SAGA

Acromas Insurance Company Limited

Solvency and Financial Condition Report

31 January 2022

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Introduction

This Solvency and Financial Condition Report has been prepared in accordance with Solvency II regulatory requirements. Solvency II is the solvency framework implemented on 1 January 2016 as the capital regime for insurance companies within the European Union. Whilst the UK has left the European Union, the UK has continued with the Solvency II framework. This report has been prepared in accordance with the Gibraltar Financial Services (Insurance Companies) Regulations 2020 ('The Regulations').

In addition to complying with The Regulations, this report has been prepared in accordance with Articles 290 to 298 of the Commission Delegated Regulation (EU) 2015/35 ('Delegated Acts'). The structure of the report is also in accordance with Annex XX of the Delegated Acts.

This document reports on the position of Acromas Insurance Company Limited (AICL) as at 31 January 2022. The main sections of this report are as follows:

A. Business and Performance
B. System of Governance
C. Risk Profile
D. Valuation for Solvency Purposes
E. Capital Management

A summary of each section is set out below.

Summary

1. Business and Performance

AICL is a Gibraltar based insurance company which underwrites business introduced by intermediaries within the Saga plc group, the AA Limited (the AA) and RAC Motoring Services (the RAC). AICL is ultimately owned by Saga plc, a public limited company listed on the London Stock Exchange.

AICL has made a profit in each year since it started underwriting in 2004. Its core activities are the underwriting and pricing of personal lines insurance products. It supplies products on a wholesale premium basis to its distribution partners, who then set the retail prices. AICL's reported premiums therefore cover the expected cost of claims, expenses, levies and a profit margin.

All of AICL's gross written premium in the financial year 2021/22 was from contracts written in the United Kingdom.

In addition to pricing and underwriting, AICL undertakes reinsurance and capacity management, investment management including oversight of investment managers, reserving and capital management and reporting and the arrangement and monitoring of its distribution and claims handling parties. All other activities are outsourced, including most claims handling activities.

AICL's key financial information for the year ended 31 January 2022 is summarised below:

Year ended Amounts in £'million	31 January 2022	31 January 2021
Gross Written Premiums	169.8	187.5
Net Earned Technical Income (before quota share reinsurance)	161.5	183.4
Profit before Taxation (net of quota share reinsurance)	53.1	53.6
Current Year Combined Ratio (excluding investment return)	97.7%	91.4%
Solvency Capital Requirement (SCR)	54.1	77.0
Own Funds	115.1	123.9
SCR Coverage Ratio	213%	161%
MCR	24.3	34.7
MCR Coverage Ratio	473%	357%

Section A provides further information on AICL's business and its performance.

2. System of Governance

AICL has a robust corporate governance structure comprising the following units:

- The Board of Directors
- The Board Sub-committee
- Risk and governance committees
- Executive Management
- Second & third-line oversight from Enterprise Risk, Conduct and Internal Audit

AICL uses the three lines of defence model to manage risk. Section B provides further detail on how the system of governance works in practice.

3. Risk Profile

The table below shows the profile of the Solvency Capital Requirement as at 31 January 2022 (and prior year end) split into the main risk modules:

Risk Category	31 January 2022	31 January 2021
Non-Life Underwriting Risk	76%	97%
Market Risk	37%	31%
Counterparty Default Risk	24%	3%
Life Underwriting Risk	3%	2%
Diversification Benefit	(32%)	(22%)
Operational Risk	17%	13%
Deferred Tax Adjustment	(23%)	(24%)
Solvency Capital Requirement	100%	100%

The table highlights AICL's two largest risks being non-life underwriting risk and market risk.

AICL manages underwriting risk through its policies on underwriting, pricing, reserving and reinsurance. Any breaches of the policies are reported to the Audit, Risk and Compliance Committee (ARCC) or the Pricing, Product and Capital Committee (PPACC) as appropriate.

More than 80% of AICL's premium income and 90% of its technical provisions relate to motor insurance. Underwriting and pricing risk is assessed and managed by a suite of management information reports, with pricing levels reviewed monthly, approved at the PPACC and ratified by the AICL Board Sub-committee.

Underwriting risk is further mitigated by reinsurance, with both proportional and excess of loss covers in place.

Market risk is managed by the AICL Investment Policy, which is the responsibility of the Insurance Finance Director, and its operation is overseen by the Investment Committee which in turn reports to the AICL Board.

The risk landscape has continued to evolve over the year not least as a result of the impact of the COVID-19 pandemic alongside emerging market wide inflationary trends. Further commentary is included throughout this report.

Section C provides further information on AICL's approach to risk assessment and management as they apply to the risk categories of the Solvency Capital Requirement.

4. Valuation for Solvency Purposes

The tables below show the excess value of assets over liabilities on both the Solvency II and statutory bases as at 31 January 2022 as well as the prior year end:

Solvency II (£'million)	**31 January 2022**	**31 January 2021**
Value of assets	638.8	698.4
Value of liabilities	523.6	574.5
Excess of assets over liabilities	115.1	123.9

Statutory Accounts (£'million)	**31 January 2022**	**31 January 2021**
Value of assets	545.1	603.4
Value of liabilities	433.5	491.6
Excess of assets over liabilities	111.6	111.8

Differences in the value of the assets relate mainly to valuations methodologies applied to investments as well as the treatment of amounts recoverable from reinsurers.

Differences in the value of the liabilities arise mainly from the difference in the valuation techniques applied to technical provisions.

Section D provides further information on the valuation of assets and liabilities for Solvency II purposes.

5. Capital Management

AICL operates to hold sufficient own funds such that a specified margin above the Solvency Capital Requirement (SCR) ratio is always maintained. Forecasts of the Company's projected solvency position are updated and reviewed as part of the Own Risk and Solvency Assessment (ORSA) process.

To maintain the margin above the SCR at an appropriate level, surplus own funds are distributed to the shareholder via dividend payments.

The SCR and Minimum Capital Requirement (MCR) coverage ratios as at 31 January 2022 (and prior year end) are shown in the table below:

Year ended **Amounts in £'million**	**31 January 2022**	**31 January 2021**
Solvency Capital Requirement	54.1	77.0
Own Funds	115.1	123.9
SCR Coverage Ratio	213%	161%
MCR	24.3	34.7
MCR Coverage Ratio	473%	357%

A. Business and Performance

A.1 Business

A.1.1 Name and legal form of the undertaking

Company name:	Acromas Insurance Company Limited
Registered Offices:	57-63 Line Wall Road Gibraltar
Company Number:	88716

Legal form: Insurance company limited by shares

A.1.2 Name and contact details of the supervisory authority responsible for financial supervision of the undertaking and the group to which the undertaking belongs

AICL is regulated by the Gibraltar Financial Services Commission (GFSC). AICL's ultimate parent company, Saga plc, is a mixed-activity insurance holding company and the GFSC is the group supervisor.

Gibraltar Financial Services Commission
PO Box 940
Suite 3, Ground Floor
Atlantic Suites
Europort Avenue
Gibraltar

A.1.3 Name and contact details of the external auditor of the undertaking

AICL is externally audited by:

KPMG Limited
3B, Leisure Island Business Centre
Ocean Village
Gibraltar

A.1.4 Holders of qualifying holdings in the undertaking

AICL is a wholly owned subsidiary of Saga MidCo Limited, which itself is a fully owned subsidiary of Saga plc ("Saga"). Saga is a public limited company listed on the London Stock Exchange.

A.1.5 The legal structure of the group

The Saga plc company structure chart is shown in section G.1.

A.1.6 Material lines of business and material geographical areas

AICL's core activities are the underwriting and pricing of personal lines insurance products. Products are supplied on a wholesale premium basis to AICL's distribution partners, who then set the retail prices . AICL's reported premiums therefore cover the expected cost of claims, expenses, levies and profit margin.

All of AICL's gross written premium in the financial year 2021/22 was from contracts written in the United Kingdom.

In addition to pricing and underwriting, AICL undertakes reinsurance and capacity management, investment management including oversight of investment managers, reserving, capital management and reporting, and the arrangement and monitoring of its distribution and claims handling parties. All other activities are carried out on an outsourced basis, including most claims handling activities. Handling of motor and home insurance claims on behalf of AICL is primarily undertaken by CHMC Ltd, a Saga company established to provide claims handling services.

AICL primarily distributes its products through companies in the Saga plc Group, the AA and the RAC. By far the largest portion of AICL's written premium is Saga branded motor insurance business.

AICL ensures it discharges its regulatory obligations in relation to its outsourced activities through its contracts, its management of third parties and its review of their conduct against agreed service levels.

The table below shows AICL's 2019/20, 2020/21 and 2021/22 written premium by high level product group.

£ millions	Classification in Statutory Accounts	Gross Written Premiums		
		2021/22	2020/21	2019/20
Motor insurance and ancillaries	Motor & Other	144.8	164.6	183.9
Breakdown products	Assistance	19.6	19.4	21.8
Home emergency	Assistance	1.0	0.1	2.8
Pet insurance	Miscellaneous Financial Loss	1.3	1.4	1.5
Home and ancillaries	Other	0.2	0.9	0.8
Caravan insurance	Other	0.9	0.8	0.8
Other insurances	Other	2.1	0.3	0.4
Total		169.8	187.5	211.9

For 2021/22, 85% of written premium related to motor insurance and ancillaries, 12% to breakdown insurance and ancillaries and the remaining 3% related to home insurance and ancillaries, caravan insurance, pet insurance and a variety of other minor classes.

A.1.7 Significant business events that have occurred over the reporting period that have had a material impact on the undertaking

The most material business events that have occurred over the reporting period include the developments surrounding both the COVID-19 pandemic and the UK's withdrawal from the EU, and preparations for and implementation of the Financial Conduct Authority (FCA) Pricing Thematic Market Study in January 2022.

Over the year, careful consideration has been given to increased uncertainty, claim frequency trends, emerging risks and inflationary pressures that have arisen as a result of the pandemic, with these risks being prudently managed.

Since the start of the pandemic, it has been difficult to ascertain the extent to which business impacts are influenced by COVID-19, Brexit, or both. This is especially true noting motor insurance supply chain and inflationary effects, alongside the impacts to investment markets. As global economies reopened over the year – following the rollout of vaccination programmes – demand, vehicle usage and supply chain challenges have increased uncertainty; and with the recent political instability, the current global economic and political environment is challenging from many angles. Regardless of root cause, AICL continues to actively monitor and manage these risks to minimise business impacts, whilst ensuring customers receive fair value from AICL insurance policies.

Following the UK's withdrawal from the EU, uncertainty still remains around the future of many industries and relationships with the EU. There are several issues affecting the insurance industry including, for example, the cost of vehicle repair and replacement, and the cost of care associated with personal injury claims. Additional impacts include relationships with European reinsurers, the conclusion of the new Gibraltar Authorisations Regime (GAR) allowing Gibraltar-based financial services firms continued market access to the UK, and impacts to the British economy and labour (including care) markets.

The FCA has reviewed pricing practices within the UK Home and Motor insurance markets and has set out a number of measures to boost competition and ensure fair value to customers. AICL is very supportive of this programme and has worked extensively to ensure comprehensive fair value monitoring and reporting is in place.

The pricing impact of the FCA market study pricing remedy is limited for AICL reflecting its approach to 'price to risk'. As part of the fair value monitoring and reporting, there is a set of additional reporting against all broking partners and this builds upon the existing reporting that is already in place.

A.2 Underwriting Performance

The Company's key financial and other performance indicators during the year were as follows:

Year ended	31 January 2022	31 January 2021
	£ million	£ million
Gross Written Premium	169.8	187.5
Profit and loss, excluding quota share reinsurance		
Net Earned Technical Income	161.5	183.4
Other Income	1.7	(1.0)
Net Claims Incurred – Current Year	(143.1)	(152.3)
Net Claims Incurred – Reserve Releases	44.9	37.6
Operating Expenses	(16.7)	(15.9)
Investment Return	6.8	3.8
Sub Total	55.1	55.6
Quota share reinsurance cost	(2.0)	(2.0)
Profit before taxation	53.1	53.6
Current Year Combined Ratio (excluding investment return)	97.9%	91.4%

Gross Written Premiums reduced 9% year on year to £169.8m. This movement reflected reductions in both written policies and average premiums – noting favourable impacts of COVID-19 on driving habits were passed on to customers and continued into YEJan22.

Other income includes expense allowances on the co-insured Home product, net of profit commissions arising from assistance products.

Operating expenses increased year on year reflecting investment in people, systems and processes.

Investment return was higher than in the previous year with £2m of the increase due to a one-off impairment of Saga-owned property assets reclassified as held for sale during 2020/21.

Key financial indicators by major line of business follow:

Year ended 31 January 2022	**Motor**	**Direct Assistance**	**Miscellaneous Financial Loss**	**Other**	**Total**
	£m	£m	£m	£m	£m
Gross Written Premium	144.8	20.6	1.3	3.1	169.8
Profit and loss, excluding quota share reinsurance					
Net Earned Technical Income	137.3	21.2	2.0	1.0	161.5
Other Income	0.0	(2.5)	0.0	4.2	1.7
Net Claims Incurred – Current Year	(120.3)	(18.9)	(1.3)	(2.6)	(143.1)
Net Claims Incurred – Reserve Releases	42.6	2.0	0.3	0.0	44.9
Operating Expenses	(14.2)	(1.2)	(0.1)	(1.2)	(16.7)
Investment Return	5.5	0.2	0.0	0.2	5.8
Sub Total	50.8	0.8	0.8	1.6	54.1
Quota share reinsurance cost	(1.6)	0.0	(0.3)	(0.0)	(2.0)
Profit on Technical Account	49.2	0.8	0.5	1.6	52.1
Investment return on shareholders' funds					1.0
Profit before taxation					53.1

All contracts were concluded in the United Kingdom.

A.3 Investment Performance

A.3.1 Income and expenses arising from investments by asset class

The table below shows a summary of the market value and income from AICL's investments, excluding cash, split by asset class.

Asset Type	**Value as at 31 January 2022**	**Value as at 31 January 2021**	**Income in 2021/22**	**Expenses in 2021/22**
	£ million	£ million	£ million	£ million
Fixed term deposits, floating to LIBOR & RPI deposits	14.0	24.2	0.7	0.0
Money market funds	29.2	66.8	(0.0)	0.0
Property	29.1	30.3	3.3	(1.2)
Fixed Interest Securities	280.8	261.9	4.0	(0.3)
Bank Loan Funds	6.2	6.1	0.2	0.0
Absolute Return Bond Funds	0.0	0.0	0.0	0.0
Total	359.3	389.4	8.1	(1.5)

Key movements over the year relate to a reallocation of investments from deposits to fixed interest securities alongside dividend payments made to AICL's shareholder.

A.3.2 Gains and losses recognised directly in equity

The table below provides information regarding realised and unrealised gains and losses recognised in AICL's equity.

