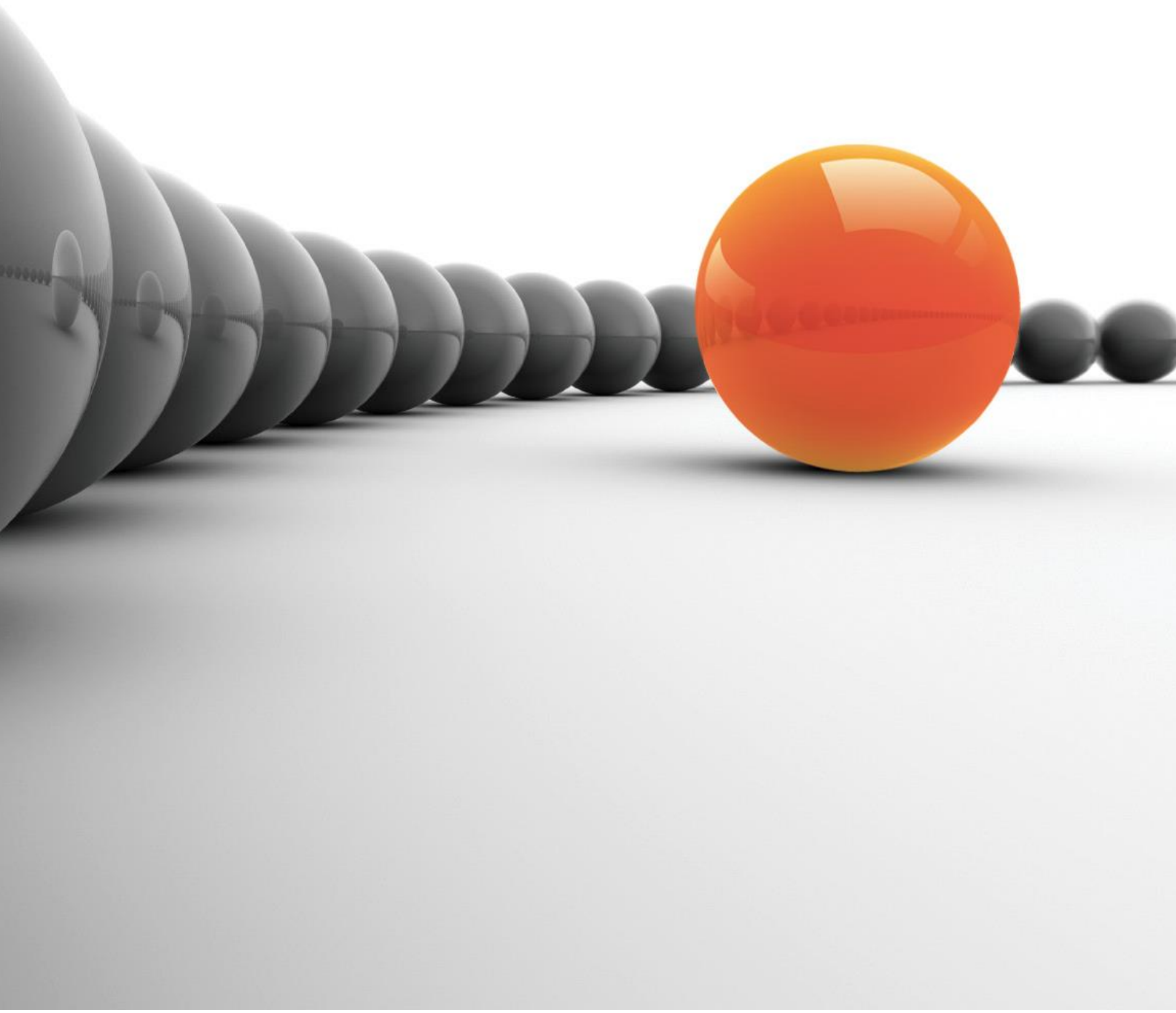
SOLVENCY AND FINANCIAL CONDITION REPORT

Compre Group

For the period ended 31 December 2018



Summary

This Solvency and Financial Condition Report ("SFCR") contains quantitative and qualitative information relating to the Compre Group ("the Group"), covering the business performance, system of governance, risk profile, solvency valuation and capital management of the Group.

This SFCR is based on the Group's results and structure as at 31 December 2018. For the purposes of the SFCR, the Group consists of Cambridge Topco Limited and its subsidiary entities, both regulated and non-regulated. Financial statements mentioned in this report have been audited and finalised by Mazars Malta.

Business and Performance

The Group is a leading European insurance legacy specialist with over 30 years of experience in the provision of insurance and reinsurance legacy business solutions. This involves the acquisition and management of insurance and reinsurance companies in run-off, the acquisition of legacy business portfolios and the provision of legacy business reinsurance solutions. The Group continues to expand its business and is actively seeking legacy business opportunities.

2018 was a consolidation year for the Group as it successfully completed a number of legal transfers of business acquired in previous years and integrated the new business into the Group.

System of Governance

The Group has a well-established governance framework that complies with the requirements under Solvency II, considering the nature, scale and complexity of the risks inherent in its business.

During 2018, Mr William Bridger and Mr Mark Lawson took over as joint CEOs from the Group co-founder Mr Nicholas Steer. In addition, the Group made several senior appointments which have further strengthened the Group's operations and enhanced the governance structure including the recruitment of Mr Simon Hawkins in July 2018 as Group COO, now Group CFO.

Risk Profile

The Group uses the Standard Formula under Solvency II to calculate its solvency capital. Under that model, the Group is exposed to Underwriting Risk (Reserve Risk), Market Risk, Credit Risk, Liquidity Risk and Operational Risk. In addition, the Group has identified three key risks that are not covered by the Standard Formula calculations: Acquisition Risk, Regulatory Risk and Reputational Risk. Mitigation techniques are in place to prevent the occurrence of any of these risks materially impacting the Group.

Valuation for Solvency Purposes

The Group produces its financial statements in accordance with International Financial Reporting Standards ("IFRS") and reports its results in Pounds Sterling (GBP). The adjustments to assets and liabilities under Solvency II from IFRS are summarised in the table below:

Solvency II balance sheet (£000s)	IFRS	Adjustments	Solvency II
Goodwill	7,756	(7,756)	-
Investments	217,260	1,678	218,937
Ceded technical provisions	12,687	(1,161)	11,527
Cash and cash equivalents	46,875	-	46,875
Other assets	32,005	(1,795)	30,210
Total assets	**316,583**	**(9,034)**	**307,549**
Technical Provisions	193,998	(6,668)	187,330
Other Liabilities	53,762	2,011	55,774
Total Liabilities	**247,761**	**(4,657)**	**243,104**

Solvency II balance sheet (£000s)	IFRS	Adjustments	Solvency II
Net Assets	**68,822**	**(4,377)**	**64,445**
Adjustments to Net Asset	-	23,911	23,911
Own Funds	**68,822**	**19,534**	**88,356**

Capital Management

It is considered that the Group has sufficient resources and availability of capital to maintain a suitable solvency capital position, including under stressed scenarios, and to support its business plan objective of acquiring additional insurance and reinsurance legacy business portfolios.

The Group's Solvency II capital position as at 31 December 2018 is summarised in the table below:

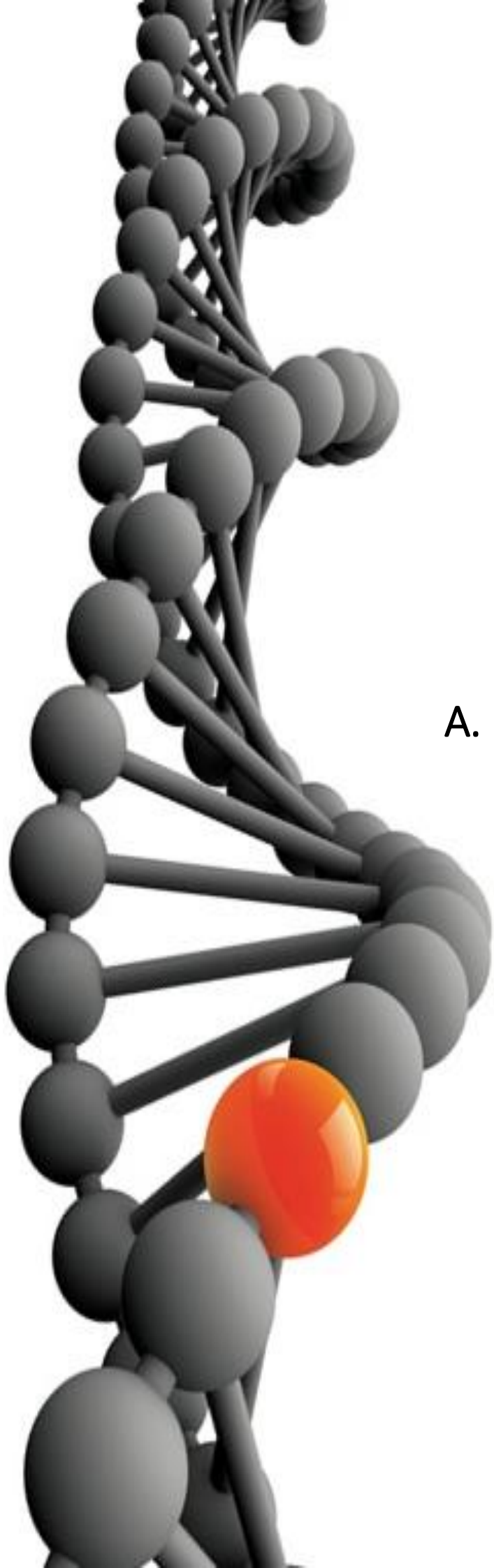
(£000s)	31st December 2018	31st December 2017
Own Funds	**88,356**	**87,905**
SCR	**67,945**	**77,761**
MCR	**20,860**	**21,316**
Solvency ratio	**130%**	**113%**

Note: Own Funds exceed the Solvency II net asset position due to the inclusion of subordinated debt within the Own Funds amount as allowed under the Solvency II Regulations.

We are satisfied that:

a) throughout the financial year in question the Group has complied in all material respects with the requirements of the MFSA Rules and the Solvency II Regulations as applicable to the Group; and
b) it is reasonable to believe that the Group has continued so to comply subsequently and will continue so to comply in future.

Simon Hawkins
Group CFO
31st May 2019



A. Business and Performance

A. Business and Performance

A.1 Business

A.1.1 General Information

This SFCR is based on the Group's results and structure as at 31 December 2018. For the purposes of the SFCR, the Group consists of Cambridge Topco Limited and its subsidiary entities, both regulated and non-regulated. Cambridge Topco Limited is a private company limited by shares. It is established in Malta and regulated by the Malta Financial Services Authority ("MFSA") who is currently the Group Supervisor. The full details of the MFSA are provided below:

Malta Financial Services Authority
Notabile Road
Attard
BKR3000
Malta
Phone Number: +356 2144 1155
Website: https://www.mfsa.com.mt/

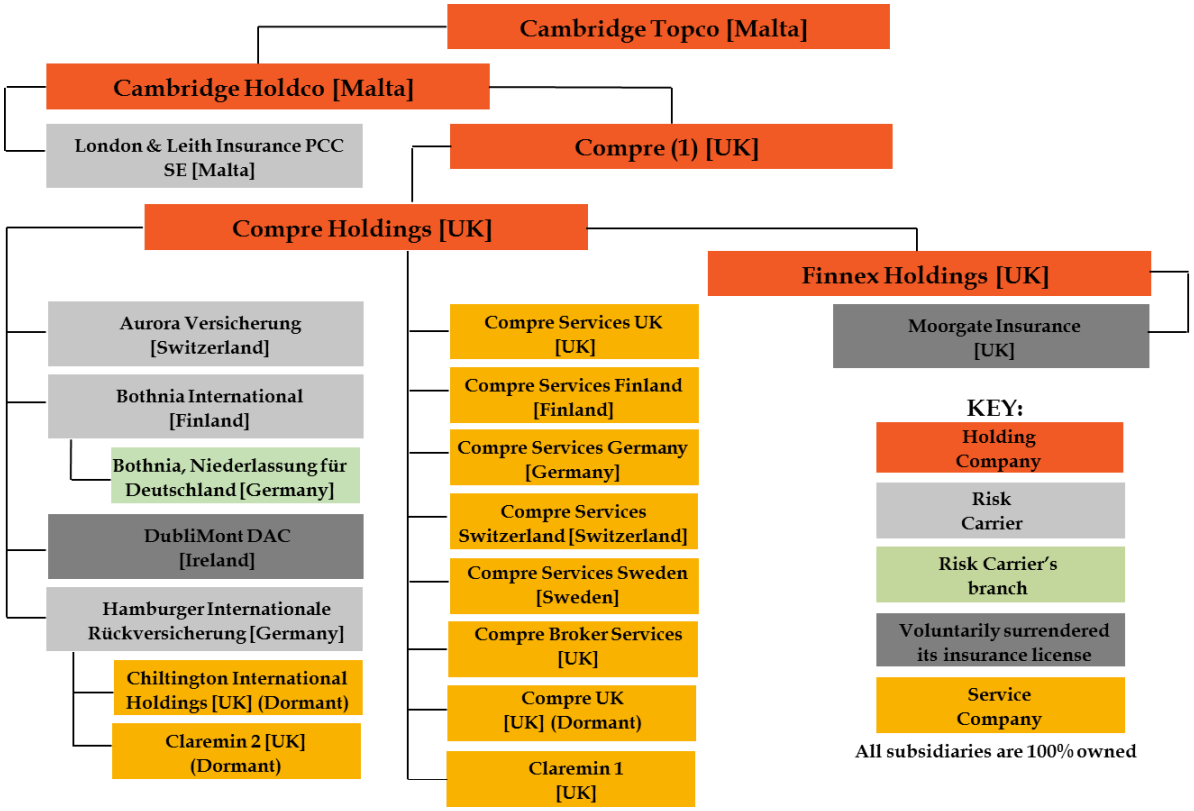
The external auditors of the Group are:

Mazars Malta
32 Sovereign Building
Zaghfran Road
Attard
ATD 9012
Malta
Phone Number: +356 2134 5760
Website: http://www.mazars.com.mt/

The Group's ultimate controlling party is CBPE Capital LLP. CBPE Capital LLP, which is domiciled in the UK, is controlled by a discretionary trust and consequently there is no controlling individual. The ultimate holding company of the Group is Cambridge Topco Limited, a company registered in Malta. CBPE Nominees Limited holds 86% of the ordinary shares in Cambridge Topco Limited with 67% of the voting rights. The remaining shareholding in Cambridge Topco Limited is held by three members of the Group's Board. CBPE Nominees Limited is ultimately controlled by CBPE Capital LLP.

