lines of business and it applies to both the claims provisions and the premium provisions. The uplift factor is derived as the ratio of the "true mean" to the "mean only including realistically foreseeable events."

6.2 Allocation to Lines of Business

Best estimates and cash flows are calculated separately for each line of business. Data used in the derivation of the BEL has been satisfactorily segmented into homogeneous risk groups, consistent with the requirements of Solvency II.

6.3 Reinsurance Recoverables

The Company purchases reinsurance as part of its risk mitigation programme. Reinsurance is placed on both a proportional and non-proportional basis. The expected cash flow of ceded losses for each year is based on the difference between the expected cash flow of gross and net unpaid claims liabilities, offset by an adjustment for expected reinsurer default.

6.4 Risk Margin

The risk margin has been calculated using Method 1. This method approximates the individual risks within all modules to be used for the calculation of future SCR. The future SCR is projected with this method until the BEL is fully run-off. A cost of capital rate of 6 percent is applied at each SCR estimate and discounted using the yield curve provided by EIOPA to estimate the cost of capital required to support the liabilities.

6.5 Material Changes

The IFRS basis has not changed during the period.

The calculation of the risk margin continues to be performed by the Company's internal Actuarial function. The Company has consistently used the Method 1 to calculate the risk margin.

6.6 Level of Uncertainty

There is inherent uncertainty in estimating the technical provisions. Uncertainty may arise from the following areas:

- Outstanding losses may ultimately settle at a higher or lower amount than estimated from known information as of the valuation date;
- Future losses on both expired and unexpired business are based on actuarial assumptions, which take account of past experience, and anticipated future changes. These assumptions may prove to differ from actual experience;
- ENIDs, by their nature are unpredictable and any allowance for ENIDs may prove to be overstated or understated;
- Expense assumptions are based on reasonable judgement reflecting past experience where appropriate. These assumptions may ultimately prove to differ from actual experience;
- Impact from unforeseen economic, legal and social trends.

The following table shows the movement from the IFRS insurance liabilities to the Solvency II technical provisions.

£000	Net
IFRS Reserves	20,338
Remove Unearned Premium Reserve	(8,264)
Expected Losses on Unexpired Risks	4,608
Expected Losses on BBNI Risks	225
Premium Receivables net of Expenses	(1,180)
ENIDs	708
Counterparty Default	2
Effect of Discounting	(890)
Risk Margin	753
Other	0
Solvency II Technical Provisions	**16,300**

7 LIABILITIES OTHER THAN TECHNICAL PROVISIONS - INFORMATION ON AGGREGATION BY CLASS

The valuation methods used are based on International Accounting Standards, as used in the Company's financial statements. Any variations in valuation are detailed in Section 8.

8 VALUATION OF MATERIAL PROVISIONS OTHER THAN TECHNICAL PROVISIONS AND CONTINGENT LIABILITIES

The following table shows the differences between the Solvency II valuations of liability classes and those in the Company's Statutory Accounts. Explanations have been provided.

Liabilities	Solvency II Value £000	IFRS value £000	Variance £000	Comments
Technical Provisions – Non-life: best estimate	21,824	28,773	6,949	See Section 7 for details
Technical Provisions – Non-life: risk margin	744	-	(744)	See Section 7 for details
Technical Provisions – Life: best estimate	168	-	(168)	See Section 7 for details
Technical Provisions – Life: risk margin	9	-	(9)	See Section 7 for details
Insurance and intermediaries payables	1,695	2,373	678	Payables that are not overdue form part of the future cash flows reported within provisions for Solvency II
Reinsurance payables	-	-	-	
Payables (trade, not insurance)	4,338	4,338	-	
Total liabilities	**28,778**	**35,484**	**6,706**	

9 OWN FUNDS - SOLVENCY RATIO

There were no dividend payments to Argus Group Holdings Limited during the year.

The Company manages its level of own funds by monitoring its Solvency Capital Requirement (SCR) coverage ratio, the calculation of which is detailed below.