	Called-up Share Capital	Share Premium Account	Other Reserves	Profit & Loss Account	Total Equity
	£m	£m	£m	£m	£m
As at 31 January 2021	30.0		8.4	73.4	111.8
Profit for the financial year				42.9	42.9
Other comprehensive income					0.0
Net gain on available for sale financial assets			(10.2)		(10.2)
Associated tax effect			2.2		2.2
Capital contributions for the year			0.0		0.0
Preference shares redemption					0.0
Dividends paid				(35.0)	(35.0)
As at 31 January 2022	30.0	0.0	0.3	81.3	111.6

A.3.3 Investments in securitisation

AICL does not directly hold any securitised assets.

A.4 Performance of other activities

A.4.1 Other Income arising

Year ended	31 January 2022	31 January 2021
	£ million	£ million
Referral fees	0.0	0.0
Expense allowances and profit shares	33.0	19.4
Total	33.0	19.4

Expense allowances and profit shares receivable under co-insurance or reinsurance arrangements are recognised as they accrue, in line with underlying contractual terms. Where reinsurance expense allowances directly relate to specific costs or income items they are presented on a net basis in the profit and loss account.

A.4.2 Expenses arising

Year ended	31 January 2022	31 January 2021
	£ million	£ million
Levies payable to regulatory bodies	5.6	4.6
Acquisition costs	0.6	0.7
Administrative expenses	10.5	10.5
Reinsurer's share of expenses	(11.3)	(11.4)
Total	5.4	3.8

Levies payable to regulatory bodies are typically payable on written premium and debited to the profit and loss account on the same basis. Claims handling and operating expenses are taken to the profit and loss account as incurred. Where reinsurance expense allowances directly relate to specific costs or income items they are presented on a net basis in the profit and loss account.

A.5 Any other information

There is no other material information in respect of the performance of the business.

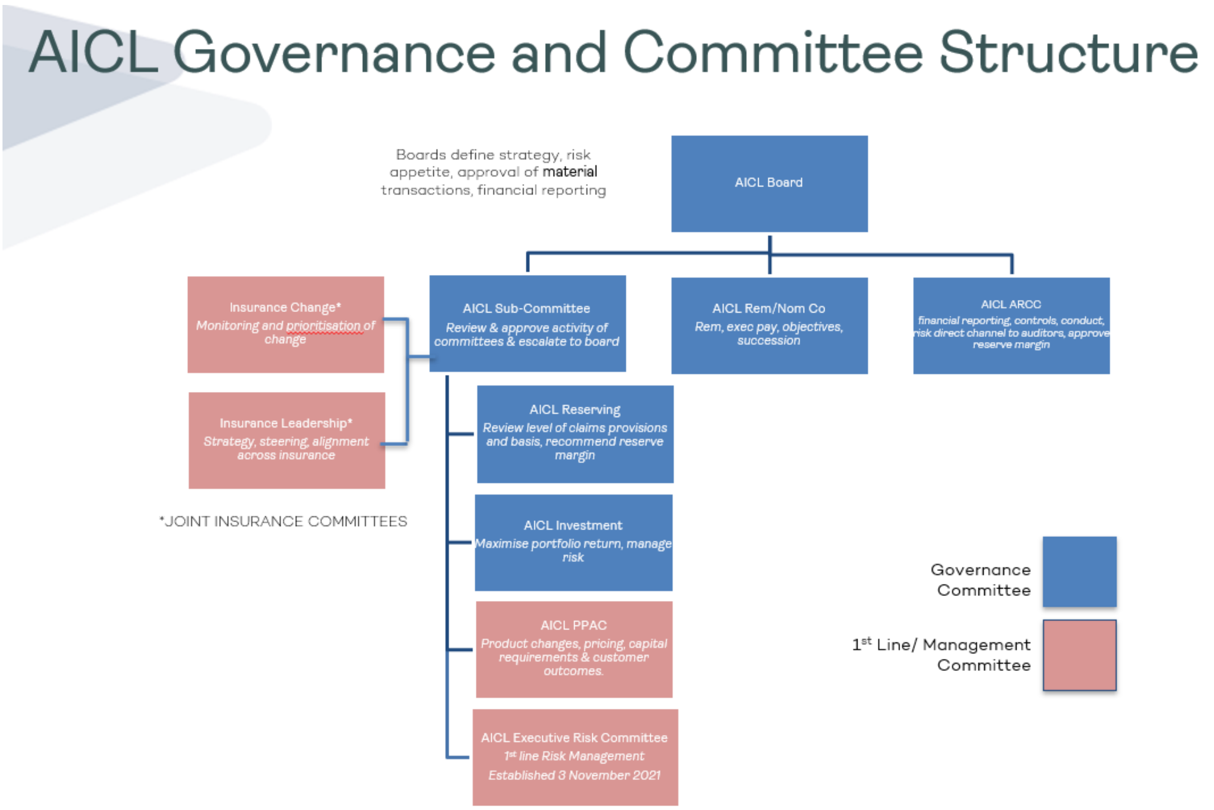
B. System of Governance

B.1 General Information on the system of governance

B.1.1 The structure, roles and responsibilities of the undertaking's administrative, management or supervisory body and relevant committees

The AICL Board of Directors retains overall responsibility for the system of governance.

The governance committee structure is outlined below:



Each Committee has delegated authority by the Board to carry out their responsibilities and objectives. Each of the Committees (except for the Audit, Risk and Compliance Committee and Remuneration & Nomination Committee) report and escalate any matters of concern to the Board through the monthly Board Sub-committee and provide minutes of the meetings to the Sub-committee to ensure that the direction of the Board is being observed. Each committee and the Board Sub-committee has its own terms of reference which are approved by the Board and reviewed annually.

The Board, via the Board Sub-committee, carry out monthly checks on progress against the Board strategy. The Board Sub-committee is responsible for the oversight of the operation of the committees and has been appointed by the Board to exercise that control. The Board Sub-committee ensures that all material risks are identified and the impact on the business established, mitigations are identified and appropriately acted upon. The Board Sub-committee reports to the Board after each meeting and escalates any matters of concern.

The Remuneration and Nomination Committee and the Audit, Risk and Compliance Committee operate independently from all other Committees and make necessary recommendations directly to the Board.

A summary of the key responsibilities for the main committees follows.

B.1.1.1 Audit, Risk & Compliance Committee

Responsibilities include:

- To assist the Board in meeting its responsibilities in respect of regulatory matters, financial reporting, and the maintenance of effective internal controls and risk management systems
- To strengthen the independent position of AICL's external auditors by providing a direct channel of communication between the external auditors and the non-executive Directors
- To strengthen the independent position of the control functions (i.e. 2nd and 3rd lines of defence) by providing a direct channel of communication to the non-executive Directors.
- To ensure all material risks are adequately identified, assessed, monitored, and mitigated, including new and emerging risks
- To review AICL's risk appetite and tolerances in the context of its current and future strategy and make recommendations on risk appetite and tolerances to the Board, ensuring that there is consistency with the Group risk appetite
- To review AICL's current and forecast risk profile, compare it with the risk appetite, review the drivers for any changes in risk profile and consider the management actions required to ensure the company remains within appetite
- To consider emerging and potential risks and review the management actions which may be required in response to these risks
- To review the effectiveness of controls and to advise the Board on the adequacy of the control environment and confirm that key controls are operating effectively
- To provide input into and then review and challenge the Own Risk and Solvency Assessment (ORSA) process and report, ahead of recommending the ORSA report to the Board for approval.

B.1.1.2 Remuneration & Nomination Committee

Responsibilities include:

- Ensure the Board retains an appropriate balance of skills to support the strategic direction of the Company
- Oversee the development of a pipeline for succession
- Determine, or where appropriate, make recommendations to the Saga plc Remuneration Committee on the terms and conditions of employment, remuneration/compensation and benefits of each the Chair of the Board (in respect of the services provided to the Company in liaison with the Saga plc Board of Directors), AICL senior management (CEO Direct Reports), and the Insurance CEO.

B.1.1.3 Pricing, Product and Capital Committee

Responsibilities include:

- To consider the adequacy of premiums to ensure achievement of AICL's return on capital, reinsurance costs, expenses, levies and inflation
- To review changes to rating factors or net rates provided to AICL's intermediaries
- To review the value of products to AICL customers
- To review those areas where AICL's underwriting is delegated to its intermediaries
- To review requests to approve policy wordings
- To review the technical standards being maintained by AICL's intermediaries or any breaches of the above areas

B.1.1.4 Investment Committee

Responsibilities include:

- To ensure investments are held in acceptable investment classes and in sterling or to be hedged against currency exposure
- To ensure that consideration is given to the risk/reward profile including associated capital requirements of different types of investments
- To ensure that investments comply with the AICL and Solvency II investment policy restrictions and requirements regarding exposure, duration and rating
- To review all underlying assets to ensure they are appropriate to AICL's appetite for market, counterparty, and liquidity risks as detailed in the investment policy
- To regularly review the security, quality, liquidity and profitability of the portfolio as a whole

B.1.1.5 Insurance Leadership Team

Responsibilities include:

- Implement the overall insurance strategy and the respective company strategy that have been set and approved by the AICL and SSL Boards.

B.1.1.6 Insurance Change Committee

Responsibilities include:

- Review and approve new change investment in the Insurance Change Portfolio.
- Provide the Insurance Leadership Team with formal visibility of how previous decisions and investments are progressing, with authority to take the action that protects investment outcomes.

B.1.1.7 Reserving Committee

Responsibilities include:

- To recommend the level of claims reserves it believes to be appropriate to the Audit, Risk & Compliance Committee (who recommends to the Board)
- Assess the uncertainties and risks associated with the claims reserves to gain an understanding of where the booked reserves should be set, and any related reserve release.

The executive management team oversee the day-to-day operations of the company, following the direction set by the Board and its committees. The Internal Audit, Enterprise Risk, Conduct Risk and Actuarial functions are described later in this report.

B.1.2 Material changes in the system of governance in the reporting period

The following changes were made in respect of the composition of the Board during the year:

- Gillian Stewart stepped down from the Board with effect from 20 April 2021
- In December 2021 Steve Kingshott was approved to join the Board with effect from and subject to regulatory approval

There were no other material changes in the system of governance during the year.

B.1.3 Remuneration Policy

B.1.3.1 Principles of the remuneration policy

The Saga plc remuneration policy and strategy are designed to stimulate sustainable, value creating growth and performance for the business and reward colleagues' performance accordingly. The Saga plc Remuneration Policy aligns with the UK Corporate Governance Code whose objective is to ensure the remuneration operated by the Company is aligned with all stakeholder interests including those of shareholders.

AICL's core principles of remuneration, which are aligned to those of Saga plc, are to support:

- Sustainable long-term value creation
- Profitable growth and strong cash generation
- Attraction, retention and motivation of talented employees to deliver the business strategy.

The AICL Remuneration and Nomination Committee reviews annually the remuneration arrangements for AICL senior executives and will make appropriate recommendations to the Saga plc Remuneration Committee, who will draw on trends and adjustments made to all employees across the Saga Group, including AICL, and taking into consideration:

- The business strategy
- Overall corporate performance
- Market conditions affecting AICL
- The recruitment market where AICL competes for talent
- Our broader remuneration practices within AICL
- Changing views of institutional shareholders and their representative bodies.

The Saga plc Remuneration Committee also reviews remuneration and incentive programmes to encourage desirable behaviours and responsible risk taking. Remuneration for the 2nd and 3rd lines of defence is unrelated to company financial performance to preserve the operational independence of these functions.

When determining an appropriate level of salary, the Saga plc Remuneration Committee considers:

- Remuneration practices within the Saga Group
- The general performance of the Saga Group
- Salaries within the ranges paid by the companies in the comparator group used for remuneration benchmarking
- The economic environment.

In general, salary rises to senior executives will be in line with the rise to all colleagues.

Benefits provided to all colleagues include:

- Private health cover
- Death in service life assurance
- A range of colleague discounts
- Membership to the company defined contribution pension scheme, with contributions made by colleagues matched by Saga up to 10%.
- A share incentive plan, which is designed to encourage all employees to become shareholders in Saga plc and thereby align their interests with shareholders.

Senior executives may also receive a car allowance and may take a cash allowance in lieu of pension.

B.1.3.2 Entitlement to share options, shares or variable components of remuneration

The Annual Bonus Plan provides a significant incentive to the Executive Directors linked to achievement in delivering goals that are closely aligned with the Company's strategy and the creation of value for shareholders.

The Annual Bonus Plan is based on a mix of financial and strategic/ operational conditions and is measured over a period of one financial year. The Remuneration Committee retains discretion in exceptional circumstances to change performance measures and targets and the weightings attached to performance measures part-way through a performance year if there is a significant and material event which causes the Committee to believe the original measures, weightings and targets are no longer appropriate. Discretion may also be exercised in cases where the Committee believes that the bonus outcome is not a fair and accurate reflection of business, individual and wider Company performance. The exercise of this discretion may result in a downward or upward movement in the amount of bonus earned from the application of the performance measures.

Annual bonus payable to the 2nd and 3rd lines of defence is unrelated to company financial performance to preserve the operational independence of these functions.

B.1.3.2.1 Restricted Share Plan 'RSP'

Awards are designed to incentivise the Executive Directors over the longer-term to successfully implement the Company's strategy. Awards are granted annually to Executive Directors in the form of Restricted Shares. Restricted Shares vest at the end of a three-year period subject to:

- The Executive Director's continued employment at the date of vesting; and
- The satisfaction of an underpin as determined by the Remuneration Committee whereby the Committee can adjust vesting for business, individual and wider Company performance

Maximum award values are 100% of salary per annum based on the market value at the date of grant set in accordance with the rules of the plan.

No specific performance conditions are required for the vesting of Restricted Shares but there will be an underpin in that the Remuneration Committee will have the discretion to adjust vesting considering business, individual and wider Company performance. The Committee will consider the following factors (amongst others) when determining whether to exercise its discretion to adjust the number of shares vesting:

- Whether threshold performance levels have been achieved for the performance conditions for the Annual Bonus Plan for each of the three years covered by the vesting period for the restricted shares.
- Whether there have been any sanctions or fines issued by a regulatory body; participant responsibility may be allocated collectively or individually.
- Whether there has been material damage to the reputation of the Company; participant responsibility may be allocated collectively or individually.
- The potential for windfall gains. – The level of colleague and customer engagement over the period.

The RSP is subject to clawback and malus provisions

B.1.3.2.2 Long Term Incentive Plan (LTIP)

Legacy LTIP Awards were designed to incentivise the Executive Directors over the longer-term to successfully implement the Company's strategy.

Awards were granted annually to Executive Directors in the form of a conditional share award or nil-cost option. These vest at the end of a three-year period subject to:

- The Executive Director's continued employment at the date of vesting; and
- Satisfaction of the performance conditions.

No further awards will be made under the LTIP to Executive Directors. Awards already granted will be eligible to vest in line with their original criteria.

The LTIP is subject to clawback and malus provisions.

B.1.3.3 Supplementary pension or early retirement schemes for the members of the administrative, management or supervisory body and other key function holders

There are no supplementary pension or early retirement schemes for the members of the administrative, management or supervisory body and other key function holders.

B.1.3.4 Material transactions in the reporting period with shareholders, with persons who exercise a significant influence on the undertaking, and with members of the administrative, management or supervisory body

During the reporting period, the following material transactions took place with shareholders.

- A dividend of £12 million was paid in July 2021
- A dividend of £23 million was paid in January 2022

There were no transactions with members of the administrative, management or supervisory body.