Cambridge Topco Limited holds 84% shareholding (68% voting rights) in Cambridge Holdco Limited. The remaining shareholding in Cambridge Holdco Limited is held by the members of the Executive Management Team, the Deputy Chairman and the Chairman. All other subsidiaries in the Group are 100% owned.

The Group structure below shows the position as at 31 December 2018.



The ultimate holding company, Cambridge Topco Limited, has portfolios in run-off and operations located in Finland, Germany, Switzerland, Ireland, Malta and the United Kingdom ("UK"). The regulated insurance and reinsurance companies in the Group are described below:

- Aurora Versicherungs AG ("Aurora") is domiciled in Switzerland and regulated by the Swiss Financial Market Supervisory Authority ("FINMA"). It is assessed under the Swiss Solvency Test ("SST"), which is recognised as equivalent to Solvency II.
- Hamburger Internationale Rückversicherung AG ("HIR") is domiciled in Germany and regulated by the Bundesanstalt für Finanzdienstleistungsaufsicht ("BaFin").
- Bothnia International Insurance Company Ltd ("Bothnia") is domiciled in Finland and regulated by the Finanssivalvonta ("FIN-FSA").
- London & Leith Insurance PCC SE ("LLSE") is domiciled in Malta and regulated by the MFSA.

DubliMont DAC and Moorgate Insurance Company Limited surrendered their respective insurance licences during 2018 and transferred their insurance business into Bothnia.

The following is a list of all subsidiary undertakings as at 31 December 2018:

Company	Country of incorporation	Principal activity	Percentage shareholding
Cambridge Holdco Limited	Malta	Holding company	84
Compre (1) Limited	UK	Holding company	100
Compre Holdings Limited	UK	Holding company	100
Finnex Holdings Limited	UK	Holding company	100
Aurora Versicherungs AG	Switzerland	Insurance company in run-off	100

Company	Country of incorporation	Principal activity	Percentage shareholding
Bothnia International Insurance Company Oy	Finland	Insurance company in run-off	100
Hamburger Internationale Rücksicherung AG	Germany	Reinsurance company in run-off	100
London & Leith Insurance PCC SE	Malta	Insurance company in run-off	100
Dublimont DAC	Ireland	Voluntarily surrendered its insurance licence	100
Moorgate Insurance Company Limited	UK	Voluntarily surrendered its insurance licence	100
Compre Broker Services Limited	UK	Service company	100
Compre Services (Finland) Oy	Finland	Service company	100
Compre Services (Germany) GmbH	Germany	Service company	100
Compre Services (Sweden) AB	Sweden	Service company	100
Compre Services (Switzerland) AG	Switzerland	Service company	100
Compre Services (UK) Limited	UK	Service company	100
Chiltington International Holdings Limited	UK	Non-trading company	100
Claremin 1 Limited	UK	Non-trading company	100
Claremin 2 Limited	UK	Non-trading company	100
Compre Limited	UK	Non-trading company	100

The Group's Solvency II assessment is produced using a consolidated balance sheet approach for all subsidiaries excluding Aurora. Aurora, is assessed under the SST which is deemed as being equivalent to the Solvency II Directive and is therefore included by using the deductions and aggregations approach method.

A.1.2 Material Lines of Business and Material Geographical Areas

As at 31 December 2018, the Group is exposed to the following material lines of business from its claims liabilities:

- General liability insurance and proportional reinsurance.
- Non-proportional casualty reinsurance.

The total net technical provisions ("TPs"), excluding risk margin, in the Group as at 31 December 2018 were GBP 145,574k of which the majority relate to cedants domiciled in the United States (55%) and the United Kingdom (17%).

A.1.3 Significant Events Over the Reporting Period

2018 was a consolidation year for the Group as it successfully completed a number of legal transfers of business acquired in previous years and integrated the new business into the Group.

In May 2018, the UK Part VII transfer to Bothnia of the entire run-off insurance and reinsurance portfolios of Atlantic Mutual International Limited and the UK branch of Atlantic Mutual Insurance Company were completed.

In July 2018, the German Supervisory Authority (BaFin) approved the legal transfer of a deal that the Group had concluded with Hannover Rück SE and E+S Rückversicherung AG in the previous year.

In August 2018, Bothnia entered into an intra-group reinsurance agreement whereby Bothnia ceded to LLSE a distinct portfolio of general liability business (proportional and non-proportional) via a Quota Share agreement.

In November 2018, the Italian Regulator (IVASS) approved the legal transfer of a portfolio which the Group had acquired in the previous year from Assicurazioni Generali S.p.A.

In December 2018, approval was received from the Irish High Court to transfer the entire insurance portfolio of DubliMont DAC to Bothnia. The Group had acquired DubliMont DAC in 2017.

In 2019 the Group will seek to continue growing its net tangible asset value through further transactions and expanding its market presence in Europe and other international legacy markets.

A.2 Underwriting Performance

The Group does not underwrite any new business and is only exposed to run-off liabilities. The table below shows a summary of the technical account.

Income Statement (£000s)	31/12/2018	31/12/2017
Net Premiums	**201**	**31**
Gross claims paid	(10,432)	(5,078)
Claims ceded to reinsurers	(899)	3,508
Gross change to contract liabilities	23,028	18,905
Change in contract liabilities ceded to reinsurers	(1,767)	(3,490)
Net Claims	**9,930**	**13,845**
Underwriting performance	**10,131**	**13,876**

The table below shows the technical account split by material Solvency II Line of Business ("LOB").

Income Statement (£000s)	General liability insurance	Non-proportional casualty	Other LOB's	TOTAL
Net Premiums	47	135	19	201
Net claims	18,368	(9,524)	1,086	9,930
Underwriting performance 31/12/2018	**18,415**	**(9,389)**	**1,105**	**10,131**
Underwriting performance 31/12/2017	**(39,080)**	**66,309**	**(13,353)**	**13,876**
Movement	**57,495**	**(75,698)**	**14,458**	**(3,745)**

Further analysis is provided below, detailing the technical account by the domicile of the cedant.

Income Statement (£000s)	Underwriting performance 31/12/2018	Underwriting performance 31/12/2017
France	5,927	797
United Kingdom	1,385	16,039
Germany	634	2,810

Income Statement (£000s)	Underwriting performance 31/12/2018	Underwriting performance 31/12/2017
United States	(940)	1,005
Other	3,126	(6,774)
Total	**10,131**	**13,876**

During the year under review, the Group continued to further improve the claims management and adjusting function by concentrating especially on significant contracts containing difficult long-tail liabilities. The claims presented to the Group were inspected and analysed to verify the validity, accuracy and the binding effect of the claims. At the same time, the Group continued to pursue and conclude commutation negotiations.

A.3 Investment Performance

As at 31 December 2018, the Group's investment portfolio comprised of the following asset classes:

Investment portfolio (£000s)	31/12/2018	%	31/12/2017	%
Government Bonds	59,392	27%	5,476	7%
Corporate Bonds	152,933	71%	64,405	82%
Collective Investments Undertakings	3,179	1%	5,353	7%
Total financial assets at fair value through profit or loss	**215,504**	**99.38%**	**75,234**	**95.69%**
Short-term deposits	1,338	1%	3,392	4%
Total investments and short-term deposits	**216,842**	**100.00%**	**78,626**	**100.00%**

The Group's investment strategy is outlined in the Group Investment Policy and complies with the requirements of the 'prudent person principle' as set out in Article 132 of Directive 2009/138/EC.

The Company's assets and liabilities were balanced by currency during the year.

For the year ended 2018, the Group had the following income and losses from investments:

Investment income, gains and losses (£000s)	Total	Government bonds	Corporate bonds	Collective Investments	Short-term deposits	Other
Interest income from other than affiliated undertakings	3,866	942	2,830	-	94	
Investment expense	(14)					(14)
Loans and receivables interest income	340					340
Total investment income	**4,192**	**942**	**2,830**	**0**	**94**	**326**
Net realised gains and losses	(360)	258	(618)	-	-	-
Fair value gains and losses	(375)	940	(1,333)	18	-	-
Total investment income, gains and losses	**3,457**	**2,140**	**879**	**18**	**94**	**326**

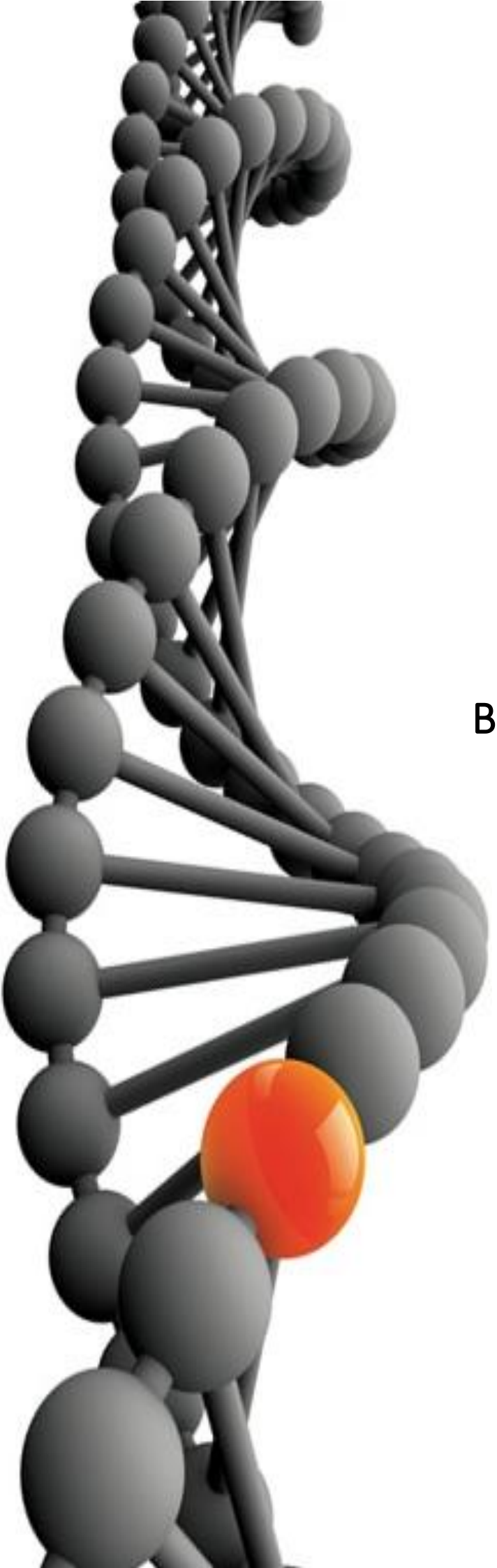
Total investment income generated during the year amounted to £4,192k (2017: £1,252k).

A.4 Performance of Other Activities

The Group does not have any material income or expenses from performance of other activities.

A.5 Any Other Information

All material information regarding the Group's business and performance has been disclosed in Sections A.1 – A.4 above.



B. System of Governance

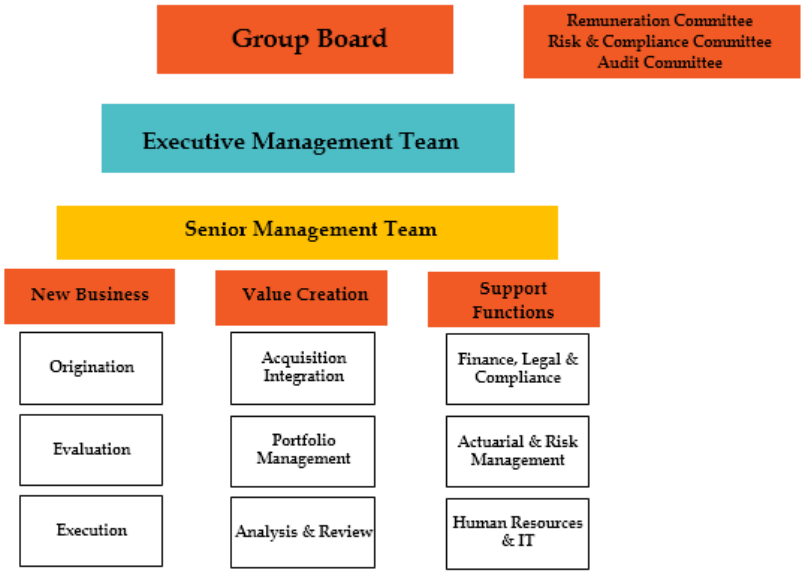
B. System of Governance

B.1 General Information on the System of Governance

B.1.1 Structure of the Group

The Group Board has the responsibility for setting and monitoring adherence to the strategy and risk framework and is made up of five executives who are involved in the day-to-day management of the Group, two independent non-executives and three non-executives.

As shown in the diagram below, the Group has an Executive Management Team ("EMT"), a Senior Management Team ("SMT") and three Committees that assist the Group Board in discharging its obligations. The Group Board retains responsibility for its obligations at all times whilst delegating authority to the EMT, SMT and Committees. The Committees operate under defined Terms of Reference.



The Group has three core business areas: New Business, Value Creation and Support functions – these are described below. Due to the moderate size of its operations, the use of resources across the Group is relatively fluid. Depending on activity levels, employees of the Group can be redeployed to support other functional areas. Management emphasises a 'One Team' approach.