The SCR and the Minimum Capital Requirement (MCR) for the Company as at March 31, 2023 is shown by risk module in the following table.

Risk Module	£000
Market Risk	2,839
Counterparty Risk	2,707
Health Non-Similar to Life Techniques Underwriting Risk	863
Non-Life Underwriting Risk	5,479
Diversification	(3,228)
Basic Solvency Capital Requirement	**8,660**
Operational Risk	660
Solvency Capital Requirement	**9,320**
Minimum Capital Requirement	**3,186**

The results show that the Company is compliant with the SCR and the MCR.

9.1 Calculation of the SCR

The Company uses the Standard Formula to determine the SCR. No simplifications have been used for any of the risk modules of the SCR, and the Company does not use any undertaking specific parameters.

No capital add-ons have been applied to the SCR figures. In addition, the Company does not use the duration-based equity risk sub-module in the calculation of the SCR.

9.2 Calculation of the MCR

The inputs used to calculate the MCR are shown in the following table.

LINE OF BUSINESS £000	Net Best Estimate Liabilities	Net Written Premiums in the last 12 months
Motor Liability	7,461	5,769
Motor Other	4,539	5,965
General Liability	2,904	2,004
Property	359	692
Marine	99	97
Income Protection	185	1,809
Total	**15,548**	**16,336**

The MCR determined per the Standard Formula is the absolute floor of £3.19 million.

9.3 Compliance with the SCR and MCR

There has not been any non-compliance with the SCR or MCR over the financial year.

£000	2023
Solvency II minimum capital requirement (MCR)	3,186
Solvency II solvency capital requirement (SCR)	9,320
Solvency II eligible own funds	14,094
Solvency Capital Requirement Ratio	151%

10 OWN FUNDS – INFORMATION ON THE STRUCTURE, AMOUNTS AND ELIGIBILITY OF OWN FUNDS

All of the Company's own funds, with the exception of deferred tax assets, are in the form of fully paid-up Share Capital.

11 DIFFERENCES BETWEEN THE STANDARD FORMULA AND ANY INTERNAL MODELS USED

The Company uses the Standard Formula.

Date 7 July 2023

12 APPENDICES

ANNUAL QRTS 2023

The templates are included as follows:

S.02.01.01	Balance Sheet
S.05.01.02	Premiums, claims and expenses by line of business
S.05.02.01	Premiums, claims and expenses by country
S.17.01.02	Non-Life Technical Provisions
S.19.01.21	Non-life insurance claims
S.23.01.01	Own funds
S.25.01.21	Solvency Capital Requirement – for undertakings on Standard Formula
S.28.01.01	Minimum Capital Requirement – Only life or only non-life insurance or reinsurance activity

S.02.01.01
Balance Sheet

£000

CHM	Assets	Solvency II value C0010
R0030	Intangible assets	-
R0040	Deferred tax assets	16
R0050	Pension benefit surplus	-
R0060	Property, plant & equipment held for own use	1,545
R0070	Investments (other than assets held for index-linked and unit-linked contracts)	26,916
R0080	Property (other than for own use)	-
R0090	Holdings in related undertakings, including participations	-
R0100	Equities	2,279
R0110	Equities – listed	2,279
R0120	Equities – unlisted	-
R0130	Bonds	24,637
R0140	Government Bonds	13,482
R0150	Corporate Bonds	11,155
R0160	Structured notes	-
R0170	Collateralised securities	-
R0180	Collective Investments Undertakings	-
R0190	Derivatives	-
R0200	Deposits other than cash equivalents	-
R0210	Other investments	-
R0220	Assets held for index-linked and unit-linked contracts	-
R0230	Loans and mortgages	-
R0240	Loans on policies	-
R0250	Loans and mortgages to individuals	-
R0260	Other loans and mortgages	-
R0270	Reinsurance recoverables from:	6,444
R0280	Non-life and health similar to non-life	6,444
R0290	Non-life excluding health	6,462
R0300	Health similar to non-life	(18)
R0310	Life and health similar to life, excluding health and index-linked and unit-linked	-
R0320	Health similar to life	-
R0330	Life excluding health and index-linked and unit-linked	-
R0340	Life index-linked and unit-linked	-
R0350	Deposits to cedants	-
R0360	Insurance and intermediaries receivables	942
R0370	Reinsurance receivables	-
R0380	Receivables (trade, not insurance)	1,423
R0390	Own shares (held directly)	-
R0400	Amounts due in respect of own fund items or initial fund called up but not yet paid in	-
R0410	Cash and cash equivalents	5,585
R0420	Any other assets, not elsewhere shown	-
R0500	**Total assets**	**42,872**