B.2 Fit and Proper Requirements

AICL have a Fit and Proper Policy that sets out the standards under which it meets its regulatory responsibilities. The AICL Board owns the Policy and bears the ultimate responsibility for ensuring the Policy is followed and the fit and proper requirements are met.

B.2.1 Specific requirements concerning skills, knowledge and expertise

AICL's recruitment ensures that the Directors and senior management of the company have the appropriate skills, knowledge and expertise using a thorough recruitment process, involving multi-stage interviews and comparisons of existing and potential skills with the relevant job descriptions. AICL supports attendance at job specific training to ensure individuals maintain the necessary knowledge and expertise to fulfil their roles.

B.2.2 Process for assessing the fitness and the propriety of the persons who effectively run the undertaking or have other key functions.

The overall objective of the AICL fit and proper persons policy is to ensure that AICL complies with its regulatory responsibilities by ensuring that those individuals who occupy a position of influence within AICL (namely its Directors, key function holders and senior colleagues) satisfy the following criteria:

- They are people of honesty, integrity and good reputation
- They have the competence and ability needed to conduct business
- They are of sound financial standing

The above are not intended to be exhaustive or definitive. The fit and proper test exists to protect the interests of actual and potential customers or clients. It follows that anything which suggests that a person is not fit and proper is relevant to the test, whether or not it can be subsumed under the above.

The Saga People team monitor and perform the necessary actions to ensure that AICL meets its fit and proper policy obligations. An annual assessment is carried out of relevant management falling under the Policy that focuses on the following areas:

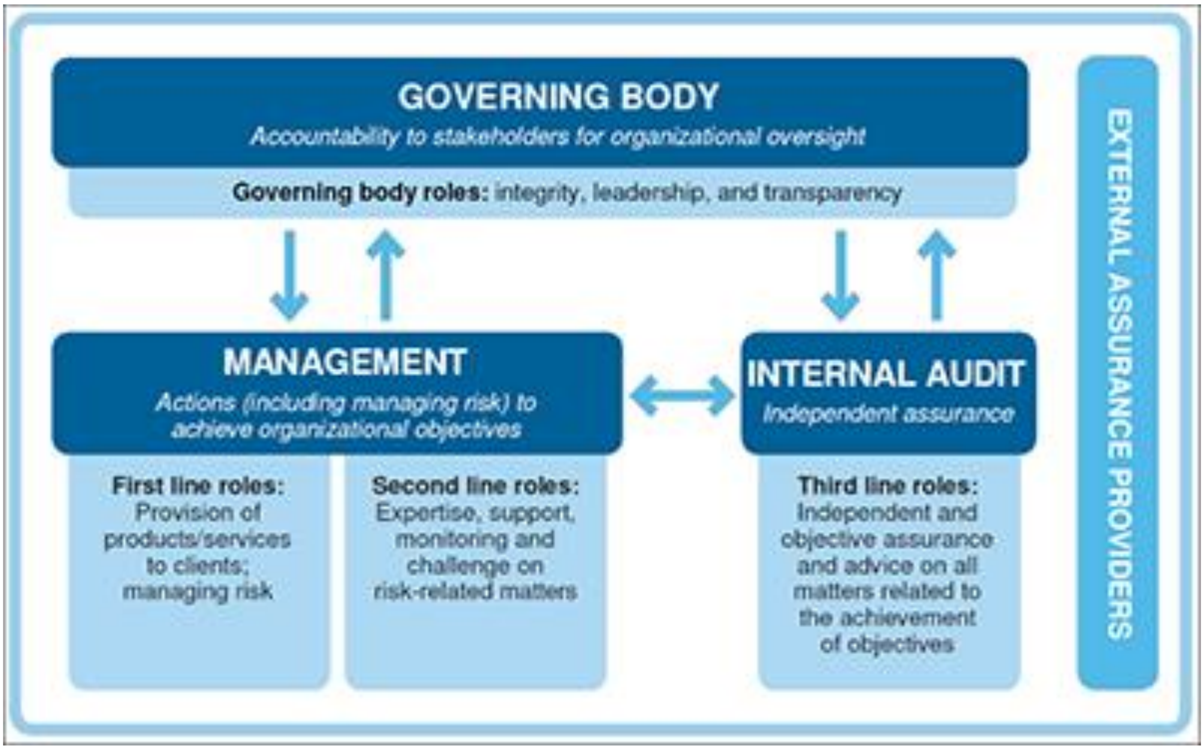
- Their understanding of insurance and financial markets
- Their knowledge of the business model and strategy
- Their understanding of the system of governance
- Their financial analysis skills, including management information
- Their Actuarial analysis skills
- The regulatory framework and requirements.

B.3 Risk Management including the Own Risk and Solvency Assessment

B.3.1 Risk management system and framework

The Saga Risk Policy sets out Saga's approach to risk management, including risk management responsibilities and strategy, risk appetite and risk management framework. AICL's Risk Policy aligns to the Saga Risk Policy, tailored to the specific attributes and needs of AICL.

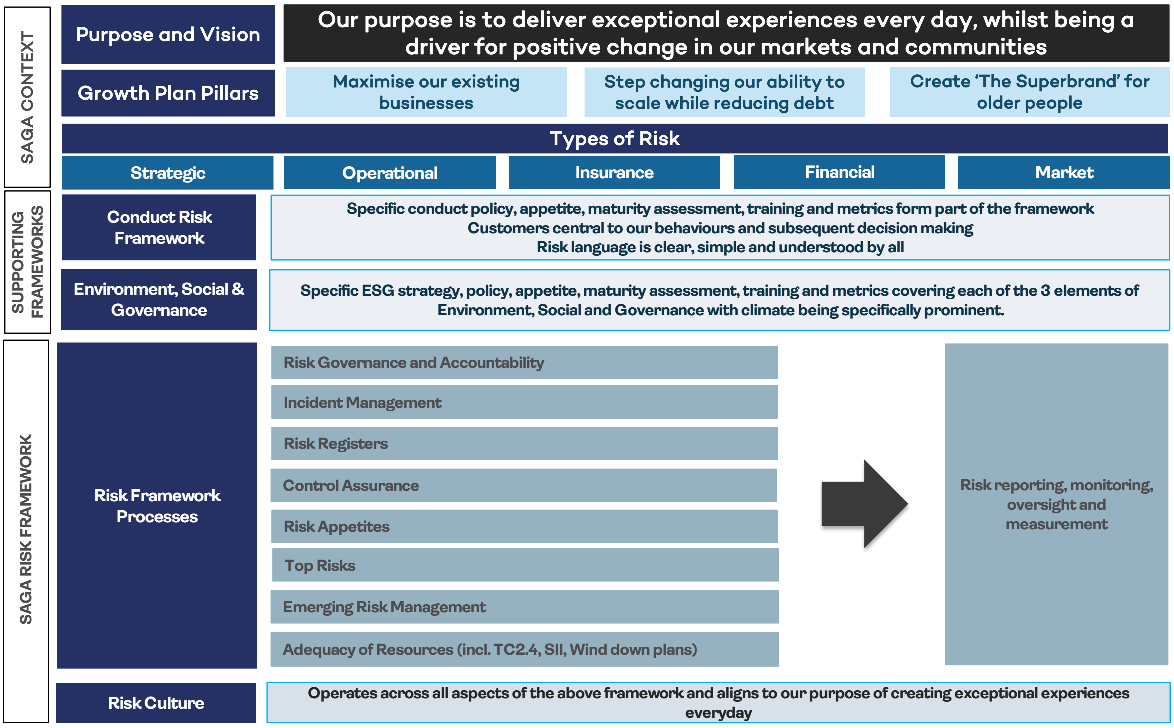
AICL uses the traditional three lines of defence model to manage risk, as shown in the following table:



The AICL Risk Management Strategy, contained within the AICL Risk Policy, is designed to support the business in achieving its objectives.

It operates in accordance with the Saga Enterprise Risk Framework as set out below:

SAGA RISK FRAMEWORK



Key features of the framework include:

- Integrated risk framework processes, incorporating risk identification and assessment, incident management, internal control self-assessment and Board risk appetite statements, supported by effective risk governance, with risk committee reporting and monitoring
- Specific consideration towards Conduct Risk throughout the framework
- Independent oversight and challenge by the second line of defence
- A risk aware culture across AICL, where risk management is embedded in the business and management are rewarded for managing risk effectively and for using the framework to make better risk informed decisions
- Clear ownership and accountability for managing risk across AICL.
- Focus on speaking up and ensuring that risk issues are identified, reported and managed through to resolution in a timely manner, with attention to address both immediate issues and root cause(s)
- Demonstration to Shareholders, Regulatory authorities such as the Gibraltar Financial Services Commission, and other key stakeholders that AICL has identified and is effectively managing all principal risks and uncertainties.

B.3.1.1 Risk appetite

AICL defines Risk Appetite as the aggregate amount, and sources of risk it is seeking, willing to accept, and looking to avoid, in pursuit of business objectives over a defined time horizon.

AICL has a set of risk appetite statements that have been agreed at Board level for all main categories of risk. These are regularly monitored and align to the Group risk appetite framework.

B.3.1.2 Implementation of the Risk Management Framework

AICL acknowledges that Risk Management is both a collective and an individual responsibility. As such, every colleague in AICL is required to identify, escalate appropriately and manage risk. The first line Management of the business have the primary responsibility for implementing the Risk Management Framework within the business, under the guidance of the CEO who is the designated Risk owner for AICL and supported by the second line Enterprise Risk Management (ERM) function who provide guidance, oversight and challenge. The ERM function is also responsible for designing the overall risk management framework ensuring it remains fit for purpose and aligned to business strategy and external good practice design principles. The ERM Function has the authority, resources, expertise and access to all relevant information to carry out its activities. including any records and unrestricted access to all AICL colleagues and Board members.

B.3.1.3 Risk Incidents

Risk incidents are reported to the AICL Audit Risk and Compliance Committee in accordance with the Saga Incident Management Policy and, where appropriate, escalated to the AICL Board. Incidents are tracked through to completion and only closed on both immediate issue(s) and root cause(s) being understood and acted on.

AICL also adheres to the Saga Speak Up Policy, which allow any concerns of wrongdoing to be raised in a safe environment.

B.3.1.4 Risk Monitoring

AICL monitors its risk exposures through its risk appetites, risk incident profile, control effectiveness testing and a range of risk reporting that address the top current and emerging risks facing the business. Risk information is taken to the appropriate committee aligned to the terms of reference and duties of those committees. Actions that are agreed are tracked through to completion and supported by Risk Policies that set the minimum standards against which controls and incidents should be managed.

B.3.2 Own Risk and Solvency Assessment (ORSA)

B.3.2.1 The ORSA process

The ORSA process captures the output of the risk exercises (described above) and assists the Insurance Leadership team, the Audit, Risk and Compliance Committee and the AICL Board with decision making.

The ORSA is a continuous process which includes an annual report of AICL's risk management practice and solvency position. A single report is produced which is intended to satisfy both the internal and supervisory requirements.

The annual ORSA report is aligned to AICL's business plan and planning process and produced for review at the final Board meeting of each financial year.

The ORSA report adds value to internal stakeholders, in particular the Audit, Risk and Compliance Committee and the Board by:

- Providing a view of the current and forecast risk profile and capital position, as well as the risks taken according to the company's strategy. The ORSA report evidences that information on risk and capital is provided to the Audit, Risk and Compliance Committee and the Board in a consistent, accurate and timely manner

- Providing a holistic and objective assessment of the risk and capital profile, bringing together qualitative and quantitative information from across the organisation that may be included in business planning

- Assessing the efficacy of possible management actions available to AICL and identifying future scenarios where management actions may be required (to support the improvement of the risk and capital position)

- Providing the Audit, Risk and Compliance Committee and the Board with a view on the current design of the risk and capital management framework

- Providing internally driven challenge and analysis with a regulatory perspective from within the organisation, and ultimately reducing the potential for regulatory intervention and any possibility of a capital add-on.

The ORSA reviews AICL's forecast capital requirements considering all quantifiable risks to which AICL is exposed and therefore determines whether own funds are expected to be sufficient to cover the company's SCR in line with its risk appetite and business plan.

The ORSA includes key risk indicators which allow the Board to understand the risk profile of the business.

Although the AICL Board has delegated responsibility for the ORSA process to the AICL Audit, Risk and Compliance Committee, it retains overall responsibility, providing input and direction for its content before ultimately approving the final version.

B.3.2.2 Frequency of the ORSA process

The ORSA is a continuous process, overseen by the Audit, Risk and Compliance Committee, which includes an annual report on AICL's risk management practices and solvency position. An ORSA report will also be completed when business decisions which involve a significant change in the risk profile of the business are proposed.

The annual ORSA report is signed off no later than the last Board meeting in each financial year to allow the final version to be submitted to the GFSC within the required timescales.

B.3.2.3 Determination of solvency needs

AICL's solvency needs are determined as part of the ORSA process. The ORSA process reviews whether the use of the standard formula is appropriate for the company's risk profile. The solvency needs are then projected under central, best-estimate assumptions for the duration of the planning period to assess whether the SCR and the Minimum Capital Requirement (MCR) will continue to be met over the plan period. A series of stress and scenario tests are then carried out, including reverse stress tests. The projected capital requirements are monitored by the Audit, Risk and Compliance Committee and significant deviations or concerns will be escalated to the AICL Board.

B.4 Internal control system

B.4.1 Description of the internal control system

AICL's Board of Directors assumes the ultimate accountability for ensuring that AICL complies with its responsibilities ensuring that a robust internal control framework is in place. As previously stated, AICL acknowledges that Risk Management is both a collective and an individual responsibility, and every colleague in AICL is required to identify, escalate appropriately and manage risk, which includes the continuous management and improvement of the internal control environment. Senior management and managers are responsible for the requisite procedures to ensure a compliant operational regime.

All AICL management are made aware of their responsibility to comply with the relevant risk management policies. Access to the policies is available to all AICL colleagues.

In addition to the required internal functions of Internal Audit, Enterprise Risk, Conduct Risk and Actuarial, AICL's external auditors also provide a degree of assurance as to AICL's internal controls environment through its interim and final audits of AICL's systems and processes. The external auditors report independently to the Board of Saga plc and to AICL's Audit, Risk and Compliance Committee.

The Audit, Risk and Compliance Committee, under the chairmanship of a non-executive Director, meets at least four times per year to review and oversee the effectiveness of the AICL risk management framework and its application. It is independent of AICL's senior management, has a representative of Saga plc as a member (the Saga plc Chief Financial Officer) and reports independently to the Saga plc Audit Committee.

Other ways in which AICL ensures that it has a robust internal control framework in place are:

- Key control assurance of control design effectiveness and operational effectiveness performed by the business and subject to oversight and periodic review by the 2nd line Risk function.
- Root cause analysis required for material risk incidents to identified what controls failed to operate effectively and to carry out control improvement to prevent recurrence.
- Consideration of control requirements in new product developments, IT developments or other material change initiatives.
- Monthly control reviews to ensure that key financial reconciliations are being carried out on a timely basis.
- Regular internal and external operational audits and reviews of claims, underwriting, pricing, reserving and other processes to review the effectiveness of operational controls.
- Regular operational audits of third-party providers to review the quality of their operational controls.
- Periodic reviews of its operational resilience and disaster recovery processes to ensure that AICL can respond effectively to events that might threaten day to day operations.
- Documentation of detailed procedures and controls for all important financial and operational systems.
- Conducting appropriate due diligence when recruiting and training colleagues that fall under the Regulated Individuals Regime.