New Business

Given the international nature of the opportunities, the location of new business activities spans the European operations of the Group. The New Business team evaluates and, together with the Executive Directors, recommends the acquisitions of new run-off portfolios which are considered, and if appropriate, approved by the relevant Board of the acquiring company.

Specifically, the New Business function is responsible for:

- Identifying and originating opportunities, executing and closing transactions.
- Maintaining and growing a robust pipeline of opportunities in identified target markets.
- Developing, growing and maintaining relationships in identified target markets, particularly with potential vendors and key market participants such as re/insurance brokers and Mergers & Acquisitions advisers.

Value Creation

The Value Creation team manages the day-to-day operations of the various insurance and reinsurance portfolios. The team aims to create value through efficient claims handling, managing exposure to reinsurance failure or disputes and controlling costs. The Value Creation team is organised as follows:

Portfolio Management

Portfolio management activities include:

- Claims management and adjusting – there are regular reviews of case reserves to verify amounts reported which involve case reviews and cedant follow-up.
- Inwards and outwards commutations negotiation – a commutation strategy is focused on increasing the solvency strength of the risk carriers.
- Reinsurance reconciliations and collections.

Acquisition Integration

The integration of new business portfolios into the infrastructure of the Group covers an in-depth review of underlying technical data, accounting, human resources and Information Technology ("IT") where relevant.

Analysis & Review

Analysis of the insurance portfolios and related balances is continually undertaken including reviews of the level of technical provisions to support actuarial estimates.

Support Services

Support Services comprise the following:

- Finance & Compliance provides financial and management reporting, legal and regulatory compliance activities.
- Actuarial & Risk Management provides actuarial support to the analysis of new business opportunities, actuarial support the estimate of technical provisions and risk management activities.
- Human resources and IT support.

In addition, the Group Board has established a risk management model that separates the business's risk management responsibilities into "three lines of defence".

The **first line of defence** is the responsibility of senior management, the risk takers in the business. This involves day-to-day risk management, in accordance with risk policies, appetite and internal controls at an operational level.
The **second line of defence** concerns those with responsibility of risk oversight and risk guidance. As well as monitoring reports, they are responsible for risk policies and risk procedures and control design.
The **third line of defence** provides independent assurance to the effectiveness of the risk management process.

The table below shows the position as at December 2018 and illustrates the related duties and responsibilities of the Group Board, the EMT and the Committees.

Compre Group Board

Duties and Responsibilities

- To oversee overall business performance of the Group
- To set business objectives and strategy and ensure that the objectives are met
- To set and monitor adherence to the risk strategy, risk appetite and Risk Management Framework
- To monitor and ensure that SCR and MCR requirements are met by the Group and its subsidiaries at all times

Executives
William Bridger (co-CEO)
Mark Lawson (co-CEO)
Paul Matson (resigned Dec 2018)
Rhydian Williams
Hubertus Labes

Non-Executives
Nicholas Steer (Deputy Chairman)
Mathew Hutchinson
Richard Thompson

Independent Non-Executives
Thomas Colraine (Chairman)
Nadine Cachia

Executive Management Team

Duties and Responsibilities

- Implementation of the agreed business strategy and plan
- Management of the business activities of the Group

Executives
William Bridger
Mark Lawson
Paul Matson (resigned Dec 2018)
Simon Hawkins (appointed July 2018)
Rhydian Williams
Hubertus Labes

Remuneration and Nominations Committee

Duties and Responsibilities

- To recommend to the Board an overall nomination and Remuneration Policy
- To ensure that the Remuneration Policy is aligned to the long-term business strategy and risk appetite, culture and values
- To recognise the interest of all stakeholders
- To assist the Board in discharging its responsibilities relating to the appointment and remuneration of Executives

Members
Richard Thompson (Chairman)
Mathew Hutchinson
Thomas Colraine

Risk & Compliance Committee

Duties and Responsibilities

- To review the effectiveness of the Risk Management Framework
- To review the System of Governance policies for Board approval
- To work with the remuneration committee to ensure risks are properly considered
- To review the Group's capital requirements including stress testing and monitoring
- To review regulatory and legal compliance

Members
Thomas Colraine (Chairman)
Richard Thompson
Mark Lawson
Simon Hawkins
Damian Everest

Audit Committee

Duties and Responsibilities

- To review financial reports and ensure integrity of financial statements
- To implement internal controls and risk management systems, as well as monitor the effectiveness of current controls
- To enforce and review processes and procedures related to whistleblowing and fraud
- To scope the need and effectiveness of the Internal and External Audit functions

Members
Andrew Manduca (Chairman)
John Cassar White
Thomas Colraine
Richard Thompson

In addition, the Group has a Senior Management Team in place made up of senior individuals with the primary objective to be able to assist the Executives in the daily operations of the Group. The objectives of the SMT include:

- To provide support to the EMT to enable the members of the EMT to focus on more strategic matters;
- To focus on managing the daily operations of the business;
- To make the business more `joined up` and less of a `silo` organisation;
- To identify and implement improvements to the operational platform of the business; and
- To provide for succession at the senior level of the business.

B.1.2 Main Roles and Responsibilities of Key Functions

In accordance with the Solvency II Directive, the Group has implemented the following key functions: risk management, compliance, actuarial and internal audit.

Risk Management Function

The Risk Management Function has the responsibility to identify, evaluate, monitor and report risks including, but not limited to, the evaluation of Acquisition Risk, Reserving Risk, Regulatory Risk, Financial Risk, Operational Risk and Reputational Risk.

Compliance Function

The Compliance Function is responsible for assessing the Group's overall compliance with all relevant minimum standards and requirements to effectively mitigate the risk of non-compliance. This includes the assessment of the adequacy of the actuarial and risk functions.

Internal Audit Function

The Internal Audit Function is responsible for evaluating and improving the effectiveness of the risk management, control, and governance processes. It provides an independent assessment of the quality of internal controls and administrative processes and provides recommendations and suggestions for continuous improvement. Internal Audit seeks to deliver assurance, by applying an objective examination of evidence on risk management, control and governance arrangements and processes.

Actuarial Function

The Actuarial Function is responsible for:

- Calculating the Solvency II technical provisions.
- Supporting the business in assessing the appropriateness and adequacy of the Group's reinsurance structure.
- Supporting the business throughout the due diligence process for potential acquisitions to ensure the premium received is sufficient to cover future liabilities and profit/return requirements considering the risks underlying the acquisition.
- Contributing extensively to the risk management system of the Group, including the undertaking of the risk modelling required for the calculation of the Group's SCR and MCR.

The internal reserving process and conclusions are reviewed as part of the annual external audit.

B.1.3 Material Changes in the System of Governance over the Reporting Period

In 2018, Mr Nicholas Steer stepped down from his role as CEO of the Group and is now holding the role of Non-Executive Deputy Chairman. Mr Steer also stepped down from the Executive Management Team, the Remuneration and Nominations Committee as well as the Risk and Compliance Committee. Mr William Bridger, Managing Director of Acquisitions, and Mr Mark Lawson, Group Actuarial Director, jointly took over the role as co-CEOs of the Group.

The Group also made several changes to the Board Committees to make sure there are different members with the appropriate level of expertise sitting on each committee. In addition, Mr Simon Hawkins joined the Group in July and received regulatory approval to act as COO of the Group towards the end of August.

Furthermore, in 2018 the Group made several senior appointments which have further strengthened the Group's operations and enhanced the governance structure.

B.1.4 Remuneration Policy

The Group Board is responsible for the establishment and review of the Remuneration Policy, ensuring alignment with the Group's strategic objectives and corporate governance. This includes sound and effective risk management through the existence of a stringent governance structure. As a result, there is nothing to encourage unnecessary risk-taking. The Remuneration & Nominations Committee supports the Board on the design of the Group's overall Remuneration Policy.

The Group recognises the need to attract, develop, retain and motivate high-performing employees, provide financial incentives for those accepting promotional opportunities, and improve the Group's position within the current market. Short term profitability is not rewarded at the expense of long-term performance.

The remuneration package consists of fixed and variable components, as well as a range of benefits.

Fixed pay is primarily determined according to the nature of the role the individual performs. In addition, rates are determined for comparable roles in the market.

Variable reward comprises of discretionary bonus payments. The variable remuneration depends on the achievement of the combination of the assessment of the performance of the individual and of the overall result of the Group. The Remuneration & Nominations Committee approves the basis of any bonus scheme for all staff.

It is the Remuneration & Nominations Committee's responsibility to determine the remuneration of executive and non-executive directors.

The Group's Remuneration Policy does not cover any supplementary pension or early retirement schemes for members of the Board and other key function holders.

B.1.5 Material Transactions During the Reporting Period with Shareholders, Persons who Exercise a Significant Influence on the Group, and with Members of the Group Board

There were no material transactions within the Group over the reporting period.

B.2 Fit and Proper Requirements

Members of the Group Board, Risk Carrier Boards and Key Function Holders are assessed under the Fit and Proper Requirements. The Group demonstrates a commitment to competence by clearly identifying the competencies and knowledge, skills and expertise required by its people to effectively carry out the responsibilities for each role in the organisation.

The skill sets and competencies to perform a key role within any entity in the Group are defined as part of the determining job description. The performance relative to the requirement of the role is assessed at least once a year.

The segregation of duties and allocation of duties for each key role are clearly defined for all entities in the Group. All key roles acknowledge their duties and responsibilities as part of the confirmation of their job description.

B.2.1 Fit Requirements

Board members are assessed for their skills, knowledge and experience to make sure that collectively they have knowledge and experience in the following areas:

a) Insurance and financial markets
b) Business strategy and business model
c) System of governance
d) Financial and actuarial analysis
e) Regulatory framework and requirements

It is ensured that individuals are sufficiently competent to provide for a sound and prudent management of the Group and its subsidiaries. Individual candidates with a strong knowledge in specific areas may compensate for deficits of other candidates in these areas.

B.2.2 Proper Requirements

A proper assessment is undertaking to determine if personnel meet or exceed a basic standard of probity to undertake the roles they perform. Information provided by the candidate is checked for its plausibility and, if necessary, further independent investigations are carried out.

The criteria for the assessment of propriety applicable to members of the Group Board, Risk Carrier Boards and Key Function Holders include checks on:

- Relevant criminal offences.
- Relevant disciplinary or administrative offences.
- Financial soundness.
- Circumstances other than court decisions and on-going judicial proceedings, which may cast doubt on the repute and integrity of the person may also be considered.

B.3 Risk Management System Including the Own Risk and Solvency Assessment ("ORSA")

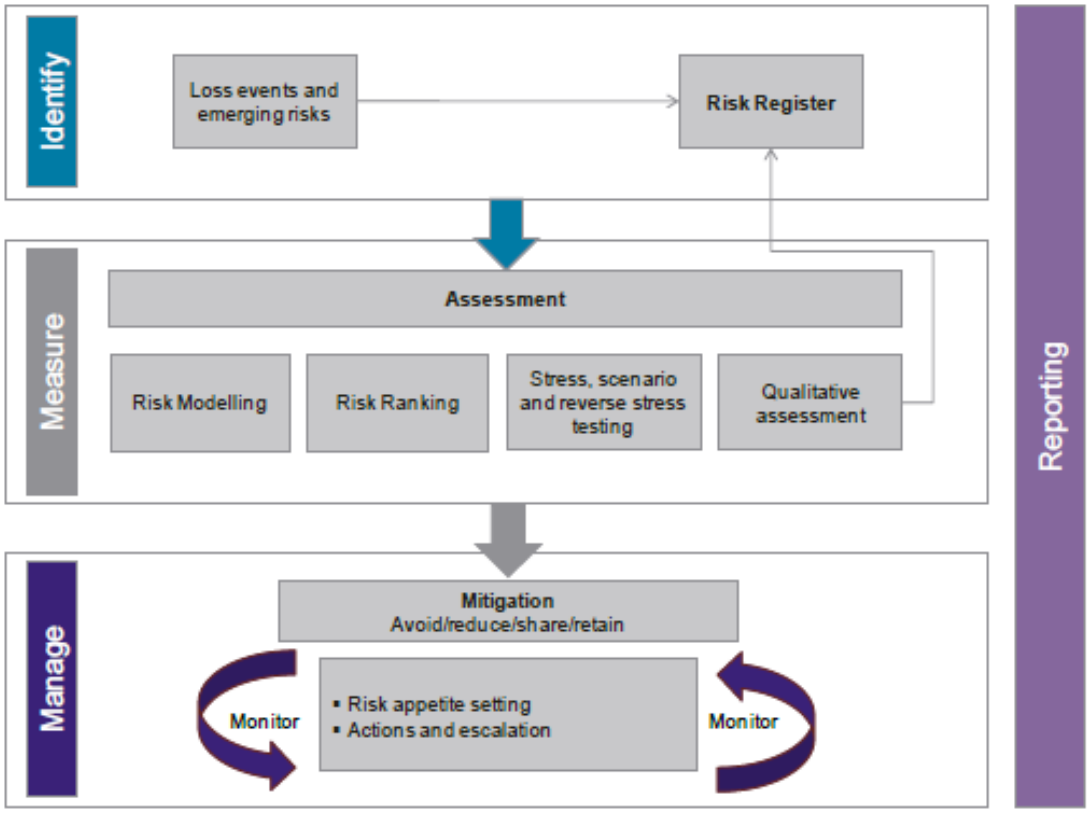
B.3.1 Risk Management System

The overall objective of the Group's Risk Management strategy is to maintain a transparent and inclusive risk management system which enables the Group to meet its key objectives to carry out its business plan whilst ensuring appropriate protection for policyholders. Over the course of 2018, the EMT has continued to maintain and enhance a Risk Management Framework to support this aim.