S.02.01.02
Balance Sheet

£000

CHM	Liabilities	Solvency II value C0010
R0510	Technical provisions – non-life	22,744
R0520	Technical provisions – non-life (excluding health)	22,568
R0530	TP calculated as a whole	-
R0540	Best Estimate	21,824
R0550	Risk margin	744
R0560	Technical provisions – health (similar to non-life)	176
R0570	TP calculated as a whole	-
R0580	Best Estimate	168
R0590	Risk margin	9
R0600	Technical provisions – life (excluding index-linked and unit-linked)	-
R0610	Technical provisions – health (similar to life)	-
R0620	TP calculated as a whole	-
R0630	Best Estimate	-
R0640	Risk margin	-
R0650	Technical provisions – life (excluding health and index-linked and unit-linked)	-
R0660	TP calculated as a whole	-
R0670	Best Estimate	-
R0680	Risk margin	-
R0690	Technical provisions – index-linked and unit-linked	-
R0700	TP calculated as a whole	-
R0710	Best Estimate	-
R0720	Risk margin	-
R0740	Contingent liabilities	-
R0750	Provisions other than technical provisions	-
R0760	Pension benefit obligations	-
R0770	Deposits from reinsurers	-
R0780	Deferred tax liabilities	-
R0790	Derivatives	-
R0800	Debts owed to credit institutions	-
R0810	Financial liabilities other than debts owed to credit institutions	-
R0820	Insurance & intermediaries payables	1,695
R0830	Reinsurance payables	-
R0840	Payables (trade, not insurance)	4,338
R0850	Subordinated liabilities	-
R0860	Subordinated liabilities not in Basic Own Funds	-
R0870	Subordinated liabilities in Basic Own Funds	-
R0880	Any other liabilities, not elsewhere shown	-
R0900	**Total liabilities**	**28,778**
R1000	**Excess of assets over liabilities**	**14,094**