B.4.2 Implementation of the compliance function

The Conduct Risk function is responsible for the monitoring, managing and reporting of regulatory and conduct risks to which AICL is exposed. The Conduct Risk function has the necessary authority, resources, expertise and access to all relevant information to carry out its activities. It includes a Business Partner team which provides advice, guidance and second line oversight on conduct issues and an Assurance team which conducts thematic reviews and other monitoring activity based on an annual risk-based plan which is reviewed and approved by the Audit Risk and Compliance Committee. It also has ultimate recourse to the GFSC and the FCA on matters relating to Conduct issues. The Conduct Risk function also has the right to obtain any records necessary to allow it to carry out its responsibilities and has unfettered access to all Saga colleagues and the AICL Board.

The activities of the Conduct Risk function are subject to periodic review by Internal Audit.

B.5 Internal audit function

B.5.1 Implementation of the internal audit function

The Internal Audit key function responsibility within AICL sits with Saga's Internal Audit Director. The audit activity is managed by the Saga Internal Audit team, led by the Internal Audit Director. The objective of IA is to help protect the assets, reputation, and sustainability of the business by providing independent, reliable, valued, and timely assurance to the Board and Executive Management. IA do this by acting as a reliable third-line of defence in assessing and reporting on the effectiveness of the governance, risk management and control framework and assisting management to identify significant risks and remedial actions necessary to improve the internal risk and control environment. The Internal Audit function prepares an audit plan each year which sets out the review work they will undertake; this plan is to ensure the effectiveness of the internal risk and control environment within AICL and is developed considering AICL's risk profile and risk management framework. The audit plan is refreshed during the year to consider any emerging trends and potential risks which may impact AICL.

Where recommendations are made following audits, or an audit has identified any issues, these will be raised with management and suitable action plans to resolve issues will be agreed and actions tracked until completion. Additionally, Internal Audit complete risk-based issues assurance for completed actions. Where any issues are identified which relate to AICL's regulatory status, permissions or authority then the Internal Audit Director shall immediately inform the Group Chief Risk and Compliance Officer and shall agree the steps to be taken to resolve and where appropriate the issue will be referred to the supervisory authority.

B.5.2 Independence of the internal audit function

The objective of AICL's audit policy is to ensure the availability of an independent resource to advise and assist the Board in carrying out reviews of AICL procedures and controls and to ensure compliance with the Internal Audit methodology. In determining the scope of its activity, it will consider the work of other assurance functions within AICL as well as external auditors and AICL's regulators, but Internal Audit is ultimately responsible for determining how much reliance can be placed on the work of other assurance functions following a thorough evaluation of the effectiveness of that function in relation to the area under review.

Internal Audit attends and submits reports to the ARCC, which is a sub-Committee of the Board. Additionally, Internal Audit reports independently to the chair of the plc Audit Committee, with a dotted line into the Chair of the AICL ARCC.

The Internal Audit Policy outlines AICL's commitment that, in carrying out its activity the internal audit function will:

- Be free to deliver assignments and express opinions without interference
- Have freedom and total access to information and colleagues
- Be able to review AICL's internal control system
- Review the adequacy of AICL's system of governance

It is important to note that the Internal Audit Director has no responsibility for any other key functions or operations within AICL.

B.6 Actuarial Function

B.6.1 Implementation of the Actuarial Function

The Actuarial Function is led by the Actuarial Function Holder, currently the Chief Actuary. The work of the Actuarial Function is carried out by members of AICL's actuarial department and includes, at least on an annual basis:

- Coordination and calculation of technical provisions
- Ensuring the appropriateness of the methodologies and underlying models used as well as the assumptions made in the calculation of technical provisions
- Assessing the sufficiency and quality of the data used in the calculation of technical provisions
- Comparing best estimates against experience
- Informing the AICL Board of the reliability and adequacy of the calculation of technical provisions
- Expressing an opinion on the overall underwriting policy
- Expressing an opinion on the adequacy of reinsurance arrangements
- Calculation of the undertaking-specific parameters
- Contributing to the effective implementation of the risk-management system

An Actuarial Function report is provided to the AICL Board each year. The responsibilities that fall under the remit of the Actuarial Function are segregated from other business activities to allow independent review and challenge.

B.7 Outsourcing

The Board Sub-committee reviews the activity in relation to outsourcing[1] and escalates to the Board any areas of concern. This includes where any activities are outsourced to internal or group companies.

The Outsourcing Policy provides a framework within which AICL will operate when considering any outsourcing arrangements which involve critical and / or important functions.

AICL outsources the following functions:

Function	Location
IT infrastructure/support/systems development	UK
Facilities Management	UK
HR and Payroll services	UK
Intermediary activities (including sales, fulfilment and administration of insurance policies)	UK
Claims Management	UK
Internal Audit	UK
Conduct Risk / Compliance	Gibraltar and UK
Change Management	UK
Finance	UK
Investment Management	UK

All the above functions are outsourced to other parts of the Saga Group, with subcontracting to external third parties where the expertise in delivering those services cannot be cost effectively delivered within the Saga Group. Functions where this is most typical include IT, telephony and facilities management. The decision whether to outsource is based on a consideration of the risks and the costs and benefits of outsourcing and is managed on a case by case basis with regular review to ensure those arrangements remains fit for purpose. The outsourcing review and decision process is documented.

A risk-based approach is adopted to determine the level of supervision and control in respect of each outsourced activity. For example activities which are regarded as critical for the successful delivery of the customer experience are subject to a high degree of review and control. When considering whether to initially outsource and when considering the continued use of outsourcing arrangements, AICL will assess the strategic, reputational, compliance, regulatory and operational risks. In addition, AICL will consider the risks associated with concentrating outsourcing with certain providers and the systemic failures which could arise within the third parties.

[1] For the purposes of this section of the SFCR, “third-party” should be interpreted as including intragroup companies as well as external outsourced service providers.

B.8 Adequacy of the System of Governance

AICL employs a governance model which utilises a framework of committees and a Board Sub-committee to control the operation of the entity and to ensure adherence to the Board's direction. The terms of reference relating to those committees and the policies through which the company manages its operations are normally reviewed on at least an annual basis to ensure continued alignment to the Board's direction. In addition, the oversight afforded by the independent Internal Audit function ensures that the system of governance adopted by AICL is adequate and proportionate for the operation of the business.

B.9 Any other information

There is no other material information to be disclosed.

C. Risk Profile

AICL's primary activity – the underwriting of personal motor insurance policies – exposes it to a variety of risks which may impact AICL's ability to meet its business objectives.

The material risks to which AICL is exposed can be mapped to the Solvency II Solvency Capital Requirement (SCR) risk categories. A breakdown of the SCR risk categories as at 31 January 2022 is set out below:

Risk Category	31 January 2022 SCR	31 January 2022 % of SCR
Non-Life Underwriting Risk	40.8	76%
Market Risk	20.0	37%
Counterparty Default Risk	12.7	24%
Life Underwriting Risk	1.4	3%
Diversification Benefit	(17.4)	(32%)
Operational Risk	9.3	17%
Deferred Tax Adjustment	(12.7)	(23%)
SCR	54.1	100%

Sections C.1 through C.7 provide further detail on the primary risks to which AICL is exposed.

C.1 Underwriting risk

Underwriting risk is made up of non-life and life risk components.

C.1.1 Non-life underwriting risk

Non-life underwriting risk comprises 76% of AICL's SCR as at 31 January 2022 and consists of the following components:

- Premium risk
- Reserve risk
- Catastrophe risk
- Lapse risk

Non-life underwriting risk is driven by the premium and reserve risk components, with small contributions from catastrophe and lapse risk.

Most of the non-life underwriting risk relates to motor insurance, which contributes over 80% of AICL's premium income and over 90% of technical provisions gross of reinsurance.

AICL manages underwriting risk through its policies on underwriting, pricing, reserving and reinsurance. Any breaches of the policies are reported to the ARCC or the PPACC as appropriate.

The premium risk is assessed and managed by a suite of management information reports analysed by management. The management information tracks the performance of the business at both the overall and granular levels, allowing a view to be taken on the performance of the rating structure and different segments of the business. Pricing levels are reviewed monthly and allow for the effect of claims inflation and changes in other costs when appropriate. Price changes are proposed by the Pricing, Product and Capital Committee and approved by the Board Sub-committee.

Premium risk is managed using an underwriting policy which sets out the business which AICL accepts at normal premium terms, business which may be acceptable after referral to the specialist underwriting team and business which is not acceptable under any circumstances.

The underwriting risk is further mitigated by reinsurance, with both proportional and non-proportional covers in place.

Reserve risk is managed by monthly reviews of claims experience and reserve calculations. The monthly reserves are agreed by an executive director. In addition, reserves are reviewed by independent external actuaries as part of the year-end financial reporting process. The level of reserves and reserve margin is approved by the Reserving, Audit, Risk and Compliance Committees and the AICL Board half-yearly.

C.1.2 Life underwriting risk

Life underwriting risk arises from third party personal injury claims which have settled as periodical payment orders (PPOs) and are currently in payment. This risk comprises 3% of AICL's Solvency Capital Requirement as at 31 January 2022. The risks relevant to AICL within the Solvency II standard formula calculation of life risk are expense risk, longevity risk and revision risk. Life risk does not contribute significantly to the SCR due to AICL's reinsurance programme and the relatively small number of PPOs that are in payment.

C.2 Market risk

Market risk represents the risk of financial losses due to fluctuations in the level and volatility of market prices of assets and liabilities.

Under the Solvency II standard formula, market risk comprises 37% of AICL's SCR as at 31 January 2022 and includes the following types of risk:

- Interest rate risk – the risk that changes in the value of liabilities are not adequately offset by changes in the value of assets, because of adverse movements in interest rates.
- Equity risk- the risk involved in the changing prices of stock investments. This risk is immaterial for AICL as it does not invest directly in equity investments.
- Spread risk – the risk that adverse changes in the value of assets, caused by increasing bond yields relative to risk-free yields, are not adequately offset by changes in the value of liabilities.
- Currency risk – the risk of loss from changes in the level or volatility of currency exchange rates.

- Property risk – the risk that changes in the market value of properties owned by AICL are not adequately offset by changes in the value of liabilities.
- Concentration risk- the risk of holding a concentration of investments within a particular asset class or with a particular counterparty.

Market risk is managed through operation of the Investment Policy, which is the responsibility of the Insurance Finance Director. The operation of the Investment Policy is overseen by the Investment Committee which in turn reports to the Board Sub-committee. The Board Sub-committee reviews the activity of the Investment Committee and escalates to the Board any areas of concern.

The Investment Policy adheres to the "prudent person principle" by only allowing investments to be held in an approved list of asset classes and where appropriate, individual named assets. All investments must comply with the Investment Policy restrictions on exposure, duration and rating. The use of a defined list of allowable assets ensures that risk concentrations are understood and can be easily measured.

All investments must be in line with the Investment Policy which is approved by the AICL Board based on recommendations from the AICL Investment Committee. The sale or transfer of any asset requires sign-off by an AICL Director.

All investments are to be held in sterling or, if held in foreign currency, to be hedged such that exchange rate risk is eliminated.

All property investments must be approved by the AICL Board of Directors. Consideration is given to the likelihood of uninsurable events, and on-going property maintenance arrangements.

A minimum balance of £10 million must always be readily available as free cash to meet day-to-day obligations.

When selecting investments, the Investment Committee seeks as far as possible to match investments with the profile of the underlying liabilities, in accordance with the Asset Liability Management Policy and the Liquidity Policy but should not seek to do so if any of the detailed requirements of the Investment Policy would be breached. In this context, liabilities are defined as AICL balance sheet technical liabilities.

For assets in excess of those backing technical liabilities the Investment Policy remains applicable, save that the objective to match against underlying liabilities will by definition not apply. A policy breach will not be caused by an asset increasing in value where the original purchase was within the policy limits.

Investments that fall outside the AICL investment policy may be considered by the AICL Investment Committee and recommended to the AICL Board for inclusion on a case-by-case basis.

Investments will not be lent or pledged.

Consideration must be given to the capital requirements of different types of investments.

Any breaches of the Investment Policy are reported to the AICL Investment Committee and the AICL Board Sub-committee.

A comparison of the assets held at 31 January 2022 and at 31 January 2021 is shown in the following table:

Investment Category	31 January 2022	31 January 2021
Bank Deposits and Cash	9%	10%
Money Market Funds	8%	16%
Global Loan Funds	2%	2%
Corporate Bonds	52%	45%
UK Gilts/ Supranational Bonds	22%	16%
UK Property	8%	11%
Total	100%	100%

C.3 Credit Risk

Credit or counterparty default risk represents the risk of default by reinsurance partners and other counterparties holding AICL's cash balances, in line with the Solvency II standard formula approach.

Counterparty default risk represents 24% of AICL's SCR as at 31 January 2022. This risk is mainly comprised of type 1 counterparty risk – primarily the risk relating to non-overdue (within credit terms) premium debt from intermediaries and reinsurer default – combined with a relatively small amount of type 2 counterparty risk (the risk relating to overdue due premium debt).

The counterparty default risk charge has increased over the year due to within credit terms premium debt due from brokers being included in the type 1 risk charge. The reinsurance counterparty element of the charge remains a relatively small component of required capital reflecting AICL's approach to diversifying its risk exposure by entering into reinsurance arrangements with several counterparties of appropriate credit ratings (A- or higher). In addition, AICL's motor quota share arrangements are on a 'funds withheld' basis which mitigates a significant proportion of reinsurance counterparty risk.

Reinsurance payments due to AICL are monitored closely and any overdue payments are managed by the credit control processes.

Intermediary premium debtor risks are monitored through the use of premium bordereau on a monthly basis and internal controls are in place to ensure that premiums are received at the correct time.

There have been no material changes in this risk in the reporting period other than the inclusion of within credit terms premium debt included in the calculation (as noted above).

C.4 Liquidity risk

AICL defines liquidity risk as "the risk stemming from the lack of marketability of an investment that cannot be bought or sold quickly enough to prevent or minimize a loss". AICL recognises that liquidity is more appropriately defined in terms of a minimum buffer of liquidity maintained, rather than PBT.

AICL's appetite for liquidity risk remains low and free cash, liquid assets and committed borrowing facilities for use anywhere within AICL of not less than £10 million are always maintained. This minimum level of liquidity is kept under review to ensure it remains sufficient to the current and expected liquidity needs of the business.

In practice, liquidity levels significantly exceed this minimum requirement. 13% of the portfolio is immediately available cash with a further 74% invested in corporate and government fixed income debt for which active markets exist allowing them to be sold ahead of maturity.