Risk Management forms an integral part of the Management and Group Board decision-making processes including:

- Stress and scenario testing completed for business plans and strategic projects and used in decision-making.
- The nature and types of risks facing the business, focusing on upside and downside risks discussed, challenged, understood, monitored and controlled.
- The Group Board evaluates and approves the risk strategy taking into account the specific risk profile, approved Risk Appetite and business strategy.

The Risk Management process is key in the delivery of the Risk Management Framework. This process involves continuous engagement between the business and the risk management team. The diagram below illustrates the process of how, on a continuous basis, the Group is able to effectively identify, measure, monitor, manage and report risks which it is exposed to.



Risk Register
The Risk Register is one of the foundations upon which effective risk management is constructed. The Risk Register outlines all identified key risks facing the Group across all activities and functions.

The Group Risk Register contains quantifiable and non-quantifiable material risks that could affect the success of the business. For material risks, it names the risk owners, the severity and frequency of the potential event and ensure that any risk mitigation controls are recorded. All risks are systematically assessed, analysed and recorded on the Risk Register on a continuous basis with mitigation activities being prioritised as necessary. The Risk Management Function coordinates this continual process with the individuals nominated as risk owners.

Risk Appetite Statements
The Risk Appetite statements are consistent with the strategic objectives of the Group and are reviewed, as a minimum, on an annual basis. A more frequent review will occur if there are changes in the Group's strategy and material changes in market conditions or operational circumstances.

Risk Identification
A top-down key risk identification and assessment process is undertaken annually, which includes consideration of emerging risks. The risk management process focuses on risks relevant to the Group and risks are identified as follows:

- Risk committee meetings are held on a quarterly basis as well as operational area meetings to identify changes in risks and new risks. The Risk Register is amended in accordance with the risk procedures.
- Risk Registers are reviewed to ensure all areas and risks have been collated and been taken into consideration.
- Management is responsible for identifying all material risks to the business and recording these in the Risk Register.
- Management ensures that the business properly identifies and assesses any risk it faces in the short and long term and to which the business is, or could be, exposed.

Risk Measurement
All identified risks are assessed utilising our internal expertise to evaluate risks.

Management is well placed to highlight any new risks that may be developing over time or changes in existing risk levels and it is part of their overall responsibility to ensure such situations are reported to the relevant Committee and/or Board.

All risks are assessed and graded in a consistent manner thereby allowing the relevant Boards to compare different risks, of whatever nature, and prioritise the most significant for action. A risk scoring matrix is used to determine the likelihood and severity of each risk, before taking into consideration risk mitigation.

Subsequently, controls mitigating the risk are considered and the likelihood and severity is scored again on a scale of 1-5 for each risk (the residual risk rating).

Risk Management
The Group manages risks on an on-going basis in line with its Risk Appetite. The following four areas are considered in managing/mitigating risk:

a) Risk avoidance
b) Risk reduction
c) Risk transfer
d) Risk acceptance

Risk Monitoring and Reporting
Key risk indicators are identified for each risk, where possible, to identify scenarios that could lead to the risk potentially materialising.

The Risk Register is reported to the Board at least annually to ensure that the Board is aware of all identified existing and emerging risks, mitigating controls and residual risks. The effectiveness of Risk Management arrangements is reviewed by the Audit Committee and the Group Board.

On an annual basis, Internal Audits take place to ensure controls are in place and are being effective in mitigating the risks. An Internal Audit Report is prepared after an internal audit of each risk area. On an annual basis, a report summarising all the key findings identified throughout the risk areas assessed during each year is presented to the Board.

An ORSA report is produced on an annual basis. In addition, this report will be updated where there are significant changes to the risk profile of the Group.

B.3.2 ORSA Process

The ORSA is the entirety of the processes and procedures employed to identify, assess, monitor, manage, and report the short and long-term risks that the Group faces, or may face, and supports the determination of funds necessary to ensure that the Group's overall solvency needs are met at all times.

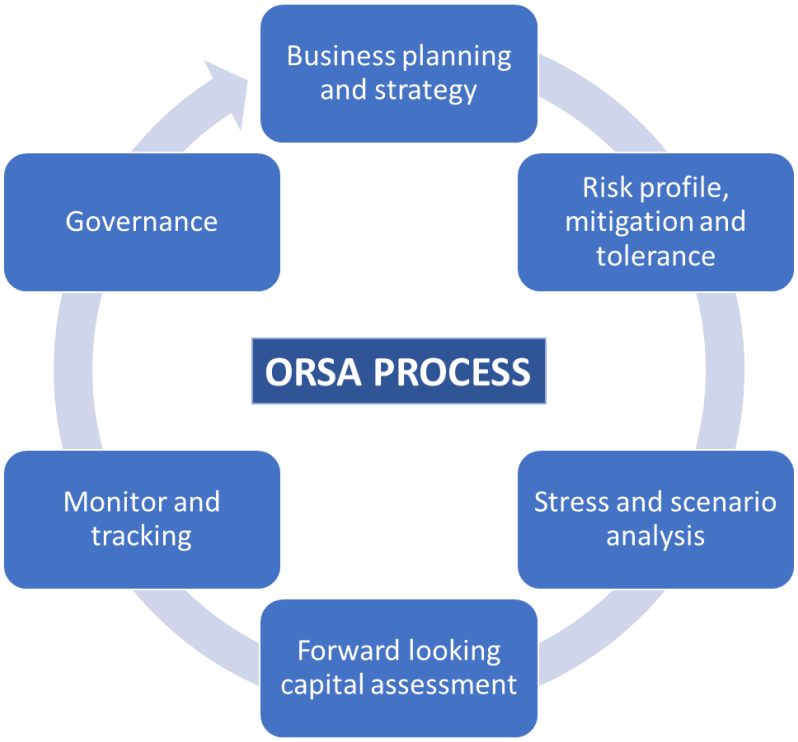
The Risk & Compliance Function coordinates the relevant processes and documentation across the Group. The ORSA is communicated to the Risk & Compliance Committee and is subsequently approved by the Group Board, which is ultimately responsible for the ORSA.

The ORSA is produced and approved by the Board on an annual basis unless there has been a material change in the risk profile, whereby a non-regular ORSA will be produced.

The Group currently uses the Standard Formula to determine its Solvency Capital Requirements, which has been assessed as appropriate given its risk profile. The ORSA process includes all material categories of risk faced by the Group to ensure that the outputs are representative of the risk profile and therefore can be used in making business decisions.

To ensure on-going capital adequacy of the Group, current and projected capital positions are calculated as part of the capital management process. The capital adequacy is assessed using the Solvency II Solvency Ratio (current and forward-looking basis).

The ORSA process diagram below identifies the key activities that support the production of the ORSA:



B.4 Internal Control System

The internal control system forms part of the Group's Risk Management System and is supported by the Risk Register and Risk Appetite Statement, which have been defined in section B.3.1 of this report.

Controls in place to mitigate each risk are outlined in the Risk Register. The Risk Register also identifies the Risk Owner (individual responsible for the strategic goal or objective at risk) and Control Owner (the owner of understanding the risk and executing mitigation) for each risk.

The Risk Register and the Risk Appetite Statements are approved by the Risk & Compliance Committee followed by the Group Board, and are reviewed at least annually to ensure that the identified risks and controls remain relevant to the business.

The Internal Control System includes the Compliance Function which forms part of the Group's second line of defence.

The Group Board is ultimately responsible for ensuring effectiveness of the Compliance Function. The day-to-day responsibilities reside with the Group Risk & Compliance officer who reports to the Group Risk & Compliance Committee.

For the main roles and responsibilities of this function, refer to Section B.1.2.

B.5 Internal Audit Function

The Internal Audit Function forms part of the Group's third line of defence.

The Internal Audit Function reports to the Group Audit Committee and is outsourced to a third-party service provider to ensure objectivity and independence.

The outsourcing of this function realises efficiency gains within the Group and ensures a homogenous standard of compliance across all Group entities. The internal audit team reviews the procedures and findings of the Group's functions and provide advice on the refinement and modification of processes and controls.

The Internal Audit Function provides independent assurance to the Group Board in the effectiveness of the controls that are in place. For the main roles and responsibilities of this function, refer to Section B.1.2.

B.6 Actuarial Function

The Actuarial Function has an involvement in activities which lie within the 1st and 2nd lines of defence.

The Group Actuarial Director is the Actuarial Function Holder.

For the main roles and responsibilities of this function, refer to Section B.1.2.

B.7 Outsourcing

The Group only considers outsourcing functions and/or activities that are uneconomical for the Group to undertake itself or would require a high level of specialisation not available within the Group. The Managing Director of Operations is ultimately responsible for any outsourcing arrangements.

To govern risks derived from the outsourcing of functions and/or activities, the Group Outsourcing Policy defines a specific monitoring and control process that includes the following minimum requirements:

- Establish appropriate organisational safeguards that allow the continuous monitoring of the outsourced activities; their compliance with legal and regulatory requirements and Compre's policies and procedures; their respect of the operational limits and the risk tolerance thresholds established by Compre; action to be taken promptly when the supplier does not comply with its commitments or the quality of the service provided is deficient.
- Select one or more persons to be in charge of control over the outsourced activities or functions and formalise their duties and responsibilities. The number of persons with such responsibilities shall be proportionate to the nature and scale of outsourced activities or functions.
- Include in its risk management and internal control system or system of governance a process for monitoring and reviewing the quality of the service provided. In order to do so, the competence and ability to assess whether the service provider delivers accordingly to contract needs to be maintained internally.
- Establish appropriate measures for ensuring the continuity of the activities should there be an interruption or severe deterioration in the quality of the service provided by the supplier; this will include adequate emergency plans and possibility of reintegrating the activities within the Group.

Where an outsourcing arrangement has been implemented an agreement governing this arrangement would be in place. Furthermore, an appropriate individual is appointed as the responsible person for that outsourced activity. Where there are internal outsourcing arrangements between the Group's risk carriers and the service companies this is documented through a service level agreement and is reviewed and approved by the relevant Board.

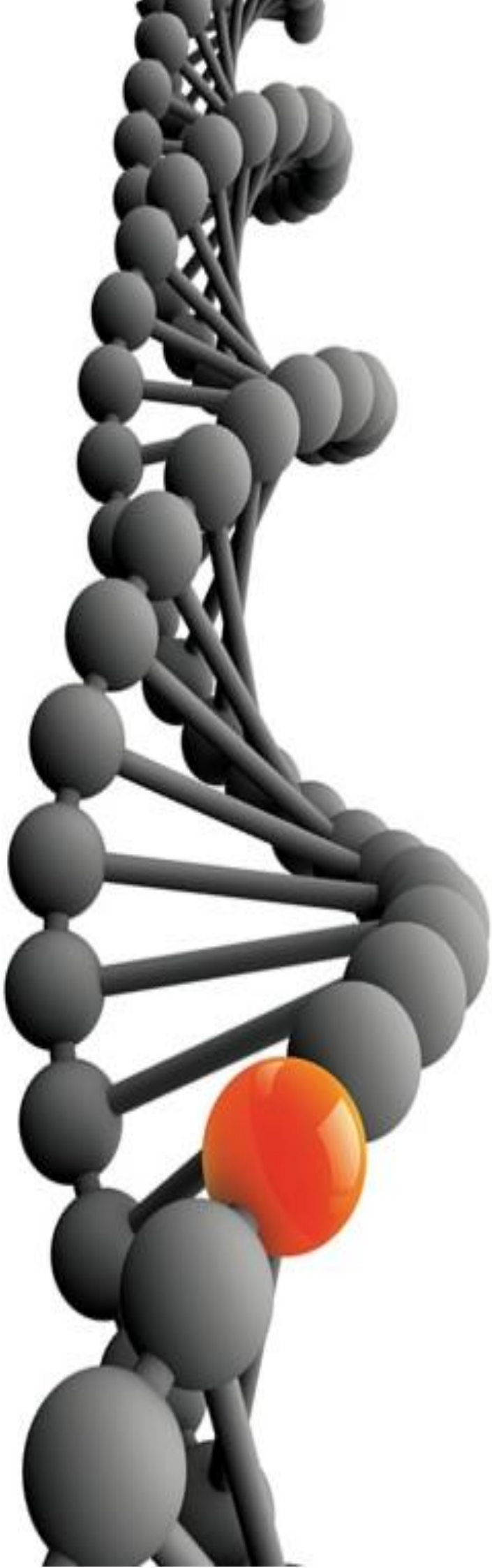
During the course of 2018, the Group outsourced the Internal Audit Function to a suitably-qualified local service provider.

B.8 Any Other Information

The Group has a well-established governance framework that complies with the requirements under Solvency II, taking into account the nature, scale and complexity of the risks inherent in its business.

The adequacy of the System of Governance is reviewed on a quarterly basis.

All material information regarding the Group's System of Governance has been disclosed in Sections B.1 – B.8 above.



C. Risk Profile

C. Risk Profile

Risk management is a central part of the Group's business strategy and process. The Group methodically identifies, assesses and manages the risks attaching to its activities with the goal of achieving sustained benefit within each activity and across the portfolio of activities. See Section B.3.1 for more detail on risk measurement.

All figures in this section are as at 31 December 2018 unless otherwise stated.

Group Solvency Capital Ratio (£000s)	**31/12/2018**	**31/12/2017**	**Mvmt**
Non-Life Reserve Risk	52,953	51,907	1,046
Interest Rate Risk	3,231	7,005	(3,773)
Spread Risk	9,440	3,487	5,952
Currency Risk	7,036	24,537	(17,501)
Concentration Risk	274	162	112
Diversification Benefit	(4,871)	(6,075)	1,203
Market Risk	15,110	29,116	(14,007)
Counterparty Risk	5,068	11,754	(6,687)
Operational Risk	4,625	4,924	(299)
Adjustment for Deferred Tax Liability	(965)	(3,531)	2,566
Diversification Benefit	(11,721)	(19,427)	7,706
SCR excluding Aurora	**65,069**	**74,744**	**(9,674)**
Aurora SST	2,876	3,017	(141)
SCR	**67,945**	**77,761**	**(9,816)**

The SCR has decreased from £77,761k to £67,945k driven by the following factors:

- £1,046k movement in reserve risk driven by data cleansing partly offset by favourable claims development and claims settlements.
- £-3,773k movement in interest rate risk driven by an increase in bond holdings, resulting in better matched asset and liability duration.
- £5,952k movement in spread risk driven by an increase in bond holdings.
- -£17,501k movement in currency risk driven by improved asset liability matching and a change in the local currency used to estimate currency risk from GBP to EUR.
- £-6,687k movement in counterparty risk driven by a decrease in cash holdings.
- £8,909 movement in diversification benefit (including £1,203k movement in diversification within market risk).
- £2,566k movement due to a decrease in deferred tax liabilities.