S.05.01.02
Premiums, claims and expenses by line of business

Non-life

£000		Line of Business for: non-life insurance and reinsurance obligations (direct business and accepted proportional reinsurance)												Line of Business for:accepted non-proportional reinsurance				
		Medical expense insurance	Income protection insurance	Workers' compensation insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance	Legal expenses insurance	Assistance	Miscellaneous financial loss	Health	Casualty	Marine, aviation, transport	Property	Total
		C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0120	C0130	C0140	C0150	C0160	C0200
	Premiums written																	
R0110	Gross – Direct Business	-	2,031	-	6,918	5,965	512	5,024	2,335	-	-	-	-					22,784
R0120	Gross – Proportional reinsurance accepted	-	-	-	-	-	-	-	-	-	-	-	-					-
R0130	Gross – Non-proportional reinsurance accepted											-	-	-	-	-	-	
R0140	**Reinsurers' share**	-	221	-	1,150	-	414	4,332	331	-	-	-	-	-	-	-	-	6,448
R0200	**Net**	-	1,809	-	5,769	5,965	97	692	2,004	-	-	-	-	-	-	-	-	16,336
	Premiums earned																	
R0210	Gross – Direct Business	-	1,345	-	6,176	5,331	500	5,176	2,176	-	-	-	-					20,705
R0220	Gross – Proportional reinsurance accepted	-	-	-	-	-	-	-	-	-	-	-	-					-
R0230	Gross – Non-proportional reinsurance accepted											-	-	-	-	-	-	
R0240	**Reinsurers' share**	-	221	-	1,150	-	406	3,992	350	-	-	-	-	-	-	-	-	6,119
R0300	**Net**	-	1,124	-	5,026	5,331	94	1,183	1,826	-	-	-	-	-	-	-	-	14,585
	Claims incurred																	
R0310	Gross – Direct Business	-	3	-	2,170	2,885	91	1,278	511	-	-	-	-					6,938
R0320	Gross – Proportional reinsurance accepted	-	-	-	-	-	-	-	-	-	-	-	-					-
R0330	Gross – Non-proportional reinsurance accepted												-	-	-	-	-	-
R0340	**Reinsurers' share**	-	-	-	236	-	64	1,052	-	-	-	-	-	-	-	-	-	1,352
R0400	**Net**	-	3	-	1,934	2,885	27	226	511	-	-	-	-	-	-	-	-	5,586
	Changes in other technical provisions																	
R0410	Gross – Direct Business	-	111	-	757	586	131	1,431	310	-	-	-	-					3,326
R0420	Gross – Proportional reinsurance accepted	-	-	-	-	-	-	-	-	-	-	-	-					-
R0430	Gross – Non- proportional reinsurance accepted												-	-	-	-	-	
R0440	**Reinsurers' share**	-	6	-	449	-	85	1,299	(85)	-	-	-	-	-	-	-	-	1,754
R0500	**Net**	-	105	-	308	586	46	132	394	-	-	-	-	-	-	-	-	1,572
R0550	**Expenses incurred**	-	675	-	2,264	2,107	111	153	848									6,159
R1200	**Other expenses**																	-
R1300	**Total expenses**																	**6,159**

S.05.02.01
Premiums, claims and expenses by country

Non-life

£000

		Home Country	Top 5 countries	(by amount of gross premiums written) - non-life obligations				Total Top 5 and home country
		C0010	C0020	C0030	C0040	C0050	C0060	C0070
R0010			MT	-	-	-	-	
		C0080	C0090	C0100	C0110	C0120	C0130	C0140
	Premiums written							
R0110	Gross – Direct Business	10,527	12,257	-	-	-	-	22,784
R0120	Gross – Proportional reinsurance accepted	-	-	-	-	-	-	-
R0130	Gross – Non-proportional reinsurance accepted	-	-	-	-	-	-	-
R0140	**Reinsurers' share**	4,142	2,306	-	-	-	-	6,448
R0200	**Net**	6,386	9,951	-	-	-	-	16,336
	Premiums earned							
R0210	Gross – Direct Business	10,019	10,686	-	-	-	-	20,705
R0220	Gross – Proportional reinsurance accepted	-	-	-	-	-	-	-
R0230	Gross – Non-proportional reinsurance accepted	-	-	-	-	-	-	-
R0240	Reinsurers' share	3,918	2,201	-	-	-	-	6,119
R0300	Net	6,101	8,484	-	-	-	-	14,585
	Claims incurred							
R0310	Gross – Direct Business	3,016	3,922	-	-	-	-	6,938
R0320	Gross – Proportional reinsurance accepted	-	-	-	-	-	-	-
R0330	Gross – Non-proportional reinsurance accepted	-	-	-	-	-	-	-
R0340	Reinsurers' share	955	397	-	-	-	-	1,352
R0400	Net	2,061	3,525	-	-	-	-	5,586
	Changes in other technical provisions							
R0410	Gross – Direct Business	(237)	3,563	-	-	-	-	3,326
R0420	Gross – Proportional reinsurance accepted	-	-	-	-	-	-	-
R0430	Gross – Non- proportional reinsurance accepted	-	-	-	-	-	-	-
R0440	Reinsurers' share	(453)	2,207	-	-	-	-	1,754
R0500	Net	216	1,356	-	-	-	-	1,572
R0550	**Expenses incurred**	3,068	3,091	-	-	-	-	6,159
R1200	**Other expenses**							-
R1300	**Total expenses**							**6,159**