C.4.1 Expected Profit in Future Premium (EPIFP)

The expected profit included in future premiums (as calculated in accordance with Article 260 of the Delegated Acts) has been set to reflect the target return on premium, which varies by line of business. As at 31 January 2022 this amounted to £1.5 million (2021: £1.9 million).

C.5 Operational risk

AICL defines operational risk as the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. AICL is exposed to a wide range of operational risks that arise in relation to its business model and the external environment in which it operates.

Operational risk is equivalent to 17% of AICL's SCR as at 31 January 2022.

Operational risk is identified, measured and monitored through regular review of the risk and controls register and responses to incidents as they arise. Risk oversight and challenge is also provided by the second-line Enterprise Risk function.

Operational risk remained high over the year due to the ongoing COVID-19 pandemic. Nonetheless, AICL continue to operate an effective hybrid home and office operating model, with performance of all remote working teams closely monitored to ensure service levels and productivity remain within overall risk appetite, and that customers face no barriers in making claims or when receiving high quality policy administration services.

Other events which have led to changes in operational risk in the year include:

- the implementation of new insurance pricing algorithms;
- the continued impact of cyber risk, including in a working from home environment; and

- reliance on third party infrastructure including moving support, maintenance and source code ownership of claims handling systems in-house.

C.6 Other material risks

C.6.1 Strategic Risk

AICL defines strategic risk as “something that is external to the organisation that, if it occurs, forces a change in strategic direction of the organisation”. Examples of strategic risk faced by AICL includes:

- Material changes in the competitor and regulator landscapes
- Fundamental change in technology permanently changing the insurance model for motor.
- Material changes in the way that insurance is delivered to consumers.

Strategic risk remains a key focus for management and the AICL Board.

C.6.2 Group Risk

AICL is a subsidiary of Saga plc, a company with subsidiaries which carry out a range of activities including:

- Insurance underwriting
- Insurance broking
- Holiday tour operations
- Holiday cruise operations
- A personal finance business offering equity release and savings products

AICL is a wholly owned subsidiary of Saga MidCo Limited and its ownership position within Saga plc limits the amount by which it can be directly affected by the failure of any other Saga group company. AICL manages its capital and liquidity positions on a standalone basis in line with its risk appetite, so that in the normal course of business and under stressed conditions it does not rely on its parent company or any other Group entities for financial support.

Several different risk exposures arise as a result of AICL’s relationship with and reliance upon other Group companies:

- counterparty risk - AICL is exposed to the risk of a delay or failure in the payment of premiums by one of its insurance intermediaries, including SSL
- operational risk - AICL outsources a number of its activities to other companies in the Saga plc group. Its own operational performance and integrity is therefore exposed to risks arising within and from these group companies
- reputational risk - a major adverse event occurring elsewhere in the Group may negatively affect AICL’s reputation amongst its key stakeholders

AICL has reviewed the potential impact on the company of trading stresses in other businesses within the Group and possible financial demands that may be placed on AICL, with arrangements in place to manage downside risk.

Noting varying pressures on other parts of the Saga plc group caused by COVID-19 (in particular, the travel businesses), AICL continues to actively monitor and assess its exposure to group related risks. Alongside action taken by AICL, the company recognises that Group acted quickly and responsibly to stay ahead of the COVID-19 crisis and protect its financial health and has maintained its vigilance as the crisis has developed and persisted. Both AICL and Group continue to act prudently to manage potential further COVID-19 impacts.

The potential impact on AICL of the failure of SSL and the crystallisation of other group contagion risks, together with the appropriate mitigation actions, are explored within the stress and scenario tests carried out as part of its ORSA and wind-down plans and continually reviewed by the Board.

C.6.3 Emerging risks

As part of the risk management framework, AICL continually looks to identify and assess the impacts caused by emerging risks. The following top risks have been considered as part of this process:

1. Claims inflation and supply chain risk – financial risks associated with rising inflation and continued supply chain disruption due to the Brexit, pandemic, and the conflict between Russia and Ukraine.
2. FCA Market Study – uncertainty around the impact of the pricing measures implemented in January 2022.
3. Climate change – the financial risks associated with climate change whether underwriting, investment or other.
4. Civil Liability Act – uncertainties around the financial impact of the process for dealing with whiplash claims (implemented in May 2021).
5. Insurance pricing for electric vehicles – risks associated with the pricing of electric vehicles which are relatively new risks within the motor market.
6. Ogden 2024 – uncertainty around the future Ogden discount rate (set by the UK government) used in the calculation of bodily injury claims.

C.7 Any other information

C.7.1 Stress and scenario tests

As part of the ORSA process a number of stress and scenario tests are carried out, together with specific 1-in-200 year stress tests and reverse stress tests.

In the 2021/22 ORSA, the following tests were carried out:

Test	Description	Movement in SCR Coverage Ratio (percentage points)
	Jan22 Solvency Ratio	**213%**
1	Significant increase in motor gross reserves	(22%)
2	Significant fall in investment MVs	(14%)
3	Significant fall in property MVs	(10%)
4	Significant drop in excess of loss recoveries	(21%)
5	Late payment of substantial premium debtor	(53%)
6	25% increase in USPs	(36%)
7	Cyber risks: significant PAT reduction	(9%)
8	People related risks: significant PAT reduction	(10%)
9	Operational resilience: significant PAT reduction	(17%)
10	Fraud: significant increase in motor gross reserves	(8%)
11	Weather event: significant adverse claims	(4%)
12	Significant impact to reserves, investments & reinsurance	(102%)
13	High premium debtor risk	(90%)
14	Extreme premium debtor risk	(136%)
15	Tests 12 and 13 combined	(192%)

In each of the scenarios 1-11, AICL's coverage of the SCR remains above 100%. The more extreme stresses (12-15) test AICL's ability to absorb more significant financial downsides. AICL's coverage of the MCR remains above 100% for all scenarios.

If there is a shortfall to the SCR, AICL would need to consider de-risking and / or recapitalisation, the latter of which could be achieved via a capital injection from its ultimate parent company and/or from retained profits. In any such circumstances, AICL would submit a plan to the GFSC as to how it will restore own funds to be sufficient to cover the SCR in a timeline to be agreed with the GFSC.

C.7.2 Other

AICL has no off-balance sheet positions and does not transfer risk to special purpose vehicles.

D. Valuation for Solvency Purposes

This section covers the Solvency II and statutory accounts balance sheets and the valuation of assets and liabilities. It provides a description of the bases, methods and main assumptions used for the balance sheet valuation. It also provides an explanation of the material differences between the valuation for Solvency II purposes and the valuation in the statutory account financial statements.

A summary of the Solvency II and the statutory account balance sheets as at 31 January 2022 is shown in the table below.

The material classes of assets, technical provisions and other liabilities are considered in sections D.1, D.2, and D.3 respectively.

31 January 2022 balance sheet **Amounts in £'million**	**Solvency II**	**Statutory Accounts**
Assets		
Intangible assets	-	-
Property, plant & equipment held for own use	-	-
Investments	366.9	359.3
Reinsurance recoverables	246.1	65.4
Insurance and intermediaries receivables	0.9	92.2
Cash and cash equivalents	19.1	19.1
Any other assets, not elsewhere shown	5.8	9.1
Total assets	**638.8**	**545.1**
Liabilities		
Technical provisions - best estimate	348.6	392.6
Technical provisions - risk margin	19.9	-
Deferred tax liabilities	0.9	0.1
Insurance & intermediaries payables	16.1	16.1
Reinsurance payables	-	13.2
Any other liabilities, not elsewhere shown	138.1	11.5
Total liabilities	**523.6**	**433.5**
Excess of assets over liabilities	**115.1**	**111.6**

D.1 Assets

D.1.1 Valuation for solvency purposes of each material asset class

At 31 January 2022, AICL held the following assets:

Asset Class **Amounts in £'million**	**Solvency II**	**Statutory Accounts**	**Difference**
Intangible assets	-	0.0	(0.0)
Property, plant & equipment held for own use	-	0.0	(0.0)
Investments:			
Property (other than for own use)	36.8	29.1	7.7
Government Bonds	106.0	83.8	22.1
Corporate Bonds	188.8	197.0	(8.1)
Collective Investments Undertakings	35.4	49.4	(14.0)
Reinsurance Recoverables:			
Non-life	210.2	65.4	144.9
Life	35.9	-	35.9
Insurance and intermediaries receivables	0.9	92.2	(91.4)
Cash and cash equivalents	19.1	19.1	(0.1)
Any other assets, not elsewhere shown	5.8	9.1	(3.3)
Total Assets	**638.8**	**545.1**	**93.7**

Main differences between the valuation of assets include:

- Reinsurance Recoverables - Solvency II captures both excess of loss and quota share recoverables (split life and non-life), whereas the statutory accounts include excess of loss recoverables only (life and non-life combined), with quota share recoverables netted down against funds withheld account balances
- Insurance & intermediaries receivables – the statutory accounts include policyholder and intermediary premium debt as well as salvage and subrogated recoverables. Under Solvency II these amounts are included as negative values within gross technical provisions.

A summary of differences in the valuation methods are described in section D.1.2.

D.1.2 Material differences between solvency valuations and those used for financial statements

The Solvency II and statutory valuation methods used for each asset class are described in the table below:

Item	Asset Class	Solvency II Valuation	Statutory Valuation
1	Intangible assets	Not applicable	Depreciated historic costs
2	Property, plant and equipment for own use	Not applicable	Depreciated historic costs
3	Property	Quoted market prices in an active market	Depreciated historic costs
4	Participations	Not applicable	Historic costs
5	Government bonds	Quoted market prices in an active market	Amortised value - effective interest rate method
6	Corporate bonds	Quoted market prices in an active market	Amortised value - effective interest rate method
7	Investment funds	Look-through value	Quoted market prices in an active market
8	Deposits other than cash	Expected maturity value plus accrued interest or where quoted market price.	Amortised value - effective interest rate method
9	Reinsurance recoverables: Non-life excluding health	Discounted best estimate (probability-weighted average of future cash flows, discounted to allow for the time value of money)	Expected recoverable, discounted for periodic payment orders only
10	Reinsurance recoverables: Life excluding health and index-linked and unit-linked	Discounted best estimate (probability-weighted average of future cash flows, discounted to allow for the time value of money)	Expected recoverable, discounted for periodic payment orders only
11	Insurance & intermediaries receivables	Expected recoverable amount	Expected recoverable amount
12	Receivables (trade, not insurance)	Expected recoverable amount	Expected recoverable amount
13	Cash and cash equivalents	Quoted market prices in an active market	Quoted market prices in an active market
14	Any other assets, not elsewhere shown	Expected recoverable amount	Expected recoverable amount

D.2 Technical Provisions

D.2.1 Technical provisions by material line of business

Best estimate Solvency II technical provisions, gross and net of reinsurance, by line of business as at 31 January 2022 are shown in the following table:

Line of business **Amounts in £'million**	**Gross best estimate**	**Recoverable from reinsurance**	**Net best estimate**
Motor vehicle liability insurance	274.9	199.9	75.0
Other motor insurance	10.6	10.2	0.4
Fire and other damage to property insurance	0.9	0.1	0.8
Legal expenses insurance	5.2	0.0	5.2
Assistance	6.9	0.0	6.9
Miscellaneous financial loss	3.0	0.0	3.0
Life	47.0	35.9	11.1
Total best estimate technical provisions	**348.6**	**246.1**	**102.5**

The risk margin by line of business as at 31 January 2022 is shown in the table:

Line of business **Amounts in £'million**	**Risk margin**
Motor vehicle liability insurance	15.3
Other motor insurance	1.1
Fire and other damage to property insurance	0.0
Legal expenses insurance	0.3
Assistance	0.4
Miscellaneous financial loss	0.2
Life	2.6
Total risk margin	**19.9**

The risk margin is allocated by line of business in proportion to net best estimate technical provisions.

Actuarial projections have been carried out to estimate the ultimate cost of claims for each class of business. With the exception of motor large third-party injury claims, the chain ladder method has been used. This is a commonly used actuarial technique for estimating ultimate claim costs that assumes that the development of claims costs in the future can be based on analysis of the development of historical claim costs from past accident periods. The result is an estimate of the ultimate claims costs for the period being analysed.

For motor large third-party injury claims a Bornhuetter-Ferguson method has been used. This method is typically used to estimate ultimate claim costs in classes of business where there is low claim frequency but high claim severity. For each accident period, an initial assumption is made about the ultimate claims experience. As the accident period develops, the estimated ultimate claims are based less on the initial estimate and more on actual experience until, after a period of time, the estimated ultimate claims are based entirely on the actual experience.

The data used in the projections fulfils AICL's data quality requirements. The claims data is reconciled to independently produced data held within AICL's Finance department and there have been no material discrepancies between the two data sources since AICL's inception. Reasonableness checks are also performed to ensure that the data is sufficiently accurate, relevant and complete for solvency reporting.

The projected cash flows from the technical provisions are then discounted using the GBP risk-free interest rate term structure as provided by the Prudential Regulation Authority.

D.2.2 Uncertainty in the technical provisions

Projections of future cashflows are subject to uncertainty. The technical provisions referred to in this document are a best estimate and should be viewed as a central point of a range of possible outcomes. The estimated values for claim costs projected in this way will vary from year to year. The main sources of uncertainty include:

- More recent accident months which have less own experience
- Changes in claims reporting and handling procedures over time
- The frequency and severity of large motor third party liability claims
- Periodical Payment Orders, associated life expectancies of claimants and the uncertainty in inflation and investment returns over the lifetime of those claims
- Changes in the regulatory environment, including events which have a retrospective impact
- Other claims inflation uncertainties including the impact of Brexit
- The impact of the COVID-19 pandemic on the wider economy and how this filters back into insurance.

D.2.3 Material differences between solvency valuations and those used for financial statements

The following table shows the difference between the Solvency II gross best estimate technical provisions and those reported in the statutory accounts as at 31 January 2022.

Line of business Amounts in £'million	**Solvency II Best Estimate Technical Provisions**	**Statutory Accounts Technical Provisions**	**Difference**
Motor vehicle liability insurance	274.9	202.3	72.6
Other motor insurance	10.6	50.6	(40.0)
Fire and other damage to property insurance	0.9	0.4	0.5
Legal expenses insurance	5.2	5.4	(0.1)
Assistance	6.9	6.6	0.4
Miscellaneous financial loss	3.0	3.2	(0.2)
Life	47.0	124.2	(77.2)
Total	**348.6**	**392.6**	**(44.0)**

The main differences between the valuation of gross technical provisions under Solvency II versus statutory accounts relate to discounting of provisions, the recognition of profit within the unearned premium provision under Solvency II and the inclusion of a specific margin above best estimate provisions under statutory accounting, which is replaced by a specific ENIDs (events not in data) allowance and a risk margin under Solvency II.

D.2.3.1 Solvency II valuation bases

Solvency II technical provisions consist of best estimate technical provisions and a risk margin.

D.2.3.1.1 Best estimate technical provisions

Best estimate technical provisions are made up of claims provisions and premium provisions.

The claims provision is the expected present value of all future cash flows arising from claim events that occurred prior to the valuation date.

The premium provision is the expected present value of all future cash flows arising from the unexpired portion of business that the insurer is obligated to at the valuation date.