C.1 Underwriting (Reserve) Risk

The Group does not underwrite any new business, as it acquires discontinued insurance business portfolios. Therefore, risks related to underwriting activities and premium are not applicable.

However, the Group is exposed to Reserve Risk, arising from acquired run-off liabilities. The Group defines its Reserve Risk as the risk associated with inappropriate assessment of adequacy of reserves and invalid claims payments being made.

Risk Concentration
The Reserve Risk module has the highest impact on the overall SCR of the Group and makes up 68% of the Group's undiversified SCR. The material lines of business to which the Group is exposed to are outlined in Section A.1.2.

Risk Mitigation
Reserve Risk is mitigated in the following ways:

- A detailed claims handling process is documented, ensuring that all claims payments made are valid. The agreement and settlement of claims are signed off in accordance with authority procedures. Authority thresholds have been established for all members of the claims team.
- An established reserving policy outlines the process in determining the technical provisions.
- An actuarial review of reserves is performed on a quarterly basis with a report submitted to the Board.
- External actuaries are engaged on a periodic basis to independently review claim reserves.

Risk Sensitivity
Appropriate stress and scenario tests are considered by the Board on an annual basis as part of the ORSA process.

The sensitivity of the Group's solvency to a number of stress tests and reverse stress tests was assessed:

- Increase in net TPs of 20%, which resulted in a £29,115k (33%) decrease in Own Funds.
- Reverse stress test was carried out which showed 100% of the SCR and Own Funds would be utilised if net TPs increased by 47% and 61% respectively.

The results of the stress tests illustrate that the Group has sufficient capital to cover the occurrence of the stress and scenario tests.

C.2 Market Risk

The Group is exposed to a number of risks which are assessed by the Market Risk module under the Solvency II Standard Formula calculations. Market Risk is defined as the risk of changes in market values caused by market prices or volatilities of market prices differing from their expected values.

Prudent Person Principle
The Group's investment strategy is outlined in the Group Investment Policy and complies with the requirements of the 'prudent person principle' as set out in Article 132 of Directive 2009/138/EC.

Overall responsibility for the investment of assets remains with the Group Board. The Group has an engagement with investment managers to manage the asset portfolio for a number of risk carriers.

The portfolio of assets is assessed taking into account the security, quality, liquidity, profitability and availability of investments. Limits are also in place for the Group's exposure to a single counterparty, which ensure that the Group is not exposed to excessive risk concentration in its investment portfolio.

Assets are invested to ensure they match the same currency and duration as liabilities within a tolerance threshold. The position of the investment portfolio is reviewed on a quarterly basis.

Risk Concentration

The Market Risk module comprises of 19% of the total undiversified SCR for the Group and is made up of the following sub modules:

Risk	Undiversified SCR
Interest Rate Risk	4%
Spread Risk	12%
Concentration Risk	0%
Currency Risk	9%
Diversification	(6%)
Market Risk Total	**19%**

Under the Market Risk module Spread Risk and Currency Risk are considered material.

Spread Risk

Spread Risk is defined as the risk arising from volatility of credit spreads over the risk-free interest rate term structure. It reflects the change in market value due to movements of the yield curve relative to the risk-free term structure.

Spread Risk comprises 12% of the total undiversified SCR for the Group. The Spread Risk capital charge is mainly due to the majority of the Group's asset portfolio being invested in corporate bonds. The Group holds no investments in equity or property.

Currency Risk

Currency Risk is defined as the risk of a change in market value caused by the fact that actual foreign currency exchange rates differ from those expected.

Currency Risk SCR comprises 9% of the total undiversified SCR for the Group. This ratio has reduced significantly over the year as the Group has changed the local currency used to estimate its Currency Risk from GBP to EUR. This is due to the majority of the Group's net assets being denominated in EUR within its underlying risk carriers. This ratio is likely to reduce over time due to Asset Liability Management.

Interest Rate Risk

Interest Rate Risk is defined as the risk arising from a change in the risk-free interest rate term structure. It reflects the change in the value of TPs and the market value of bonds due to movements in the risk-free yield curves.

Interest Rate risk comprises 4% of the total undiversified SCR for Group.

Risk Mitigation

Market Risk is mitigated by:

- Asset Liability Management analysis, which is produced on a quarterly basis. The assessment has resulted in actions being taken to rebalance the asset portfolio across currencies to reduce the Currency Risk charge.
- The Group's Investment Policy outlines limits for the Group's exposure to a single counterparty, which ensure that the Group is not exposed to excessive risk concentration in its investment portfolio.
- The Group Investment Guidelines, which dictate thresholds and ensure that no transactions can take place that would impair the average credit quality/returns without the consent of the Board.

Risk Sensitivity
Appropriate stress and scenario tests are considered by the Risk & Compliance Committee on an annual basis as part of the ORSA process.

The sensitivity of the Group's solvency to a number of stress tests and reverse stress tests was analysed:

- Decrease in yield curves of 50bps, which resulted in a £3,602k (4%) decrease in Own Funds.
- GBP strengthening against other currencies by 15%, which resulted in a £10,634k (12%) decrease in Own Funds.
- Decrease in bond market values by 10%, which resulted in a £21,400k (24%) decrease in Own Funds.
- A reverse stress test was performed which showed 100% of the SCR and Own Funds would be utilised if bond market values were to reduce by 31% and 40% respectively.

The results of the stress tests illustrate that the Group has sufficient capital to cover the occurrence of the stress and scenario tests.

C.3 Credit Risk

The Group defines Credit Risk (Counterparty Risk) as the risk of financial loss arising from the failure of a counterparty to pay the Group funds as a result of counterparty default or a negative change in credit rating.

Risk Concentration
Counterparty Risk comprises 7% of the Group's undiversified SCR.

The Group's exposure to Credit (Counterparty) Risk is mainly driven by cash holdings, deposits with cedants and outwards reinsurance reserves.

Risk Mitigation
Credit Risk is mitigated in the following ways:

- Credit ratings are monitored and reported on a quarterly basis as part of the investment reports provided by investment managers.
- For each significant reinsurance counterparty, a bad debt provision is held based on a loss given default percentage that is applied to the outwards reinsurance reserves which is driven by the relevant credit rating and term of reinsurance recoveries.

Risk Sensitivity
Appropriate stress and scenario tests are considered by the Risk & Compliance Committee on an annual basis as part of the ORSA process.

The sensitivity of the Group's solvency to a number of stress tests was assessed:

- Credit rating downgrade of three rating steps for the most material reinsurance counterparty, which resulted in a £572k (1%) decrease in Own Funds.
- Default of the two most material counterparties with cash / deposit holdings, assuming 50% recovery, which resulted in a £15,124k (17%) decrease in Own Funds.

The results of the stress tests illustrate that the Group has sufficient capital to cover the occurrence of the stress and scenario tests.

C.4 Liquidity Risk

The Group defines Liquidity Risk as the failure to maintain sufficient liquid assets to meet future liabilities as they fall due. Specifically, the failure to match duration of investments with the cash flow requirements of the business.

The primary risk associated with Liquidity Risk is the inability to pay claims as they fall due.

Risk Concentration
The Group does not have a material risk concentration in Liquidity Risk as it is Group policy to invest in assets that are liquid or readily marketable fixed income securities.

Risk Mitigation
Liquidity Risk is mitigated through the Group's Investment Policy which outlines limits on the duration of investments.

Risk Sensitivity
No specific risk sensitivity analysis has been performed as Liquidity Risk is not considered a material risk.

C.5 Operational Risk

The Group defines Operational Risk as all the risks associated with operational aspects, including:

- Processes, such as losses arising from inadequate operational processes and procedures.
- People, such as failure to undertake succession planning.
- Systems, such as IT.
- External Factors, which encompasses long-term disruption to business operations arising from unforeseen external events.

Risk Concentration
Operational Risk makes up 6% of the Group's undiversified SCR.

Risk Mitigation
Operational Risk mitigation controls include:

- The Group Remuneration Policy outlines incentives to attract, develop, retain and motivate high-performing employees (see Section B.1.4 of this report for further details).
- A Group Business Continuity Policy has been established to ensure the resilience of its critical business functions and to minimise the impact to the organisation in the event of interruption, disruption or loss of normal business operations.
- The Group's Outsourcing Policy provides the principles to be adhered to in accordance with the Solvency II Directive requirements and outlines the steps to ensure consistent and effective management of outsourced activities and/or functions (see Section B.8 of this report for further details).
- The internal audit function tests the internal control framework periodically.

Risk Sensitivity
No specific risk sensitivity analysis has been performed as Operational Risk is not considered a material risk.

C.6 Other Material Risks

The Group has identified 3 key risks specific to the business, which are not identified within a Solvency II risk category.

C.6.1 Acquisition Risk

This is the risk associated with the acquisition of run-off portfolios or companies that could result in damage to the group either through lack of acquisitions and/or unsuitable acquisitions. The risk is inherent in all phases of the acquisition process – origination, evaluation, execution and integration.

The Group has a high appetite for growing the economic value of the business by pursuing a growth strategy of acquiring appropriately reserved books of business which align with our operational capabilities. To ensure that risk tolerance limits are not exceeded, Acquisition Risk is assessed through Due Diligence which covers technical, financial and legal but also includes:

- Modelling
- Solvency calculations
- Capital requirement
- Integration

Controls in place to mitigate Acquisition Risk include the following:

- Use of an extensive network of contacts, internal research and market intelligence to ensure there is a robust pipeline of opportunities.
- Thorough due diligence process including technical, financial and legal and the appointment of advisers where relevant.
- Use of financial models, actuarial evaluations to assess adequacy of claims liabilities, solvency requirements and capital needs.
- A detailed integration process to ensure any acquired business is successfully integrated onto the Group`s own platform.

C.6.2 Regulatory Risk

Regulatory Risk is defined as the failure to comply with regulatory requirements. This risk covers a range of potential areas, including regulatory capital requirements.

The Group has a low appetite for Regulatory Risk, as the Group maintains a positive relationship with regulators in each jurisdiction it operates in. The Group has experienced no material breaches of laws or regulations.

Controls in place to mitigate Regulatory Risk include the following:

- Engagement of external consultants where necessary.
- Dedicated risk and compliance persons within the Group to focus on risk and compliance matters.
- Circulation of published regulatory updates.
- Process to ensure timely submission of regulatory returns.
- Relevant information provided to relevant regulators on a timely basis.

C.6.3 Reputational Risk

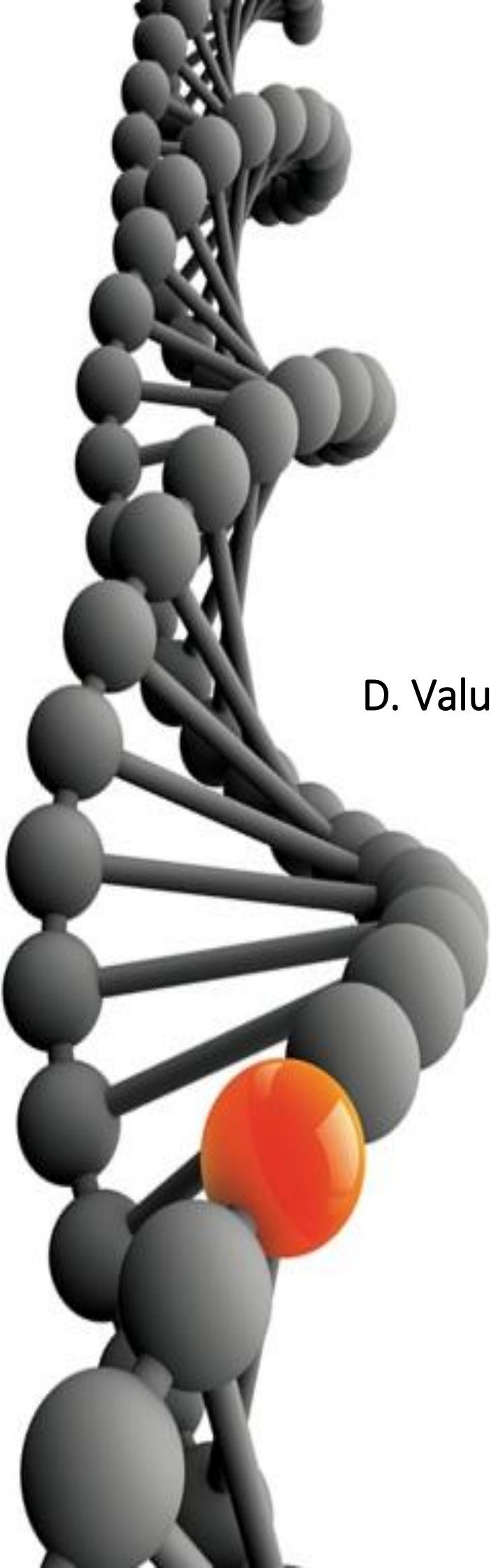
Reputational Risk is associated with the potential for loss of economic value resulting from any reputation damaging incident. The Group has a low appetite towards Reputational Risk – it is

considered unacceptable to have any damaging incidents that will lead to a loss in confidence in management, the business and potentially lead to economic loss. The control factors identified to mitigate any undue risk include:

- Use of a PR agency for written external communications.
- Use of presentation training where necessary.
- Use of standard “pitch book” for new business opportunities.
- Staff information sessions that reinforce the Group values.