S.17.01.02
Non-Life Technical provisions

£000		Direct business and accepted proportional reinsurance												Accepted non-proportional reinsurance				
		Medical expense insurance	Income protection insurance	Workers' compensation insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance	Legal expenses insurance	Assistance	Miscellaneous financial loss	Non-proportional health reinsurance	Non-proportional casualty reinsurance	Non-proportional marine, aviation and transport reinsurance	Non-proportional property reinsurance	Total Non-Life obligation
		C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0120	C0130	C0140	C0150	C0160	C0170	C0180
R0010	**Technical provisions calculated as a whole**	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
R0050	Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP as a whole	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Technical provisions calculated as a sum of BE a and RM																	
	Best estimate																	
	Premium provisions																	
R0060	Gross	-	(7)	-	1,966	2,125	74	994	434	-	-	-	-	-	-	-	-	5,586
R0140	Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	-	(20)	-	328	(47)	68	904	47	-	-	-	-	-	-	-	-	1,280
R0150	**Net Best Estimate of Premium Provisions**	-	13	-	1,638	2,171	6	90	387	-	-	-	-	-	-	-	-	4,306
	Claims provisions																	
R0160	Gross	-	174	-	7,552	2,355	269	3,264	2,792	-	-	-	-	-	-	-	-	16,405
R0240	Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	-	2	-	1,729	(13)	176	2,995	275	-	-	-	-	-	-	-	-	5,164
R0250	**Net Best Estimate of Claims Provisions**	-	172	-	5,823	2,367	93	269	2,517	-	-	-	-	-	-	-	-	11,241
R0260	**Total Best estimate – gross**	-	168	-	9,519	4,479	343	4,257	3,226	-	-	-	-	-	-	-	-	21,991
R0270	**Total Best estimate – net**	-	185	-	7,461	4,539	99	359	2,904	-	-	-	-	-	-	-	-	15,548
R0280	**Risk margin**	-	9	-	361	220	5	8	150	-	-	-	-	-	-	-	-	753
	Amount of the transitional on Technical Provisions																	
R0290	Technical Provisions calculated as a whole	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
R0300	Best estimate	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
R0310	Risk margin	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Technical provisions – total																-	
R0320	**Technical provisions – total**	-	176	-	9,880	4,699	347	4,266	3,376	-	-	-	-	-	-	-	-	22,744
R0330	**Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default – total**	-	(18)	-	2,057	(60)	243	3,899	322	-	-	-	-	-	-	-	-	6,444
R0340	**Technical provisions minus recoverables from reinsurance/SPV and Finite Re – total**	-	194	-	7,823	4,759	104	367	3,054	-	-	-	-	-	-	-	-	16,300

S.19.01.21
Non-Life Insurance claims

Total Non-Life Business

Z0020 Accident year / Underwriting year: Accident year

£000 **Gross Claims Paid (non-cumulative)**
(absolute amount)

	Development year Year	0	1	2	3	4	5	6	7	8	9	10 & +	In Current year	Sum of years (cumulative)
		C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0170	C0180
R0100	Prior											(3)	(3)	(3)
R0160	N-9	3,005	1,405	215	202	176	36	3	42	38	0		0	5,122
R0170	N-8	2,946	1,582	347	241	497	306	6,383	9	6			6	12,317
R0180	N-7	3,144	1,607	336	183	215	25	9	326				326	5,845
R0190	N-6	2,448	1,737	292	150	38	130	17					17	4,812
R0200	N-5	2,617	1,755	419	252	73	53						53	5,170
R0210	N-4	3,608	2,260	371	112	426							426	6,777
R0220	N-3	2,799	1,932	258	379								379	5,368
R0230	N-2	2,498	1,647	265									265	4,410
R0240	N-1	3,376	2,291										2,291	5,667
R0250	N	3,253											3,253	3,253
R0260												**Total**	**7,013**	**58,738**

Gross undiscounted Best Estimate Claims Provisions
(absolute amount)