The cash flows consist of all future inflows and outflows including claim payments net of salvage and subrogated recoveries, expenses, ENIDs allowance, reinsurance costs and recoveries and future premiums stemming from existing policies.

Claims and premium provisions are calculated gross and net of reinsurance. Reinsurance recoveries arising from best estimate technical provisions are reported separately as assets on the Solvency II balance sheet.

D.2.3.1.2 Risk margin

The risk margin is defined within Article 77 of the Directive and is the cost of providing the capital to cover the SCR over the lifetime of the liabilities. It represents the potential costs of transferring insurance obligations to a third party should an insurer fail.

It is intended to ensure that the value of the technical provisions is equivalent to the amount that an insurer would be expected to require to take over and meet the insurance obligations.

The risk margin is calculated net of reinsurance.

The Solvency II valuation bases do not vary by line of business.

D.2.3.2 Statutory Accounts valuation bases

D.2.3.2.1 Claims outstanding provision

The provision for claims outstanding represents an estimate of the ultimate cost of all claims notified but not settled by the balance sheet date, together with a provision for related claims handling costs. The provision includes the estimated cost of claims incurred but not reported at the balance sheet date based on statistical methods. With the exception of periodical payment orders ('PPOs') awarded in the settlement of bodily injury claims, the claims outstanding provision is not discounted for the time value of money. Under statutory accounting the claims outstanding provision includes a specific margin above best estimate claims provisions.

The amount of anticipated reinsurance, salvage and subrogation recoveries is separately identified and, where material, reported separately as an asset.

Differences between the estimated cost and subsequent settlement of claims are dealt with in the appropriate technical account for the year in which they are settled or re-estimated.

D.2.3.2.2 Provision for unearned premiums

The provision for unearned premiums represents that proportion of premiums received or receivable that relates to risks that have not yet expired at the reporting date. The provision is calculated using the 24ths method.

D.2.3.2.3 Provision for unexpired risks

A provision for unexpired risks is maintained, when required, to cover the estimated excess of net liabilities over the associated unearned premium reserve after taking future investment return into account. An assessment is made for each grouping of business that is managed together such that the offsetting of any surpluses and deficits can only occur within each group.

Estimates for claims, investment return and other directly related income and expenses are based on information available at the balance sheet date.

The statutory valuation bases do not vary by line of business.

D.2.4 Matching adjustment

The matching adjustment referred to in Regulation 68 of The Regulations has not been applied in any of the calculations of the technical provisions, the SCR, the MCR, the basic own funds and the amounts of own funds eligible to cover the SCR and the MCR.

D.2.5 Volatility adjustment

The volatility adjustment referred to in Regulation 70 of The Regulations has not been applied in any of the calculations of the technical provisions, the SCR, the MCR, the basic own funds and the amounts of own funds eligible to cover the SCR and the MCR.

D.2.6 Transitional risk-free interest rate-term structure

The transitional risk-free interest rate term structure referred to in Schedule 1 of The Regulations has not been applied in any of the calculations of the technical provisions, the SCR, the MCR, the basic own funds and the amounts of own funds eligible to cover the SCR and the MCR.

D.2.7 Transitional measure on technical provisions

The transitional deduction referred to in Schedule 1 of The Regulations has not been applied in any of the calculations of the technical provisions, the SCR, the MCR, the basic own funds and the amounts of own funds eligible to cover the SCR and the MCR.

D.2.8 Other

D.2.8.1 Recoverables from reinsurance contracts and special purpose vehicles

AICL has two primary reinsurance structures and one primary coinsurance arrangement in place, as follows:

- Individual and aggregate excess of loss reinsurance covering all motor policies
- Quota share reinsurance covering all motor policies
- Coinsurance covering all household policies

D.2.8.1.1 Excess of Loss reinsurance cover covering all motor policies

Since AICL's inception in 2004, AICL has purchased reinsurance cover on an annual basis to mitigate the risks of particularly large motor liability claims as well as a concentration of claims in any short period due to, for example weather events.

D.2.8.1.2 Motor insurance quota share

AICL signed a quota share reinsurance treaty in early 2016 to provide reinsurance cover on a quota share basis for its motor business. The quota share arrangement applied to AICL's retained claims and premiums after the impact of the excess of loss reinsurance described above. AICL retains a portion of the overall risk to ensure alignment of interest between itself and the reinsurer partners. There are no sliding scale commissions in the arrangement.

A new quota share reinsurance contract commenced on 1 February 2019 on principally the same terms with the addition of a second reinsurer into the partnership and a marginally reduced retention to AICL.

D.2.8.1.3 Home insurance arrangement

AICL began underwriting home insurance business (buildings and contents insurance) during 2012. This business is written on a coinsurance basis with the coinsurance partner taking the majority of the risk. AICL's remaining share is subject to quota share reinsurance. The risk retained by AICL is immaterial.

D.2.8.2 Material changes in the relevant assumptions made in the calculation of technical provisions compared to the previous reporting period

There have been no material changes in the calculation of the technical provisions compared to the previous reporting period.

D.3 Other Liabilities

D.3.1 Valuation of liabilities other than Technical Provisions

The liabilities other than technical liabilities as at 31 January 2022 are shown in the following table:

Liability Class **Amounts in £'million**	**Solvency II**	**Statutory Accounts**	**Difference**
Deferred tax liabilities	0.9	0.1	0.8
Insurance & intermediaries payables	16.1	16.1	-
Reinsurance payables	-	13.2	(13.2)
Any other liabilities, not elsewhere shown	138.1	11.5	126.6
Total Assets	**155.1**	**40.9**	**114.3**

Other than the valuation differences described in section D.3.2, the differences in the Solvency II and statutory accounts values are a result of differences in the rules governing the classification of assets and liabilities.

D.3.2 Material differences between solvency valuations and those used for financial statements

D.3.2.1 Solvency II valuations

D.3.2.1.1 Deferred tax liability

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

There is an additional Solvency II deferred tax liability calculated as the difference between the Solvency II and statutory accounts net assets (excluding the deferred tax liability) multiplied by the deferred tax rate.

D.3.2.1.2 Insurance & intermediaries payables

This represents amounts due for payment by policyholders, insurers, and other linked to insurance business that are not included in technical provisions that are past-due.

D.3.2.1.3 Reinsurance payables

This represents amounts payable to reinsurers other than deposits linked to reinsurance business that are not included in reinsurance recoverables that are past-due. Reinsurance payables include payables to reinsurers that relate to ceded premiums.

D.3.2.1.4 Any other liabilities, not elsewhere shown

This represents the total of any other liabilities, not elsewhere already included in other Balance Sheet items. The largest item within this class is the funds withheld account in respect of the motor quota share.

D.3.2.2 Statutory valuations

D.3.2.2.1 Deferred tax liability

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

D.3.2.2.2 Insurance & intermediaries payables

This represents amounts payable to policyholders, insurers and other business linked to insurance that are not included in technical provisions.

D.3.2.2.3 Reinsurance payables

This represents amounts payable to reinsurers other than deposits linked to reinsurance business that are not included in reinsurance recoverables. Reinsurance payables include payables to reinsurers that relate to ceded premiums.

D.3.2.2.4 Any other liabilities, not elsewhere shown

This is the total of any other liabilities, not elsewhere already included in other Balance Sheet items.

D.4 Alternative methods for valuation

AICL does not apply alternative methods for valuation.

D.5 Any other information

There is no other material information to be reported in this section.

E. Capital Management

E.1 Own Funds

E.1.1 Management of own funds

AICL has a Capital Management Policy and a Medium Term Capital Management Plan. These require management to maintain sufficient own funds such that a specified margin above the SCR ratio is always maintained. The projections are reviewed regularly as part of the Own Risk and Solvency Assessment (ORSA) process and ensure that appropriate funds are available for the duration of the planning period.

Over the planning period, the SCR movements will reflect plan volumes, premium and profit, together with the impact of these through to claims provisions, investments and counterparty receivables. To maintain the margin above the SCR at an appropriate level, surplus own funds are distributed to the shareholder via dividend payments.

E.1.2 Amount of own funds by tier

AICL's own funds as at 31 January 2022 (and prior year end) are as follows:

Description **Amounts in £'millions**	**Tier**	**31 January 2022**	**31 January 2021**
Ordinary Share Capital	1	30.0	30.0
Reconciliation Reserve	1	85.1	93.9
Total	**1**	**115.1**	**123.9**

E.1.3 Eligibility of own funds to cover the Solvency Capital Requirement, classified by tiers

All own funds shown in the table above are eligible to cover the SCR.

E.1.4 Eligibility of own funds to cover the Minimum Capital Requirement, classified by tiers

All own funds shown in the table above are eligible to cover the MCR.

E.1.5 Explanation of any material differences between equity as shown in the undertaking's financial statements and the excess of assets over liabilities as calculated for solvency purposes

The table below shows the reconciliation between the equity shown in the statutory accounts and the excess of assets over liabilities as calculated for solvency purposes as at 31 January 2022:

Description **Amounts in £'million**	**Solvency II**	**Statutory Accounts**
Ordinary share capital	30.0	30.0
Retained earnings including profits from the year	81.3	81.3
Other reserves from accounting balance sheet	0.3	0.3
Adjustments to assets	93.7	-
Adjustments to technical provisions	24.1	-
Adjustments to other liabilities	(114.3)	-
Total	**115.1**	**111.6**

The main differences between the Solvency II and statutory accounts are the valuation methods used in the calculation of property values and technical provisions.

E.1.6 Transitional arrangements

No own funds items are subject to transitional arrangements.

E.1.7 Ancillary own funds

There are no items of ancillary own funds.

E.1.8 Restrictions on assets

No own funds items have any restrictions placed on them.

E.2 Solvency Capital Requirement and Minimum Capital Requirement

E.2.1 Amount of the SCR and the MCR

The SCR and MCR as at 31 January 2022 and 31 January 2021 are shown in the following table:

Risk Category Amounts in £'million	31 January 2022	31 January 2021
Non-Life Underwriting Risk	40.8	74.6
Market Risk	20	24.1
Counterparty Default Risk	12.7	2.0
Life Underwriting Risk	1.4	1.7
Diversification Benefit	-17.4	-17.3
Basic SCR	57.5	85.1
Operational Risk	9.3	10.0
LACDT Adjustment	-12.7	-18.1
SCR	54.1	77.0
MCR	24.3	34.7

The SCR and MCR have reduced over the year following approval of updated USPs. Counterparty default risk has increased due to the inclusion of within terms premium debt in the type 1 counterparty default risk charge.

The SCR and MCR coverage ratios are shown in the table below:

Year ended Amounts in £'million	31 January 2022	31 January 2021
SCR	54.1	77.0
Own Funds	115.1	123.9
SCR Coverage Ratio	213%	161%
MCR	24.3	34.7
MCR Coverage Ratio	473%	357%

The coverage ratios have improved over the year largely due to the reductions in the SCR and MCR for reasons as noted above.

E.2.2 Simplified calculations

No simplified calculations are used in the calculation of the SCR.

E.2.3 Undertaking-specific parameters

Undertaking-specific parameters are used in the following elements of the premium and reserve risk sub-module of the non-life underwriting risk:

- Motor liability premium risk
- Motor liability reserve risk
- Motor other premium risk

E.2.4 Use of the option provided for in Regulation 52 (6) of The Regulations

The GFSC has not made use of Regulation 52(6) of The Regulations in respect of AICL's SCR.

E.2.5 Use of undertaking-specific parameters that the undertaking is required to use in accordance with Regulation 100(3) of The Regulations

The GFSC has not required the use of undertaking-specific parameters in accordance with Regulation 100(3) of The Regulations.

E.2.6 Inputs used to calculate the Minimum Capital Requirement

The following inputs were used to calculate the MCR as at 31 January 2022:

Line of business Amounts in £'million	**Net best estimate technical provisions**	**Net written premium in last 12 months**
Motor Vehicle liability insurance	204.4	21.3
Other motor insurance	0.4	5.3
Fire and other damage to property insurance	0.8	0.8
Legal expenses insurance	5.2	1.0
Assistance	6.9	19.6
Miscellaneous financial loss	3.0	1.3
Other (Periodical Payment Orders)	11.1	-

E.3 Use of the duration-based equity risk sub-module in the calculation of the Solvency Capital Requirement

E.3.1 The duration-based equity risk sub-module

AICL is not using the duration-based equity risk sub-module set out in Regulation 97 of The Regulations for the calculation of its SCR.

E.4 Differences between the standard formula and any internal model used

AICL has not used an internal model in any part of the calculation of the SCR or MCR.

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

AICL has maintained sufficient own funds to meet both the SCR and MCR at all times during the financial year.

E.6 Any other information

There is no other material information to be reported in this section.

F. Glossary of Terms

Key terms used in this document are defined below:

Term	Definition
AICL, the Company	Acromas Insurance Company Limited
ARCC	Audit, Risk and Compliance Committee
Best estimate technical provisions	Solvency II best estimate technical provisions are best estimates of the future cashflows arising from (a) the element of business for which the insurance cover has already been provided and (b) the unexpired portion of business that the insurer is obligated to at the valuation date. The elements (a) and (b) are referred to as claims provisions and premium provisions respectively.
Board	The board of directors of the Company
Claims provision	Solvency II claims provisions are the expected present value of all future cash flows arising from claim events that occurred prior to the valuation date. The cash flows consist of all future inflows and outflows including claim payments net of salvage and subrogated recoveries, expenses, ENIDs allowance, reinsurance costs and recoveries and future premiums stemming from existing policies.
Coinsurance	A contractual arrangement where two or more insurers agree to underwrite insurance business in specified proportions. Each coinsurer is directly liable to the policyholder for their share.
Delegated Acts	Refers to Commission Delegated Regulation (EU) 2015/35 (the regulations stating the Solvency II requirements).
GFSC	Gibraltar Financial Services Commission. AICL is regulated by the GFSC.
Gross written premium	Total premiums from contracts that incepted during the period.
IBNR	Incurred but not reported (IBNR) refers to reserves established for insurance claims or events that have happened but have not yet been reported to the insurer.
MCR	Minimum Capital Requirement. In addition to the SCR, the MCR is calculated which represents the threshold below which the regulator would intervene. The MCR is the capital required to ensure that the insurer will be able to meet its obligations over the next 12 months with a probability not less than 85%.
Net claims incurred	The cost of claims in the period less any claims costs recovered under excess of loss reinsurance contracts. It includes claims payments and movements in claims reserves (including IBNR).
Net earned technical income	The element of premiums and other income less the cost of excess of loss reinsurance from contracts for the period where insurance cover has already been provided.
Net written premium	Total premiums from contracts that incepted during the period less the cost of all reinsurance.
ORSA	Own Risk and Solvency Assessment. A forward-looking assessment of the company's risks and associated capital requirements, over the business planning period.
Own funds	The eligible funds an insurer has on the balance sheet to cover its SCR and MCR requirements.