C.7 Any Other Information

All material information regarding the Group’s Risk Profile has been disclosed in Sections C.1 – C.6 above.



D. Valuation for Solvency Purposes

D. Valuation for Solvency Purposes

D.1 Assets

The Group prepares its financial statements in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union and adjusts the valuation for Solvency II purposes. The table below illustrates the assets as at 31 December 2018 under IFRS and Solvency II:

Assets (£000s)	IFRS	Adjustments	Solvency II
Goodwill	7,756	(7,756)	-
Intangible Assets	70	(70)	-
Property, plant & equipment held for own use	75	-	75
Investment in subsidiaries	*418*	-	*418*
Government Bonds	*59,392*	*749*	*60,141*
Corporate Bonds	*152,933*	*929*	*153,862*
Collective Investments Undertakings	*3,179*	-	*3,179*
Deposits other than cash equivalents	*1,338*	-	*1,338*
Investments	217,260	1,678	218,937
Reinsurance recoverables from Non-life and health similar to non-life	12,687	(1,161)	11,527
Deposits to cedants	6,617	-	6,617
Insurance and intermediaries receivables	16,402	-	16,402
Receivables (trade, not insurance)	8,840	(1,725)	7,115
Cash and cash equivalents	46,875	-	46,875
Total assets	**316,583**	**(9,034)**	**307,549**

Goodwill
Solvency II proposes that goodwill is assigned a value only when they can be sold separately and a valuation can be derived from a quoted market price in an active market. Therefore, an adjustment has been made to remove goodwill from the Solvency II Balance Sheet.

Intangible assets
Intangible assets are not recognised under Solvency II.

Investments
Investments are measured at fair value under IFRS. Investments are quoted instruments that are traded on active markets. Under Solvency II, the investments are measured at the quoted market price plus any accrued interest.

Reinsurance recoverables
Reinsurance recoverables are established based on actuarial and statistical projections and are stated net of impairment under IFRS. The impairment is determined by reference to past default experience and known issues.

Under Solvency II outwards reinsurance reserves are typically estimated using reinsurance to gross ratios based on the recoverability of the outstanding claims reserves. Where possible, specific reinsurance recoveries are modelled where losses are material and have significant reinsurance protections. For each significant reinsurance counterparty, a loss given default percentage is applied based on the relevant credit rating and term of reinsurance recoveries.

Cash and cash equivalents
There are no differences between the IFRS valuation and Solvency II valuation of cash and cash equivalents.

Receivables
Under Solvency II, accrued interest due is included within Investments. Receivables under IFRS have been adjusted to exclude any accrued interest due to Group.

D.2 Technical Provisions

For each material class of business as identified in Section A.1.2 of this report, the values of the technical provisions comprising of the best estimate reserves and risk margin as at 31 December 2018 are as follows:

Material Lines of Business (£000s)	Best Estimate	Risk Margin	Technical Provisions
General liability insurance and proportional reinsurance	70,290	10,892	81,182
Non-proportional casualty reinsurance	58,797	16,566	75,363

D.2.1 Bases, Methods and Main Assumptions Used

Valuation under IFRS is based on our understanding of both the nature of the exposures and the materiality of the claims reserves. Data is grouped giving consideration to the loss type, contract type and underwriting year period to produce a set of homogenous cohorts on which to perform analysis. Material individual losses are excluded from those cohorts and analysed separately where their development profile is not typical of the rest of the cohort.

For each reserving cohort we consider the following three methods in valuing the undiscounted gross reserves on a best estimate basis:

- Survival ratio analysis - we apply a view of the number of future years over which recent levels of annual claims payments will continue.
- Benchmark IBNR:OS reserve ratios.
- Redundancy analysis - for cohorts where no, or an immaterial level, of new claims is being reported, we analyse the degree to which case reserves have tended to be overstated on average by examining the ratio between the reduction in total outstanding amounts to the increase in paid amounts. We analyse this ratio and its development over time to help form a view on the potential level of redundancy in the total current outstanding reserves.

We estimate unallocated loss adjustment expenses ("ULAE") reserves considering expenses incurred over the last few years and identify those that would be applicable if an entity was to minimise operations to the point where it is just running off its current liabilities and not, for example, also incurring costs in respect of acquiring new portfolios. We then project future annual costs in proportion to the projected run-off of claims reserves.

Outwards reinsurance reserves
Outwards reinsurance IBNR reserves are typically estimated using reinsurance to gross ratios based on the recoverability of the outstanding claims reserves by applying a reinsurance to gross ratio based on the recoverability of the outstanding claims reserves. Where possible, specific reinsurance recoveries are modelled where losses are material and have significant reinsurance protections.

Reinsurance bad debt

For each significant reinsurance counterparty, a loss given default percentage is applied based on the relevant credit rating and term of reinsurance recoveries.

D.2.2 Level of Uncertainty Associated with the Value of Technical Provisions

The estimation of future claim payment amounts on insurance and reinsurance business is an inherently uncertain exercise. The main sources of uncertainties are as follows:

- Longer tailed claims in general - such liabilities can produce claims deterioration many years after policy underwriting periods, in particular liability type exposures due to legal changes and court disputes.
- Asbestos claims specifically - uncertainty surrounding these claims is driven by uncertain future costs including the future legal environment and any limitations of the available data.
- Motor claims specifically – there is potential for claims to develop significantly due to deteriorating circumstances of underlying claimants resulting in increased care requirements and therefore costs.
- Future insureds - there is the potential for future new insureds to develop and significantly impact the portfolios.
- Miscellaneous loss type reserves - the reserves in this cohort are subject to greater uncertainly given the largely unknown nature of the underlying loss types.

D.2.3 Differences Between IFRS and Solvency II Valuation

In order to convert net (of reinsurance and reinsurance bad debt) undiscounted IFRS claims reserves to SII technical provisions (excluding risk margin), the following adjustments are made:

- Remove any surplus above a mid-best estimate of reserves that may be held in the undiscounted IFRS reserves.
- Add a loading for events not in data (“ENID”).
- Discount the reserves for the time value of money by applying risk-free yield curves (provided by EIOPA) to the projected future cash flows arising from each reserving cohort. The future cash flows are projected based on benchmark payment patterns relevant to the nature of the liabilities in each cohort. Discounting is performed by underlying currency where significant reserves are payable in different currencies.

The risk margin is calculated using a cost of capital approach. It is calculated as the discounted sum of future SCRs (excluding Market Risk and Counterparty Risk not related to technical provisions) for the existing liabilities, multiplied by the cost of capital. The cost of capital is assumed to be 6%.

The future SCRs have been projected using a simplified approach which reduces the SCR in proportion to the run-off of the best estimate reserves.

The Group does not apply the matching adjustment, volatility adjustment, transitional risk-free rate-term structure or the transitional deduction referred to in the Solvency II Directive for the calculation of its technical provisions.

D.3 Other Liabilities

As at 31 December 2018, the Group holds the following liabilities other than those related to technical provisions:

Liabilities (£000s)	IFRS	Adjustments	Solvency II
Insurance & intermediaries' payables	5,626	-	5,626
Payables (trade, not insurance)	4,281	-	4,281
Deferred tax liabilities	-	1,006	1,006
Pension obligations	11,446	41	11,487
Debts owed to credit institutions	9,144	319	9,463
Subordinated liabilities in Basic Own Funds ("BOF")	23,265	646	23,911
Total other liabilities	**53,762**	**2,011**	**55,774**

Reinsurance payables
No adjustment has been made under Solvency II as the amounts held under IFRS are deemed to be approximations of fair value.

Deferred tax liabilities
Deferred tax liabilities are generated by notional profits due to Solvency II adjustments.

Pension obligations
No adjustment has been made under Solvency II as the liabilities held under IFRS are in accordance to IAS19, as required under the Solvency II directive. The pension liabilities have been estimated by discounting projected future pension cashflows, based on a weighted average discount rate of 1.70% in accordance with IAS19 principles.

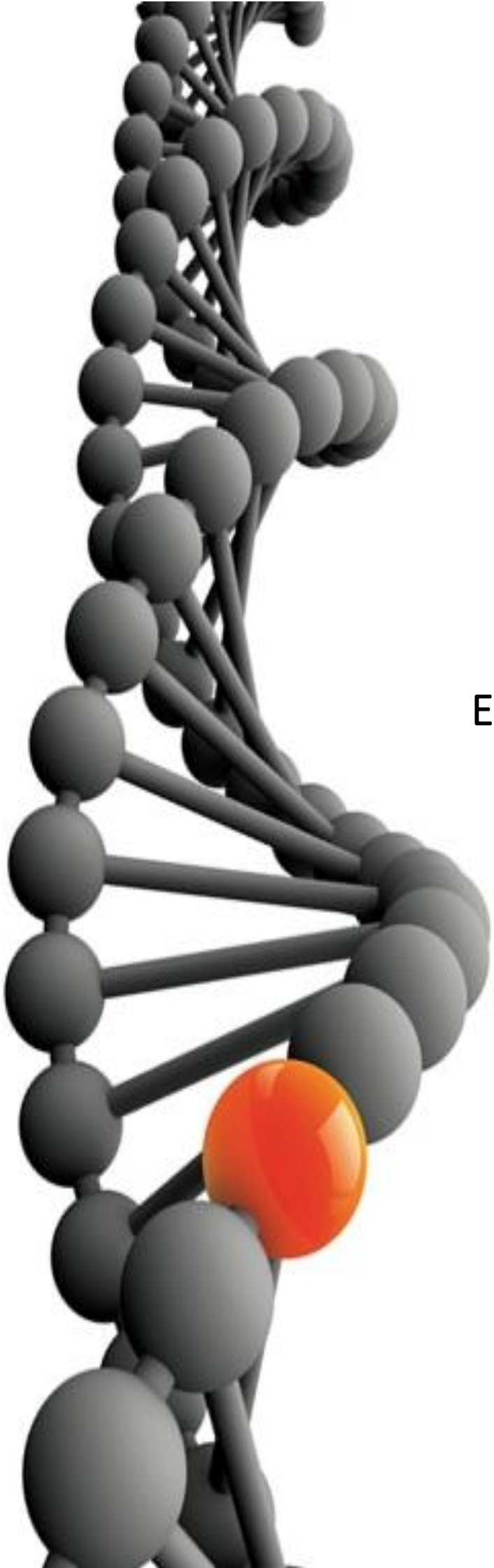
Debts owed to credit institutions / Subordinated liabilities in BOF
An adjustment has been made under Solvency II to remove the deferred acquisition costs held under IFRS to reduce the liability as deferred acquisition costs are not recognised under Solvency II.

D.4 Alternative Methods for Valuation

The Group does not use any alternative methods for valuation.

D.5 Any Other Information

All material information regarding the Group's Valuation for Solvency Purposes has been disclosed in Sections D.1 – D.4 above.



E. Capital Management

E. Capital Management

E.1 Own Funds

E.1.1 Objectives, Policies and Processes for Managing Own Funds

As defined in the Group's Capital Management Policy, capital management is a key component whereby the results are used to inform important strategic and business decisions such as business planning, acquisitions, risk appetite, investment allocation and regulatory capital compliance. The objectives of capital management are to:

- document how the Group is capitalised to meet both its and the regulator's requirement in terms of capital.
- describe the process of monitoring and review of capital levels.
- describe the framework for preventing and/or rectifying appropriately any capital shortfall in an orderly way.

As part of the ORSA process, the Group produces capital projections over the 3-year business planning period. The ratio of eligible Own Funds to meet the SCR and MCR are reviewed on a quarterly basis.

The Group Board is responsible for setting capital risk appetite and tolerance levels, and enforcing the capital management plan for the current business and over the business planning period ensuring that capital risk is understood and effectively managed within defined tolerance levels.

The Actuarial Function contributes extensively to the underlying risk modelling for the calculation of the regulatory capital requirements. The Finance and Actuarial departments also propose the approach to monitor capital levels between formal valuation points.

The Executive Management Team is responsible for reporting any breaches in policy to the Group Board and for reviewing the results of the ORSA process. They will provide an independent view on model outputs and processes used to calculate the capital management output in line with the Group's risk profile.

E.1.2 Structure, Amount and Quality of Own Funds

The Group's Own Funds as at 31 December 2018 are made up of the following components:

Group (£000s)	**31/12/2018**	**31/12/2017**	**Mvmt**
TIER 1 CAPITAL			
Ordinary Share Capital (including share premium)	42,361	42,361	-
Non-controlling interest	2,704	2,040	664
Preference Shares (Restricted Tier 1)	8,000	8,000	-
Excess of assets over liabilities	*64,445*	*66,725*	*(2,280)*
Other Basic Own Fund items	*(60,285)*	*(59,621)*	*(664)*
Reconciliation Reserve	4,160	7,104	(2,944)
Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring-fenced funds	-	(1,630)	1,630
	57,225	**57,875**	**(649)**

Group (£000s)	31/12/2018	31/12/2017	Mvmt
TIER 2 CAPITAL			
Preference Shares	7,220	7,220	-
Subordinated Debt	23,911	22,810	1,101
	31,131	**30,030**	**1,101**
Total Basic Own Funds after deductions	**88,356**	**87,905**	**452**

The eligible amount of Basic Own Funds to cover the SCR and MCR has increased from £87,905k to £88,356k. All own fund items are classified as Tier 1 Unrestricted Basic Own Funds, with the exception of:

- £8,000k of preference shares that are recognised as restricted Tier 1 capital.
- £7,220k of preference shares that are recognised as Tier 2 capital.
- £23,911k of subordinated debt that are recognised as Tier 2 capital.

There are no reductions in Own Funds arising from any restrictions in respect of the non-controlling (minority) interest as might be required by a strict interpretation of the Solvency II rules and regulations. This approach has been taken on the basis that the share capital in the intermediate holding company, Cambridge Holdco Limited, that gives rise to the non-controlling interest, is held by the same shareholders as those in the parent company, Cambridge Topco Limited.