	Development year Year	0	1	2	3	4	5	6	7	8	9	10 & +	Year end (discounted data)
		C0200	C0210	C0220	C0230	C0240	C0250	C0260	C0270	C0280	C0290	C0300	C0360
R0100	Prior											233	233
R0160	N-9	-	-	306	586	379	302	154	89	31	11		10
R0170	N-8	-	401	860	13,050	12,357	6,120	66	54	28			25
R0180	N-7	919	1,400	1,098	780	617	406	379	22				20
R0190	N-6	3,283	1,304	1,038	934	1,266	433	438					408
R0200	N-5	3,736	1,774	1,336	646	541	200						191
R0210	N-4	4,782	2,226	1,437	1,261	483							458
R0220	N-3	5,642	3,330	2,292	1,599								1,485
R0230	N-2	5,333	2,759	2,097									1,960
R0240	N-1	6,266	4,049										3,829
R0250	N	8,134											7,797
R0260												**Total**	**16,405**

S.23.01.01
Own Funds

£000	Basic own funds before deduction for participations in other financial sector as foreseen in article 68 of Delegated Regulation 2015/35	Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
		C0010	C0020	C0030	C0040	C0050
R0010	Ordinary share capital (gross of own shares)	6,984	6,984		-	
R0030	Share premium account related to ordinary share capital	1,400	1,400		-	
R0040	Iinitial funds, members' contributions or the equivalent basic own - fund item for mutual and mutual-type undertakings	-	-		-	
R0050	Subordinated mutual member accounts	-		-	-	-
R0070	Surplus funds	-	-			
R0090	Preference shares	-		-	-	-
R0110	Share premium account related to preference shares	-		-	-	-
R0130	Reconciliation reserve	5,694	5,694			
R0140	Subordinated liabilities	-		-	-	-
R0160	An amount equal to the value of net deferred tax assets	16				16
R0180	Other own fund items approved by the supervisory authority as basic own funds not specified above	-	-	-	-	-
	Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds					
R0220	Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds	-				
	Deductions					
R0230	Deductions for participations in financial and credit institutions	-	-	-	-	-
R0290	**Total basic own funds after deductions**	14,094	14,078	-	-	16
	Ancillary own funds					
R0300	Unpaid and uncalled ordinary share capital callable on demand	-			-	
R0310	Unpaid and uncalled initial funds, members' contributions or the equivalent basic own fund item for mutual and mutual – type undertakings, callable on demand	-			-	
R0320	Unpaid and uncalled preference shares callable on demand	-			-	-
R0330	A legally binding commitment to subscribe and pay for subordinated liabilities on demand	-			-	-
R0340	Letters of credit and guarantees under Article 96(2) of the Directive 2009/138/EC	-			-	
R0350	Letters of credit and guarantees other than under Article 96(2) of the Directive 2009/138/EC	-			-	-
R0360	Supplementary members calls under first subparagraph of Article 96(3) of the Directive 2009/138/EC	-			-	
R0370	Supplementary members calls – other than under first subparagraph of Article 96(3) of the Directive 2009/138/EC	-			-	-
R0390	Other ancillary own funds	-			-	-
R0400	**Total ancillary own funds**	-			-	-
	Available and eligible own funds					
R0500	Total available own funds to meet the SCR	14,094	14,078	-	-	16
R0510	Total available own funds to meet the MCR	14,078	14,078	-	-	
R0540	Total eligible own funds to meet the SCR	14,094	14,078	-	-	16
R0550	Total eligible own funds to meet the MCR	14,078	14,078	-	-	
R0580	**SCR**	9,320				
R0600	**MCR**	3,186				
R0620	**Ratio of Eligible own funds to SCR**	1.5123				
R0640	**Ratio of Eligible own funds to MCR**	4.4181				