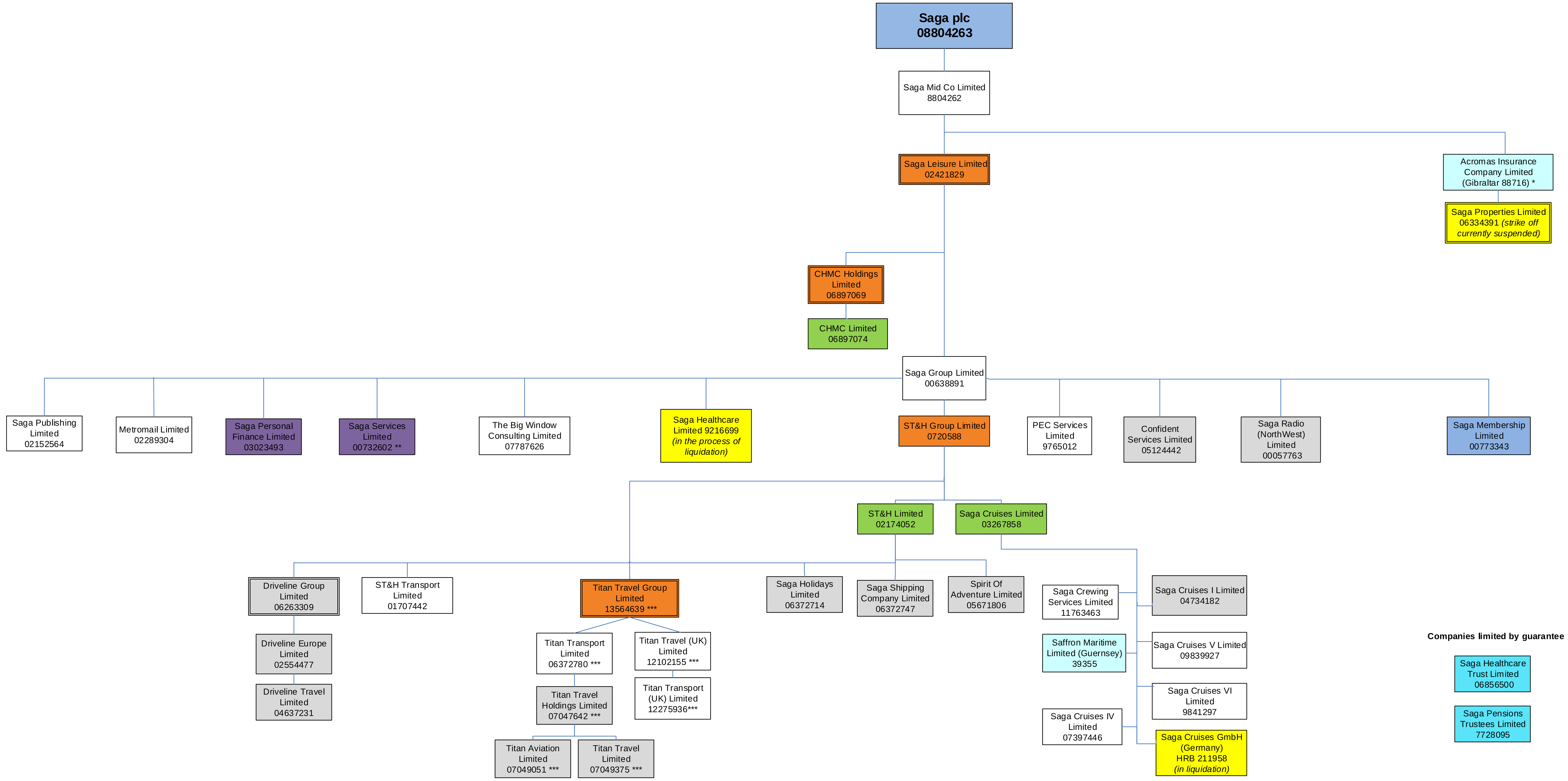
Term	Definition
PPACC	Pricing, Product and Capital Committee
Premium provision	Solvency II premium provisions are the expected present value of all future cash flows arising from the unexpired portion of business that the insurer is obligated to at the valuation date. The cash flows consist of all future inflows and outflows including claim payments net of salvage and subrogated recoveries, expenses, ENIDs allowance, reinsurance costs and recoveries and future premiums stemming from existing policies.
Reinsurance	A contractual agreement where the insurer transfers part or all of the insurance risk to a reinsurer. This can be on an excess of loss basis (where the reinsurer is liable for claims above an agreed level) or a quota share basis (both parties share risk exposure according to a fixed percentage).
Risk margin	The Solvency II risk margin represents the potential costs of transferring insurance obligations to a third party should an insurer fail.
SCR	Solvency Capital Requirement. The amount of funds that insurers are required to hold under Solvency II. The SCR is the capital required to ensure that the insurer will be able to meet its obligations over the next 12 months with a probability of at least 99.5%. A regulatory ladder of intervention applies once the capital holding of the insurer falls below the SCR, with the intervention becoming progressively more intense as the capital holding approaches the MCR.
Solvency II	The regulatory regime for the European insurance industry, which came into force on 1 January 2016. It primarily concerns the amount of capital that insurers must hold to reduce the risk of insolvency. It also covers governance and accountability, risk assessment and management, supervision, reporting and public disclosure.
SSL	Saga Services Limited; a subsidiary company of Saga plc which carries out insurance broking.
Statutory Accounts	Audited financial statements for the financial years ended 31 January. Prepared in accordance with Companies Act 2014, Financial Services Act 2019 and Gibraltar Financial Reporting Standards, including FRS 101
Technical provisions	Technical provisions are a best estimate of future insurance cash flows combining both the Claims and Premium Provisions (referenced above) and a risk margin under Solvency II.
The Regulations	Refers to Gibraltar Financial Services (Insurance Companies) Regulations 2020 (regulations that apply to insurers established in Gibraltar).
Underwriting	The process through which an insurer takes on insurance risk for a fee. The process includes assessing whether the risk is acceptable, the appropriate premium and the terms and conditions of the cover.
USPs	Undertaking-specific parameters: regulatory approved factors specific to the insurer that replace standard factors from the Delegated Acts used in the calculation of premium and reserve risk capital charges.

G. Additional Information

G.1 Saga plc company structure

The Saga plc company structure is shown in the following chart:

Saga plc
Group Structure as at 29/04/22 – All companies



KEY

- Active
- Dormant Company
- FCA Regulated
- Registered outside of England & Wales
- Holding Company
- 100% shares publically owned
- Companies limited by Guarantee
- Strike off in progress or in liquidation
- Appointed representative of Saga Services Ltd
- Will be introducer appointed representative for SSL & SPF

NOTES

1) All companies are 100% owned unless indicated otherwise
* AICL is registered with the Gibraltar Financial Services Commission
** SSL is registered with the Jersey Financial Services Commission
*** Part of Titan reorganisation effective from 30/11/21

G.2 Quantitative Reporting Templates

S.02.01.02

Balance sheet

		Solvency II value
		C0010
Assets		
Goodwill	R0010	
Deferred acquisition costs	R0020	
Intangible assets	R0030	0
Deferred tax assets	R0040	0
Pension benefit surplus	R0050	0
Property, plant & equipment held for own use	R0060	0
Investments (other than assets held for index-linked and unit-linked contracts)	R0070	366,935,486
Property (other than for own use)	R0080	36,775,000
Holdings in related undertakings, including participations	R0090	0
Equities	R0100	0
Equities - listed	R0110	0
Equities - unlisted	R0120	0
Bonds	R0130	294,785,062
Government Bonds	R0140	105,952,615
Corporate Bonds	R0150	188,832,447
Structured notes	R0160	0
Collateralised securities	R0170	0
Collective Investments Undertakings	R0180	35,375,424
Derivatives	R0190	0
Deposits other than cash equivalents	R0200	0
Other investments	R0210	0
Assets held for index-linked and unit-linked contracts	R0220	0
Loans and mortgages	R0230	0
Loans on policies	R0240	0
Loans and mortgages to individuals	R0250	0
Other loans and mortgages	R0260	0
Reinsurance recoverables from:	R0270	246,115,043
Non-life and health similar to non-life	R0280	210,240,330
Non-life excluding health	R0290	210,240,330
Health similar to non-life	R0300	0
Life and health similar to life, excluding health and index-linked and unit-linked	R0310	35,874,713
Health similar to life	R0320	0
Life excluding health and index-linked and unit-linked	R0330	35,874,713
Life index-linked and unit-linked	R0340	0
Deposits to cedants	R0350	0
Insurance and intermediaries receivables	R0360	862,031
Reinsurance receivables	R0370	0
Receivables (trade, not insurance)	R0380	0
Own shares (held directly)	R0390	0
Amounts due in respect of own fund items or initial fund called up but not yet paid in	R0400	0
Cash and cash equivalents	R0410	19,075,479
Any other assets, not elsewhere shown	R0420	5,793,665
Total assets	R0500	638,781,704

S.02.01.02 continued

Balance sheet

		Solvency II value
		C0010
Liabilities		
Technical provisions – non-life	R0510	318,907,392
Technical provisions – non-life (excluding health)	R0520	318,907,392
Technical provisions calculated as a whole	R0530	0
Best Estimate	R0540	301,621,268
Risk margin	R0550	17,286,123
Technical provisions - health (similar to non-life)	R0560	0
Technical provisions calculated as a whole	R0570	0
Best Estimate	R0580	0
Risk margin	R0590	0
Technical provisions - life (excluding index-linked and unit-linked)	R0600	49,611,920
Technical provisions - health (similar to life)	R0610	0
Technical provisions calculated as a whole	R0620	0
Best Estimate	R0630	0
Risk margin	R0640	0
Technical provisions – life (excluding health and index-linked and unit-linked)	R0650	49,611,920
Technical provisions calculated as a whole	R0660	0
Best Estimate	R0670	47,011,288
Risk margin	R0680	2,600,632
Technical provisions – index-linked and unit-linked	R0690	0
Technical provisions calculated as a whole	R0700	0
Best Estimate	R0710	0
Risk margin	R0720	0
Other technical provisions	R0730	
Contingent liabilities	R0740	0
Provisions other than technical provisions	R0750	0
Pension benefit obligations	R0760	0
Deposits from reinsurers	R0770	0
Deferred tax liabilities	R0780	928,214
Derivatives	R0790	0
Debts owed to credit institutions	R0800	0
Financial liabilities other than debts owed to credit institutions	R0810	0
Insurance & intermediaries payables	R0820	16,088,320
Reinsurance payables	R0830	0
Payables (trade, not insurance)	R0840	0
Subordinated liabilities	R0850	0
Subordinated liabilities not in Basic Own Funds	R0860	0
Subordinated liabilities in Basic Own Funds	R0870	0
Any other liabilities, not elsewhere shown	R0880	138,103,076
Total liabilities	R0900	523,638,922
Excess of assets over liabilities	R1000	115,142,782

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)						Total
		Motor vehicle liability insurance	Other motor insurance	Fire and other damage to property insurance	Legal expenses insurance	Assistance	Miscellaneous financial loss	
		C0040	C0050	C0070	C0100	C0110	C0120	C0200
Premiums written								
Gross - Direct Business	R0110	115,880,621.66	28,883,301.16	1,062,549.66	1,006,952.98	19,570,314.03	3,594,599.40	169,998,338.89
Gross - Proportional reinsurance accepted	R0120	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Gross - Non-proportional reinsurance accepted	R0130							0.00
Reinsurers' share	R0140	94,409,003.34	23,602,250.83	249,678.40	0.00	0.00	336,249.96	118,597,182.53
Net	R0200	21,471,618.32	5,281,050.33	812,871.26	1,006,952.98	19,570,314.03	3,258,349.44	51,401,156.36
Premiums earned								
Gross - Direct Business	R0210	121,101,093.91	30,188,419.23	962,339.78	941,395.39	20,290,463.06	1,974,346.73	175,458,058.10
Gross - Proportional reinsurance accepted	R0220	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Gross - Non-proportional reinsurance accepted	R0230							0.00
Reinsurers' share	R0240	98,603,780.18	24,650,945.05	186,226.16	0.00	0.00	336,249.96	123,777,201.35
Net	R0300	22,497,313.73	5,537,474.18	776,113.62	941,395.39	20,290,463.06	1,638,096.77	51,680,856.75
Claims incurred								
Gross - Direct Business	R0310	49,200,615.72	12,209,104.93	916,332.27	991,770.40	15,980,921.35	991,751.45	80,290,496.12
Gross - Proportional reinsurance accepted	R0320	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Gross - Non-proportional reinsurance accepted	R0330							0.00
Reinsurers' share	R0340	42,695,546.05	12,224,516.48	93,741.29	0.00	0.00	0.00	55,013,803.83
Net	R0400	6,505,069.66	-15,411.55	822,590.98	991,770.40	15,980,921.35	991,751.45	25,276,692.29
Changes in other technical provisions								
Gross - Direct Business	R0410	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Gross - Proportional reinsurance accepted	R0420	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Gross - Non- proportional reinsurance accepted	R0430							0.00
Reinsurers'share	R0440	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Net	R0500	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Expenses incurred	R0550	3,988,756.98	1,004,133.49	2,324,114.70	68,570.95	1,045,508.24	148,657.33	8,579,741.69
Other expenses	R1200							0.00
Total expenses	R1300							8,579,741.69

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

		Line of Business for: life insurance obligations Annuities stemming from non-life insurance contracts and relating to insurance obligations other than health insurance obligations	Total
		C0260	C0300
Premiums written			
Gross	R1410		
Reinsurers' share	R1420		
Net	R1500		
Premiums earned			
Gross	R1510		
Reinsurers' share	R1520		
Net	R1600		
Claims incurred			
Gross	R1610	0.00	0.00
Reinsurers' share	R1620	0.00	0.00
Net	R1700	0.00	0.00
Changes in other technical provisions			
Gross	R1710		
Reinsurers' share	R1720		
Net	R1800		
Expenses incurred	R1900		
Other expenses	R2500		
Total expenses	R2600		
Total amount of surrenders	R2700		

S.05.02.01

Premiums, claims and expenses by country

Non-life

		Home country	Country (by amount of gross premiums written)	Total for top 5 countries and home country (by amount of gross premiums written)
			GB	
		C0080	C0090	C0140
Premiums written				
Gross - Direct Business	R0110	169,998,338.89	0.00	169,998,338.89
Gross - Proportional reinsurance accepted	R0120	0.00	0.00	0.00
Gross - Non-proportional reinsurance accepted	R0130	0.00	0.00	0.00
Reinsurers' share	R0140	118,597,182.53	0.00	118,597,182.53
Net	R0200	51,401,156.36	0.00	51,401,156.36
Premiums earned				
Gross - Direct Business	R0210	175,458,058.10	0.00	175,458,058.10
Gross - Proportional reinsurance accepted	R0220	0.00	0.00	0.00
Gross - Non-proportional reinsurance accepted	R0230	0.00	0.00	0.00
Reinsurers' share	R0240	123,777,201.35	0.00	123,777,201.35
Net	R0300	51,680,856.75	0.00	51,680,856.75
Claims incurred				
Gross - Direct Business	R0310	80,290,496.12	0.00	80,290,496.12
Gross - Proportional reinsurance accepted	R0320	0.00	0.00	0.00
Gross - Non-proportional reinsurance accepted	R0330	0.00	0.00	0.00
Reinsurers' share	R0340	55,013,803.83	0.00	55,013,803.83
Net	R0400	25,276,692.29	0.00	25,276,692.29
Changes in other technical provisions				
Gross - Direct Business	R0410	0.00	0.00	0.00
Gross - Proportional reinsurance accepted	R0420	0.00	0.00	0.00
Gross - Non-proportional reinsurance accepted	R0430	0.00	0.00	0.00
Reinsurers' share	R0440	0.00	0.00	0.00
Net	R0500	0.00	0.00	0.00
Expenses incurred	R0550	8,579,741.69	0.00	8,579,741.69
Other expenses	R1200			
Total expenses	R1300			8,579,741.69