The table below reconciles the difference between equity in the financial statements and the excess of assets over liabilities as calculated for solvency purposes:

Group (£000s)	31/12/2018	31/12/2017	Mvmt
Equity per Financial Statements			
Subscribed capital	57,581	57,581	-
Invested unrestricted equity fund	-	-	-
Profit/loss brought forward	9,291	4,266	5,025
Profit for the financial year	1,950	5,025	(3,075)
	68,822	**66,872**	**1,950**
Adjustments for Solvency II			
Investments	1,678	521	1,156
Other assets	(9,551)	(8,327)	(1,224)
Gross technical provisions	36,898	39,916	(3,018)
Ceded technical provisions	(1,161)	(990)	(171)
Risk Margin	(30,230)	(27,776)	(2,453)
Other liabilities	(2,011)	(3,492)	1,480
	(4,377)	**(147)**	**(4,230)**
Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring-fenced funds	-	(1,630)	1,630
Subordinated liabilities in BOF	23,911	22,810	1,101
SII Excess of assets over liabilities	**88,356**	**87,905**	**452**

For a detailed explanation of adjustments under Solvency II, refer to Section D of this report.

E.2 Solvency Capital Requirement and Minimum Capital Requirement

E.2.1 Amount of Solvency Capital Requirement and Minimum Capital Requirement

As at 31 December 2018, the Group's SCR and MCR were £67,945k and £20,860k respectively.

E.2.2 Solvency Capital Requirement Split by Risk Modules

The table below illustrates the Solvency Capital Requirement split by risk module as at 31 December 2018:

Group (£000s)	**31/12/2018**	**31/12/2017**	**Mvmt**
Non-Life Reserve Risk	52,953	51,907	1,046
Interest Rate Risk	*3,231*	*7,005*	*(3,773)*
Spread Risk	*9,440*	*3,487*	*5,952*
Currency Risk	*7,036*	*24,537*	*(17,501)*
Concentration Risk	*274*	*162*	*112*
Diversification Benefit	*(4,871)*	*(6,075)*	*1,203*
Market Risk	15,110	29,116	(14,007)
Counterparty Risk	5,068	11,754	(6,687)
Operational Risk	4,625	4,924	(299)
Adjustment for Deferred Tax Liability	(965)	(3,531)	2,566
Diversification Benefit	(11,721)	(19,427)	7,706
SCR excluding Aurora	**65,069**	**74,744**	**(9,674)**
Aurora SST	2,876	3,017	(141)
SCR	**67,945**	**77,761**	**(9,816)**

The Standard Formula has been used to assess risks in respect of Group entities located within the EEA and therefore excludes Aurora which is domiciled in Switzerland.

Aurora is assessed under the Swiss Solvency Test (SST), which is considered to be equivalent to the Solvency II Directive. Hence, the results of the SST have been added in total to the overall SII analysis (Solvency Capital Requirement and Own Funds).

The Group does not use Undertaking Specifics Parameters.

A simplified approach has been used by the Group to calculate the risk margin and the restriction to Own Funds due to ring fencing as described in Sections D.2.3 and E.1.2 above.

E.2.3 Inputs to Calculate the Minimum Capital Requirement

EIOPA prescribes the Absolute Floor of the MCR ("AMCR") for different types of (re)insurers. At Group level, the AMCR is the sum of AMCRs for each risk carrier, including those which are out of scope of Solvency II.

The inputs used by the Group as at 31 December 2018 to calculate the MCR are as follows:

Group (£000s)	31/12/2018	31/12/2017	Mvmt
AMCR	11,776	11,664	112
Linear MCR	19,911	20,321	(410)
Diversified SCR	65,069	74,744	(9,674)
Combined MCR	19,911	20,321	(410)
MCR (excluding Aurora)	**19,911**	**20,321**	**(410)**
Aurora MCR	949	996	(47)
MCR	**20,860**	**21,316**	**(456)**

E.3 Use of the Duration-Based Equity Risk Sub-module in the Calculation of the Solvency Capital Requirement

The Group does not use the duration-based equity risk-sub module in the calculation of the Solvency Capital Requirement.

E.4 Differences Between the Standard Formula and any Internal Model Used

The Group uses the Standard Formula to determine its Solvency Capital Requirement.

E.5 Non-compliance with the Minimum Capital Requirement and Non-compliance with the Solvency Capital Requirement

There have been no issues of non-compliance with the Solvency Capital Requirement during the reporting period.

E.6 Any Other Information

The All material information regarding the Group's Capital Management has been disclosed in Sections E.1 – E.5 above.

F. Templates (all figures in £000s)

S.02.01.02

Balance sheet

		Solvency II value
	Assets	C0010
R0030	Intangible assets	
R0040	Deferred tax assets	
R0050	Pension benefit surplus	
R0060	Property, plant & equipment held for own use	75
R0070	Investments (other than assets held for index-linked and unit-linked contracts)	218,937
R0080	*Property (other than for own use)*	0
R0090	*Holdings in related undertakings, including participations*	418
R0100	*Equities*	0
R0110	*Equities - listed*	0
R0120	*Equities - unlisted*	0
R0130	*Bonds*	214,003
R0140	*Government Bonds*	60,141
R0150	*Corporate Bonds*	153,862
R0160	*Structured notes*	0
R0170	*Collateralised securities*	0
R0180	*Collective Investments Undertakings*	3,179
R0190	*Derivatives*	0
R0200	*Deposits other than cash equivalents*	1,338
R0210	*Other investments*	0
R0220	Assets held for index-linked and unit-linked contracts	0
R0230	Loans and mortgages	0
R0240	*Loans on policies*	0
R0250	*Loans and mortgages to individuals*	0
R0260	*Other loans and mortgages*	0
R0270	Reinsurance recoverables from:	11,527
R0280	*Non-life and health similar to non-life*	11,527
R0290	*Non-life excluding health*	11,527
R0300	*Health similar to non-life*	0
R0310	*Life and health similar to life, excluding index-linked and unit-linked*	0
R0320	*Health similar to life*	0
R0330	*Life excluding health and index-linked and unit-linked*	0
R0340	*Life index-linked and unit-linked*	0
R0350	Deposits to cedants	6,617

R0360	Insurance and intermediaries receivables	16,402
R0370	Reinsurance receivables	0
R0380	Receivables (trade, not insurance)	7,115
R0390	Own shares (held directly)	0
R0400	Amounts due in respect of own fund items or initial fund called up but not yet paid in	0
R0410	Cash and cash equivalents	46,875
R0420	Any other assets, not elsewhere shown	0
R0500	**Total assets**	307,549

		Solvency II value
	Liabilities	C0010
R0510	Technical provisions - non-life	187,330
R0520	*Technical provisions - non-life (excluding health)*	187,330
R0530	*TP calculated as a whole*	
R0540	*Best Estimate*	157,100
R0550	*Risk margin*	30,230
R0560	*Technical provisions - health (similar to non-life)*	0
R0570	*TP calculated as a whole*	0
R0580	*Best Estimate*	0
R0590	*Risk margin*	0
R0600	Technical provisions - life (excluding index-linked and unit-linked)	0
R0610	*Technical provisions - health (similar to life)*	0
R0620	*TP calculated as a whole*	0
R0630	*Best Estimate*	0
R0640	*Risk margin*	0
R0650	*Technical provisions - life (excluding health and index-linked and unit-linked)*	0
R0660	*TP calculated as a whole*	0
R0670	*Best Estimate*	0
R0680	*Risk margin*	0
R0690	Technical provisions - index-linked and unit-linked	0
R0700	*TP calculated as a whole*	0
R0710	*Best Estimate*	0
R0720	*Risk margin*	0
R0740	Contingent liabilities	0
R0750	Provisions other than technical provisions	0
R0760	Pension benefit obligations	11,487
R0770	Deposits from reinsurers	0
R0780	Deferred tax liabilities	1,006
R0790	Derivatives	0

R0800	Debts owed to credit institutions	9,463
R0810	Financial liabilities other than debts owed to credit institutions	0
R0820	Insurance & intermediaries payables	5,626
R0830	Reinsurance payables	0
R0840	Payables (trade, not insurance)	4,281
R0850	Subordinated liabilities	23,911
R0860	*Subordinated liabilities not in BOF*	0
R0870	*Subordinated liabilities in BOF*	23,911
R0880	Any other liabilities, not elsewhere shown	0
R0900	**Total liabilities**	243,104
R1000	**Excess of assets over liabilities**	64,445

S.05.01.02

Premiums, claims and expenses by line of business

Non-life

		Line of Business for: non-life insurance and reinsurance obligations (direct business and accepted proportional reinsurance)												Line of business for: accepted non-proportional reinsurance				Total
		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	Misc. financial loss	Health	Casualty	Marine, aviation and transport	Property	
		C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0120	C0130	C0140	C0150	C0160	C0200
	Premiums written																	
R0110	Gross - Direct Business				0	0	0	0	0	0			0					0
R0120	Gross - Proportional reinsurance accepted				0	0	0	0	5	1			0					7
R0130	Gross - Non-proportional reinsurance accepted													0	52	2	3	58
R0140	Reinsurers' share				0	0	-2	-1	-41	0			0	0	-82	-4	-5	-136
R0200	Net				0	0	2	1	47	1			0	0	135	7	7	201
	Premiums earned																	
R0210	Gross - Direct Business				0	0	0	0	0	0			0					0
R0220	Gross - Proportional reinsurance accepted				0	0	0	0	5	1			0					7
R0230	Gross - Non-proportional reinsurance accepted													0	52	2	3	58
R0240	Reinsurers' share				0	0	-2	-1	-41	0			0	0	-82	-4	-5	-136
R0300	Net				0	0	2	1	47	1			0	0	135	7	7	201
	Claims incurred																	
R0310	Gross - Direct Business				-596	0	95	509	24,530	0			0					24,538
R0320	Gross - Proportional reinsurance accepted				461	5	1,016	756	-43,179	1,275			-553					-40,218
R0330	Gross - Non-proportional reinsurance accepted													351	7,081	-6,810	161	783
R0340	Reinsurers' share				10	0	-1,811	-227	1,332	0			0	0	-1,958	0	-10	-2,666
R0400	Net				-144	5	2,922	1,492	-19,980	1,275			-553	351	9,039	-6,810	171	-12,231
	Changes in other technical provisions																	
R0410	Gross - Direct Business				0	0	0	0	0	0			0					0
R0420	Gross - Proportional reinsurance accepted				0	0	0	0	0	0			0					0
R0430	Gross - Non-proportional reinsurance accepted													0	0	0	0	0
R0440	Reinsurers' share				0	0	0	0	0	0			0	0	0	0	0	0
R0500	Net				0	0	0	0	0	0			0	0	0	0	0	0
R0550	**Expenses incurred**				954	0	126	109	7,692	101			44	27	3,639	605	169	13,468
R1200	**Other expenses**																	
R1300	**Total expenses**																	13,468

S.05.02.01

Premiums, claims and expenses by country

Non-life

		C0010	C0020	C0030	C0040	C0050	C0060	C0070
		Home Country	Top 5 countries (by amount of gross premiums written) - non-life obligations			Top 5 countries (by amount of gross premiums written) - non-life obligations		Total Top 5 and home country
R0010			PT	FR	US	GB	DE	
		C0080	C0090	C0100	C0110	C0120	C0130	C0140
	Premiums written							
R0110	Gross - Direct Business		0	0	0	0	0	0
R0120	Gross - Proportional reinsurance accepted		0	0	0	0	2	2
R0130	Gross - Non-proportional reinsurance accepted		52	0	9	1	-6	56
R0140	Reinsurers' share		0	0	15	-242	0	-228
R0200	Net	0	52	0	-6	243	-4	286
	Premiums earned							
R0210	Gross - Direct Business		0	0	0	0	0	0
R0220	Gross - Proportional reinsurance accepted		0	0	0	0	2	2
R0230	Gross - Non-proportional reinsurance accepted		49	0	5	1	-6	49
R0240	Reinsurers' share		0	0	15	-242	0	-228
R0300	Net	0	49	0	-10	243	-4	279
	Claims incurred							
R0310	Gross - Direct Business		0	-1,340	5,139	13,363	-13	17,149
R0320	Gross - Proportional reinsurance accepted		0	709	-7,712	-13,212	-4,015	-24,231
R0330	Gross - Non-proportional reinsurance accepted		0	-5,297	4,934	-3,748	3,187	-923
R0340	Reinsurers' share		1	-3	1,427	-2,455	-204	-1,233
R0400	Net	0	-1	-5,926	934	-1,142	-637	-6,772
	Changes in other technical provisions							
R0410	Gross - Direct Business		0	0	0	0	0	0
R0420	Gross - Proportional reinsurance accepted		0	0	0	0	0	0
R0430	Gross - Non-proportional reinsurance accepted		0	0	0	0	0	0
R0440	Reinsurers' share		0	0	0	0	0	0
R0500	Net	0	0	0	0	0	0	0
R0550	**Expenses incurred**	554					3,260	3,814
R1200	**Other expenses**							
R1300	**Total expenses**							3,814