	Reconciliation reserve	C0060
R0700	Excess of assets over liabilities	14,094
R0710	Own shares (held directly and indirectly)	-
R0720	Foreseeable dividends, distributions and charges	-
R0730	Other basic own fund items	8,400
R0740	Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	-
R0760	**Reconciliation reserve**	5,694
	Expected profits	
R0770	Expected profits included in future premiums (EPIFP) - Life business	-
R0780	Expected profits included in future premiums (EPIFP) - Non- life business	-
R0790	**Total Expected profits included in future premiums (EPIFP)**	-

S.25.01.21
Solvency Capital Requirement – for undertakings on Standard Formula

£000		Gross solvency capital requirement	USP	Simplifications
		C0110	C0090	C0120
R0010	Market risk	2,839		
R0020	Counterparty default risk	2,707		
R0030	Life underwriting risk	-		
R0040	Health underwriting risk	863		
R0050	Non-life underwriting risk	5,479		
R0060	Diversification	(3,228)		
R0070	Intangible asset risk	-		
R0100	**Basic Solvency Capital Requirement**	8,660		

	Calculation of Solvency Capital Requirement	C0100
R0130	Operational risk	660
R0140	Loss-absorbing capacity of technical provisions	-
R0150	Loss-absorbing capacity of deferred taxes	-
R0160	Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC	-
R0200	**Solvency capital requirement excluding capital add-on**	9,320
R0210	Capital add-on already set	-
R0220	**Solvency capital requirement**	9,320
	Other information on SCR	
R0400	Capital requirement for duration-based equity risk sub-module	-
R0410	Total amount of Notional Solvency Capital Requirement for remaining part	-
R0420	Total amount of Notional Solvency Capital Requirements for ring fenced funds	-
R0430	Total amount of Notional Solvency Capital Requirement for matching adjustment portfolios	-
R0440	Diversification effects due to RFF nSCR aggregation for article 304	-

S.28.01.01
Minimum Capital Requirement – Only life or only non-life insurance or reinsurance activity

£000 **Linear formula component for non-life insurance and reinsurance obligations**

		C0010
R0010	MCRNL Result	2,386

		Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance) written premiums in the last 12 months
		C0020	C0030
R0020	Medical expenses insurance and proportional reinsurance	-	-
R0030	Income protection insurance and proportional reinsurance	185	1,809
R0040	Workers' compensation insurance and proportional reinsurance	-	-
R0050	Motor vehicle liability insurance and proportional reinsurance	7,461	5,769
R0060	Other motor insurance and proportional reinsurance	4,539	5,965
R0070	Marine, aviation and transport insurance and proportional reinsurance	99	97
R0080	Fire and other damage to property insurance and proportional reinsurance	359	692
R0090	General liability insurance and proportional reinsurance	2,904	2,004
R0100	Credit and suretyship insurance and proportional reinsurance	-	-
R0110	Legal expenses insurance and proportional reinsurance	-	-
R0120	Assistance and proportional reinsurance	-	-
R0130	Miscellaneous financial loss insurance and proportional reinsurance	-	-
R0140	Non-proportional health reinsurance	-	-
R0150	Non-proportional casualty reinsurance	-	-
R0160	Non-proportional marine, aviation and transport reinsurance	-	-
R0170	Non-proportional property reinsurance	-	-

S.28.01.01

Minimum Capital Requirement – Only life or only non-life insurance or reinsurance activity

(continued)

£000 **Linear formula component for life insurance and reinsurance obligations**

		C0040
R0200	MCRL Result	-

		Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance/SPV) total capital at risk
		C0050	C0060
R0210	Obligations with profit participation – guaranteed benefits	-	
R0220	Obligations with profit participation – future discretionary benefits	-	
R0230	Index-linked and unit-linked insurance obligations	-	
R0240	Other life (re)insurance and healt (re)insurance obligations	-	
R0250	Total capital at risk for all life (re)insurance obligations		-

	Overall MCR calculation	C0070
R0300	Linear MCR	2,313
R0310	SCR	9,320
R0320	MCR cap	4,194
R0330	MCR floor	2,330
R0340	Combined MCR	2,813
R0350	Absolute floor of the MCR	3,186
R0400	**Minimum Capital Requirement**	3,186

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