S.05.02.01 continued
Premiums, claims and expenses by country
Life

		Home country	Country (by amount of gross premiums written)	Total for top 5 countries and home country (by amount of gross premiums written)
			GB	
		C0220	C0230	C0280
Premiums written				
Gross	R1410	0.00	0.00	0.00
Reinsurers' share	R1420	0.00	0.00	0.00
Net	R1500	0.00	0.00	0.00
Premiums earned				
Gross	R1510	0.00	0.00	0.00
Reinsurers' share	R1520	0.00	0.00	0.00
Net	R1600	0.00	0.00	0.00
Claims incurred				
Gross	R1610	0.00	0.00	0.00
Reinsurers' share	R1620	0.00	0.00	0.00
Net	R1700	0.00	0.00	0.00
Changes in other technical provisions				
Gross	R1710	0.00	0.00	0.00
Reinsurers' share	R1720	0.00	0.00	0.00
Net	R1800	0.00	0.00	0.00
Expenses incurred	R1900	0.00	0.00	0.00
Other expenses	R2500			
Total expenses	R2600			0.00

S.12.01.02

Life and Health SLT Technical Provisions

		Annuities stemming from non-life insurance contracts and relating to insurance obligation other than health insurance obligations	Total (Life other than health insurance, incl. Unit-Linked)
		C0090	C0150
Technical provisions calculated as a whole	R0010		
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP calculated as a whole	R0020		
Technical provisions calculated as a sum of BE and RM			
Best Estimate			
Gross Best Estimate	R0030	47,011,288	47,011,288
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0080	35,874,713	35,874,713
Best estimate minus recoverables from reinsurance/SPV and Finite Re	R0090	11,136,575	11,136,575
Risk Margin	R0100	2,600,632	2,600,632
Amount of the transitional on Technical Provisions			
Technical Provisions calculated as a whole	R0110		
Best estimate	R0120		
Risk margin	R0130		
Technical provisions - total	R0200	49,611,920	49,611,920

S.17.01.02

Non-Life Technical Provisions

		Direct business and accepted proportional reinsurance						
		Motor vehicle liability insurance	Other motor insurance	Fire and other damage to property insurance	Legal expenses insurance	Assistance	Miscellaneous financial loss	Total Non-Life obligation
		C0050	C0060	C0080	C0110	C0120	C0130	C0180
Technical provisions calculated as a whole	R0010	0	0	0	0	0	0	0
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP calculated as a whole	R0050	0	0	0	0	0	0	0
Technical provisions calculated as a sum of BE and RM								
Best estimate								
Premium provisions								
Gross - Total	R0060	43,698,612	19,890,847	448,837	518,574	4,090,816	1,505,082	70,152,768
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0140	34,591,467	16,563,236	82,240	0	0	0	51,236,944
Net Best Estimate of Premium Provisions	R0150	9,107,145	3,327,611	366,597	518,574	4,090,816	1,505,082	18,915,824
Claims provisions								
Gross - Total	R0160	231,204,560	-9,288,875	464,551	4,730,723	2,816,264	1,541,277	231,468,501
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0240	165,348,082	-6,410,618	65,922	0	0	0	159,003,386
Net Best Estimate of Claims Provisions	R0250	65,856,478	-2,878,257	398,629	4,730,723	2,816,264	1,541,277	72,465,114
Total Best estimate - gross	R0260	274,903,172	10,601,971	913,388	5,249,298	6,907,080	3,046,359	301,621,268
Total Best estimate - net	R0270	74,963,622	449,353	765,225	5,249,298	6,907,080	3,046,359	91,380,938
Risk margin	R0280	15,266,280	1,145,333	49,700	281,957	377,076	165,776	17,286,123
Amount of the transitional on Technical Provisions								
TP as a whole	R0290	0	0	0	0	0	0	0
Best estimate	R0300	0	0	0	0	0	0	0
Risk margin	R0310	0	0	0	0	0	0	0
Technical provisions - total								
Technical provisions - total	R0320	290,169,452	11,747,305	963,088	5,531,255	7,284,157	3,212,135	318,907,392
Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total	R0330	199,939,549	10,152,618	148,162	0	0	0	210,240,330
Technical provisions minus recoverables from reinsurance/SPV and Finite Re- total	R0340	90,229,903	1,594,687	814,926	5,531,255	7,284,157	3,212,135	108,667,062

S.19.01.21

Non-life insurance claims

Unit	GBP

Accident year	Z0020	1

Gross Claims Paid (non-cumulative) - Development year (absolute amount)

		0	1	2	3	4	5	6	7	8	9	10 & +
		C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110
Prior	R0100											192,596
N-9	R0160	138,725,113	39,768,074	13,493,651	12,793,021	8,603,061	10,514,655	2,345,282	381,956	218,766	198,609	
N-8	R0170	123,260,281	32,234,381	10,483,646	10,044,220	11,483,809	5,760,733	882,711	3,838,337	466,227		
N-7	R0180	114,480,755	29,285,168	9,446,931	7,908,711	7,122,533	11,312,275	2,046,820	464,498			
N-6	R0190	114,171,878	27,126,533	8,969,692	14,346,594	10,495,511	3,125,717	1,528,150				
N-5	R0200	110,412,212	23,207,755	9,702,143	6,556,247	2,959,031	2,483,347					
N-4	R0210	107,467,310	24,764,155	7,231,416	9,818,194	9,511,072						
N-3	R0220	110,289,516	29,804,275	3,919,433	3,795,252							
N-2	R0230	112,235,593	28,904,793	7,675,189								
N-1	R0240	69,772,392	18,289,026									
N	R0250	74,637,263										

Gross Claims Paid (non-cumulative) - Current year, sum of years (cumulative)

	In Current year	Sum of years (cumulative)
	C0170	C0180
R0100	192,596	1,192,749,212
R0160	198,609	227,042,188
R0170	466,227	198,454,345
R0180	464,498	182,067,692
R0190	1,528,150	179,764,075
R0200	2,483,347	155,320,736
R0210	9,511,072	158,792,147
R0220	3,795,252	147,808,475
R0230	7,675,189	148,815,574
R0240	18,289,026	88,061,419
R0250	74,637,263	74,637,263
R0260	119,241,228	2,753,513,126

Gross undiscounted Best Estimate Claims Provisions - Development year (absolute amount)

		0	1	2	3	4	5	6	7	8	9	10 & +
		C0200	C0210	C0220	C0230	C0240	C0250	C0260	C0270	C0280	C0290	C0300
Prior	R0100											661,068
N-9	R0160	0	0	0	0	34,624,544	-17,313,353	-6,832,430	-703,450	-7,679,099	-1,873,329	
N-8	R0170	0	0	0	61,383,445	-22,278,927	1,581,734	-9,891,327	-4,069,140	-3,719,673		
N-7	R0180	0	0	84,635,394	-19,775,005	-20,446,248	-22,819,547	-16,092,274	-850,738			
N-6	R0190	0	118,425,424	-15,765,955	-55,609,813	-21,045,381	-10,952,079	-4,735,415				
N-5	R0200	132,864,256	-46,106,625	-37,105,029	-10,014,200	-30,216,564	-3,911,942					
N-4	R0210	127,809,287	-55,558,816	-20,100,053	-21,794,623	-16,743,343						
N-3	R0220	91,807,178	-31,948,715	-4,536,724	-15,313,010							
N-2	R0230	101,101,473	-50,343,312	-13,705,196								
N-1	R0240	54,781,343	-17,083,284									
N	R0250	75,966,640										

Gross discounted Best Estimate Claims Provisions - Current year, sum of years

	Year end (discounted data)
	C0360
R0100	4,622,451
R0160	214,280
R0170	21,660,868
R0180	4,400,456
R0190	9,719,949
R0200	5,179,537
R0210	12,775,929
R0220	37,671,019
R0230	34,719,906
R0240	35,346,493
R0250	71,949,394
R0260	238,260,283

S.23.01.01

Own funds

		Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
		C0010	C0020	C0030	C0040	C0050
Basic own funds before deduction for participations in other financial sector as foreseen in article 68 of Delegated Regulation 2015/35						
Ordinary share capital (gross of own shares)	R0010	30,000,000	30,000,000			
Share premium account related to ordinary share capital	R0030	0	0			
Initial funds, members' contributions or the equivalent basic own - fund item for mutual and mutual-type undertakings	R0040	0	0			
Subordinated mutual member accounts	R0050	0				
Surplus funds	R0070	0	0			
Preference shares	R0090	0				
Share premium account related to preference shares	R0110	0				
Reconciliation reserve	R0130	85,142,782	85,142,782			
Subordinated liabilities	R0140	0				
An amount equal to the value of net deferred tax assets	R0160	0				
Other own fund items approved by the supervisory authority as basic own funds not specified above	R0180	0	0			
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						
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds	R0220	0				
Deductions						
Deductions for participations in financial and credit institutions	R0230	0	0			
Total basic own funds after deductions	R0290	115,142,782	115,142,782	0	0	0
Ancillary own funds						
Unpaid and uncalled ordinary share capital callable on demand	R0300	0				
Unpaid and uncalled initial funds, members' contributions or the equivalent basic own fund item for mutual and mutual - type undertakings, callable on demand	R0310	0				
Unpaid and uncalled preference shares callable on demand	R0320	0				
A legally binding commitment to subscribe and pay for subordinated liabilities on demand	R0330	0				
Letters of credit and guarantees under Article 96(2) of the Directive 2009/138/EC	R0340	0				
Letters of credit and guarantees other than under Article 96(2) of the Directive 2009/138/EC	R0350	0				
Supplementary members calls under first subparagraph of Article 96(3) of the Directive 2009/138/EC	R0360	0				
Supplementary members calls - other than under first subparagraph of Article 96(3) of the Directive 2009/138/EC	R0370	0				
Other ancillary own funds	R0390	0				
Total ancillary own funds	R0400	0			0	0
Available and eligible own funds						
Total available own funds to meet the SCR	R0500	115,142,782	115,142,782	0	0	0
Total available own funds to meet the MCR	R0510	115,142,782	115,142,782	0	0	
Total eligible own funds to meet the SCR	R0540	115,142,782	115,142,782			
Total eligible own funds to meet the MCR	R0550	115,142,782	115,142,782			
SCR	R0580	54,084,597				
MCR	R0600	24,338,069				
Ratio of Eligible own funds to SCR	R0620	213%				
Ratio of Eligible own funds to MCR	R0640	473%				

Reconciliation reserve

		C0060
Reconciliation reserve		
Excess of assets over liabilities	R0700	115,142,782
Own shares (held directly and indirectly)	R0710	0
Foreseeable dividends, distributions and charges	R0720	0
Other basic own fund items	R0730	30,000,000
Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	R0740	0
Reconciliation reserve	R0760	85,142,782
Expected profits		
Expected profits included in future premiums (EPIFP) - Life business	R0770	0
Expected profits included in future premiums (EPIFP) - Non-life business	R0780	1,536,643
Total Expected profits included in future premiums (EPIFP)	R0790	1,536,643

S.25.01.21

Solvency Capital Requirement - for undertakings on Standard Formula

Basic Solvency Capital Requirement

		Gross solvency capital requirement	Simplifications
		C0110	C0120
Market risk	R0010	19,951,574	0
Counterparty default risk	R0020	12,740,514	0
Life underwriting risk	R0030	1,406,867	0
Health underwriting risk	R0040	0	0
Non-life underwriting risk	R0050	40,834,326	0
Diversification	R0060	-17,422,363	
Intangible asset risk	R0070	0	
Basic Solvency Capital Requirement	R0100	57,510,918	

Calculation of Solvency Capital Requirement

		Value
		C0100
Operational risk	R0130	9,260,189
Loss-absorbing capacity of technical provisions	R0140	0
Loss-absorbing capacity of deferred taxes	R0150	-12,686,510
Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC	R0160	0
Solvency Capital Requirement excluding capital add-on	R0200	54,084,597
Capital add-on already set	R0210	0
Solvency capital requirement	R0220	54,084,597
Other information on SCR		
Capital requirement for duration-based equity risk sub-module	R0400	0
Total amount of Notional Solvency Capital Requirements for remaining part	R0410	0
Total amount of Notional Solvency Capital Requirements for ring fenced funds	R0420	0
Total amount of Notional Solvency Capital Requirements for matching adjustment portfolios	R0430	0
Diversification effects due to RFF nSCR aggregation for article 304	R0440	0

S.28.01.01

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

Linear formula component for non-life insurance and reinsurance obligations		MCR components
		C0010
MCRNL Result	R0010	24,276,467

Background information		Background information	
		Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance) written premiums in the last 12 months
		C0020	C0030
Medical expense insurance and proportional reinsurance	R0020	0	0
Income protection insurance and proportional reinsurance	R0030	0	0
Workers' compensation insurance and proportional reinsurance	R0040	0	0
Motor vehicle liability insurance and proportional reinsurance	R0050	204,425,859	21,268,201
Other motor insurance and proportional reinsurance	R0060	449,353	5,317,050
Marine, aviation and transport insurance and proportional reinsurance	R0070	0	0
Fire and other damage to property insurance and proportional reinsurance	R0080	765,225	812,871
General liability insurance and proportional reinsurance	R0090	0	0
Credit and suretyship insurance and proportional reinsurance	R0100	0	0
Legal expenses insurance and proportional reinsurance	R0110	5,249,298	1,006,953
Assistance and proportional reinsurance	R0120	6,907,080	19,570,314
Miscellaneous financial loss insurance and proportional reinsurance	R0130	3,046,359	1,321,600
Non-proportional health reinsurance	R0140	0	0
Non-proportional casualty reinsurance	R0150	0	0
Non-proportional marine, aviation and transport reinsurance	R0160	0	0
Non-proportional property reinsurance	R0170	0	0

Linear formula component for life insurance and reinsurance obligations		C0040
MCRL Result	R0200	233,868

Total capital at risk for all life (re)insurance obligations		Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance/SPV) total capital at risk
		C0050	C0060
Obligations with profit participation - guaranteed benefits	R0210	0	
Obligations with profit participation - future discretionary benefits	R0220	0	
Index-linked and unit-linked insurance obligations	R0230	0	
Other life (re)insurance and health (re)insurance obligations	R0240	11,136,575	
Total capital at risk for all life (re)insurance obligations	R0250		0

Overall MCR calculation		C0070
Linear MCR	R0300	24,510,335
SCR	R0310	54,084,597
MCR cap	R0320	24,338,069
MCR floor	R0330	13,521,149
Combined MCR	R0340	24,338,069
Absolute floor of the MCR	R0350	2,085,646
Minimum Capital Requirement	R0400	24,338,069