S.23.01.22

Own Funds

	Basic own funds before deduction for participations in other financial sector	Total	Tier 1 unrestricted	Tier 1 restricted	Tier 2	Tier 3
		C0010	C0020	C0030	C0040	C0050
R0010	Ordinary share capital (gross of own shares)	54	54		0	
R0020	*Non-available called but not paid in ordinary share capital at group level*	0				
R0030	Share premium account related to ordinary share capital	42,307	42,307		0	
R0040	Initial funds, members' contributions or the equivalent basic own-fund item for mutual and mutual-type undertakings	0	0		0	
R0050	Subordinated mutual member accounts	0		0	0	0
R0060	*Non-available subordinated mutual member accounts at group level*	0				
R0070	Surplus funds	0	0			
R0080	*Non-available surplus funds at group level*	0	0			
R0090	Preference shares	15,220		8,000	7,220	0
R0100	*Non-available preference shares at group level*	0				
R0110	Share premium account related to preference shares	0		0	0	0
R0120	*Non-available share premium account related to preference shares at group level*	0				
R0130	Reconciliation reserve	4,161	4,161			
R0140	Subordinated liabilities	23,911		0	23,911	0
R0150	*Non-available subordinated liabilities at group level*	0				
R0160	An amount equal to the value of net deferred tax assets	0				0
R0170	*The amount equal to the value of net deferred tax assets not available at the group level*	0				0
R0180	Other items approved by supervisory authority as basic own funds not specified above	0	0	0	0	0
R0190	*Non available own funds related to other own funds items approved by supervisory authority*	0				
R0200	Minority interests (if not reported as part of a specific own fund item)	2,703	2,703			
R0210	*Non-available minority interests at group level*	0				
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**					
R0230	**Deductions for participations in other financial undertakings, including non-regulated undertakings carrying out financial activities**	0				
R0240	*whereof deducted according to art 228 of the Directive 2009/138/EC*	0				
R0250	Deductions for participations where there is non-availability of information (Article 229)	0				
R0260	Deduction for participations included by using D&A when a combination of methods is used	5,103	5,103			
R0270	**Total of non-available own fund items**	0	0	0	0	0
R0280	**Total deductions**	5,103	5,103	0	0	0
R0290	**Total basic own funds after deductions**	83,253	44,122	8,000	31,131	0
	Ancillary own funds					
R0300	Unpaid and uncalled ordinary share capital callable on demand	0				
R0310	Unpaid and uncalled initial funds, members' contributions or the equivalent basic own fund item for mutual and mutual - type undertakings, callable on demand	0				
R0320	Unpaid and uncalled preference shares callable on demand	0				
R0330	A legally binding commitment to subscribe and pay for subordinated liabilities on demand	0				
R0340	Letters of credit and guarantees under Article 96(2) of the Directive 2009/138/EC	0				
R0350	Letters of credit and guarantees other than under Article 96(2) of the Directive 2009/138/EC	0				
R0360	Supplementary members calls under first subparagraph of Article 96(3) of the Directive 2009/138/EC	0				
R0370	Supplementary members calls - other than under first subparagraph of Article 96(3) of the Directive 2009/138/EC	0				
R0380	Non available ancillary own funds at group level	0				
R0390	Other ancillary own funds	0				
R0400	**Total ancillary own funds**	0			0	0
	Own funds of other financial sectors					
R0410	Credit Institutions, investment firms, financial institutions, alternative investment fund managers, UCITS management companies	0				
R0420	Institutions for occupational retirement provision	0				
R0430	Non regulated entities carrying out financial activities	0				
R0440	**Total own funds of other financial sectors**	0	0	0	0	0

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Own Funds

	Basic own funds before deduction for participations in other financial sector	Total	Tier 1 unrestricted	Tier 1 restricted	Tier 2	Tier 3
		C0010	C0020	C0030	C0040	C0050
	Own funds when using the D&A, exclusively or in combination of method 1					
R0450	Own funds aggregated when using the D&A and combination of method	5,103	5,103			
R0460	Own funds aggregated when using the D&A and combination of method net of IGT	5,103	5,103			
R0520	Total available own funds to meet the consolidated group SCR (excluding own funds from other financial sector and from the undertakings included via D&A)	83,253	44,122	8,000	31,131	0
R0530	Total available own funds to meet the minimum consolidated group SCR	83,253	44,122	8,000	31,131	
R0560	Total eligible own funds to meet the consolidated group SCR (excluding own funds from other financial sector and from the undertakings included via D&A)	83,253	44,122	8,000	31,131	0
R0570	Total eligible own funds to meet the minimum consolidated group SCR (group)	56,294	44,122	8,000	4,172	
R0610	**Minimum consolidated Group SCR**	20,860				
R0650	**Ratio of Eligible own funds to Minimum Consolidated Group SCR**	269.87%				
R0660	**Total eligible own funds to meet the group SCR (including own funds from other financial sector and from the undertakings included via D&A)**	88,356	49,225	8,000	31,131	0
R0680	**Group SCR**	67,945				
R0690	**Ratio of Eligible own funds to group SCR including other financial sectors and the undertakings included via D&A**	130.04%				

	Reconcilliation reserve	C0060
R0700	Excess of assets over liabilities	64,445
R0710	Own shares (held directly and indirectly)	
R0720	Forseeable dividends, distributions and charges	
R0730	Other basic own fund items	60,284
R0740	Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	0
R0750	Other non available own funds	
R0760	**Reconciliation reserve**	4,161
	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)**	0

S.25.01.22

Solvency Capital Requirement - for groups on Standard Formula

		Gross solvency capital requirement	USP	Simplifications
		C0110	C0090	C0120
R0010	Market risk	15,110		
R0020	Counterparty default risk	5,068		
R0030	Life underwriting risk	0		
R0040	Health underwriting risk	0		
R0050	Non-life underwriting risk	52,953		
R0060	Diversification	-11,721		
R0070	Intangible asset risk	0		
R0100	**Basic Solvency Capital Requirement**	61,410		

USP Key

For life underwriting risk:
1- Increase in the amount of annuity benefits
9 - None

For health underwriting risk:
1- Increase in the amount of annuity benefits
2 - Standard deviation for NSLT health premium risk
3 - Standard deviation for NSLT health gross premium risk
4 - Adjustment factor for non-proportional reinsurance
5 - Standard deviation for NSLT health reserve risk
9 - None

For non-life underwriting risk:
4 - Adjustment factor for non-proportional reinsurance
6 - Standard deviation for non-life premium risk
7 - Standard deviation for non-life gross premium risk
8 - Standard deviation for non-life reserve risk
9 - None

	Calculation of Solvency Capital Requirement	C0100
R0130	Operational risk	4,625
R0140	Loss-absorbing capacity of technical provisions	0
R0150	Loss-absorbing capacity of deferred taxes	-965
R0160	Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC	0
R0200	**Solvency Capital Requirement excluding capital add-on**	65,069
R0210	Capital add-ons already set	0
R0220	**Solvency capital requirement for undertakings under consolidated method**	65,069

	Other information on SCR	
R0400	Capital requirement for duration-based equity risk sub-module	0
R0410	Total amount of Notional Solvency Capital Requirements for remaining part	58,267
R0420	Total amount of Notional Solvency Capital Requirements for ring fenced funds	6,802
R0430	Total amount of Notional Solvency Capital Requirements for matching adjustment portfolios	0
R0440	Diversification effects due to RFF nSCR aggregation for article 304	0
R0470	Minimum consolidated group solvency capital requirement	20,860

	Information on other entities	
R0500	Capital requirement for other financial sectors (Non-insurance capital requirements)	0
R0510	*Credit institutions, investment firms and financial institutions, alternative investment funds managers, UCITS management companies*	0
R0520	*Institutions for occupational retirement provisions*	0
R0530	*Capital requirement for non- regulated entities carrying out financial activities*	0
R0540	Capital requirement for non-controlled participation requirements	0
R0550	Capital requirement for residual undertakings	0

	Overall SCR	
R0560	SCR for undertakings included via D&A	2,876
R0570	**Solvency capital requirement**	67,945

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Undertakings in the scope of the group

	Country	Identification code of the undertaking	Type of code of the ID of the undertaking	Legal Name of the undertaking	Type of undertaking	Legal form	Category (mutual/non mutual)	Supervisory Authority
Row	C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080
1	GB	2138004GAKUHIBNW1B92GB0	Specific code	Compre Broker Services Limited	Other	Private Company Limited by Shares	Non-mutual	
2	GB	2138004GAKUHIBNW1B92GB0	Specific code	Compre Limited	Other	Private Company Limited by Shares	Non-mutual	
3	GB	2138004GAKUHIBNW1B92GB0	Specific code	Chilltington International Holding Limited	Other	Private Company Limited by Shares	Non-mutual	
4	GB	2138004GAKUHIBNW1B92GB0	Specific code	Claremin2	Other	Private Company Limited by Shares	Non-mutual	
5	GB	2138004GAKUHIBNW1B92GB0	Specific code	Claremin1	Other	Private Company Limited by Shares	Non-mutual	
6	GB	2138004GAKUHIBNW1B92MT6	Specific code	Cambridge HoldCo Limited	Insurance holding company as defined in Article 212(1) (f) of Directive 2009/138/EC	Limited liability private exempt company	Non-mutual	
7	GB	2138004GAKUHIBNW1B92GB0	Specific code	Finnex Holdings Limited	Insurance holding company as defined in Article 212(1) (f) of Directive 2009/138/EC	Private company limited by shares	Non-mutual	
8	GB	2138004GAKUHIBNW1B92GB0	Specific code	Compre Holdings Limited	Insurance holding company as defined in Article 212(1) (f) of Directive 2009/138/EC	Private company limited by shares	Non-mutual	
9	GB	2138004GAKUHIBNW1B92GB0	Specific code	Compre (1) Limited	Insurance holding company as defined in Article 212(1) (f) of Directive 2009/138/EC	Private company limited by shares	Non-mutual	
10	CH	2138004GAKUHIBNW1B92CH1	Specific code	AURORA Versischerungs AG	Non life insurance undertaking	Private company limited by shares	Non-mutual	Swiss Financial Market Supervisory Aut
11	FI	549300W61RSOI5RXVE07	LEI	Vakuutusosakeyhtiö Bothnia International	Non life insurance undertaking	Vakuutusosakeyhtiö	Non-mutual	Finanssivalvonta (Finnish Financial Supe
12	DE	3912000JOXB11EOV4D69	LEI	Hamburger Internationale Rückversicherung A	Non life insurance undertaking	Aktiengesellschaft	Non-mutual	BaFin Federal Financial Supervisory Au
13	GB	2138004MKSJ447N91922	LEI	London and Leith Insurance PCC SE	Non life insurance undertaking	Company limited by shares	Non-mutual	Malta Financial Services Authority
14	GB	2138004GAKUHIBNW1B92GB0	Specific code	Moorgate Insurance Company Limited	Non life insurance undertaking	Company limited by shares	Non-mutual	
15	FI	2138004GAKUHIBNW1B92FI16	Specific code	Compre Services Finland Limited	Other	Private company limited by shares	Non-mutual	
16	DE	2138004GAKUHIBNW1B92DE11	Specific code	Compre Services Germany Limited	Other	Private company limited by shares	Non-mutual	
17	SE	2138004GAKUHIBNW1B92SE55	Specific code	Compre Services Sweden Limited	Other	Private company limited by shares	Non-mutual	
18	GB	2138004GAKUHIBNW1B92GB0	Specific code	Compre Services UK Limited	Other	Private company limited by shares	Non-mutual	
19	CH	2138004GAKUHIBNW1B92CH1	Specific code	Compre Services Switzerland Limited	Other	Private company limited by shares	Non-mutual	
20	IE	2138004GAKUHIBNW1B92IE44	Specific code	Dublimont DAC	Non life insurance undertaking	Private company limited by shares	Non-mutual	
21	MT	2138004GAKUHIBNW1B92	LEI	Cambridge TopCo Limited	Insurance holding company as defined in Article 212(1) (f) of Directive 2009/138/EC	Private company limited by shares	Non-mutual	Malta Financial Services Authority

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Undertakings in the scope of the group

				Criteria of influence						Inclusion in the scope of Group supervision		Group solvency calculation
	Country	Identification code of the undertaking	Type of code of the ID of the undertaking	% capital share	% used for the establishment of consolidated accounts	% voting rights	Other criteria	Level of influence	Proportional share used for group solvency calculation	YES/NO	Date of decision if art. 214 is applied	Method used and under method 1, treatment of the undertaking
Row	C0010	C0020	C0030	C0180	C0190	C0200	C0210	C0220	C0230	C0240	C0250	C0260
1	GB	2138004GAKUHIBNW1B92GB03	Specific code	100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Full consolidation
2	GB	2138004GAKUHIBNW1B92GB02	Specific code	100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Full consolidation
3	GB	2138004GAKUHIBNW1B92GB04	Specific code	100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Full consolidation
4	GB	2138004GAKUHIBNW1B92GB01	Specific code	100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Full consolidation
5	GB	2138004GAKUHIBNW1B92GB01	Specific code	100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Full consolidation
6	GB	2138004GAKUHIBNW1B92MT6	Specific code	84.00%	100.00%	68.19%		Dominant	100.00%	Included in the scope		Method 1: Full consolidation
7	GB	2138004GAKUHIBNW1B92GB05	Specific code	100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Full consolidation
8	GB	2138004GAKUHIBNW1B92GB02	Specific code	100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Full consolidation
9	GB	2138004GAKUHIBNW1B92GB07	Specific code	100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Full consolidation
10	CH	2138004GAKUHIBNW1B92CH14	Specific code	100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 2: Local rules
11	FI	549300W61RSOI5RXVE07	LEI	100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Full consolidation
12	DE	3912000JOXB11EOV4D69	LEI	100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Full consolidation
13	GB	2138004MKSJ447N91922	LEI	100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Full consolidation
14	GB	2138004GAKUHIBNW1B92GB00	Specific code	100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Full consolidation
15	FI	2138004GAKUHIBNW1B92FI164	Specific code	100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Full consolidation
16	DE	2138004GAKUHIBNW1B92DE11	Specific code	100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Full consolidation
17	SE	2138004GAKUHIBNW1B92SE55	Specific code	100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Full consolidation
18	GB	2138004GAKUHIBNW1B92GB01	Specific code	100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Full consolidation
19	CH	2138004GAKUHIBNW1B92CH14	Specific code	100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Full consolidation
20	IE	2138004GAKUHIBNW1B92IE448	Specific code	100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Full consolidation
21	MT	2138004GAKUHIBNW1B92	LEI	0.00%	0.00%	0.00%		Dominant	0.00%	Included in the scope		Method 1: Full consolidation