SAGA

Acromas Insurance Company Limited

Solvency and Financial Condition Report

31 January 2025

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Note: Any differences between totals and sums of components in the report are due to rounding.

Introduction

This Solvency and Financial Condition Report has been prepared in accordance with Solvency 2 regulatory requirements. Solvency 2 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 2 framework. This report has been prepared in accordance with Regulations 56A to 56E of the Gibraltar Financial Services (Insurance Companies) Regulations 2020 ('The Regulations').

The structure of the report is also in accordance with Regulations 51A of the Financial Services (Insurance Supervisory Reporting) (Technical Standards) Regulations 2025.

This document reports on the position of Acromas Insurance Company Limited ("AICL") as of 31 January 2025. 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 regulated insurance company which underwrites business introduced by intermediaries within the Saga plc group, the AA Limited 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 financial year since it started underwriting in 2004. Its core activities are the underwriting and pricing of personal lines insurance products and the settlement of claims arising from that underwriting. It supplies products on a wholesale premium basis to its distribution partners, who are then responsible for setting the retail prices in compliance with all regulatory requirements. AICL's reported premiums therefore cover the expected cost of claims, reinsurance, expenses, levies and a profit margin.

AICL's gross written premium in the financial year 2024/25 was predominantly from contracts written in the United Kingdom, with small exposures in the Channel Islands and the Isle of Man for add-on products only.

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 2025 is summarised below:

Year ended. **Amounts in £'million**	**31 January 2025**	**31 January 2024**
Gross Written Premiums	*158.9*	*189.4*
Net Earned Technical Income (before quota share reinsurance)	*171.5*	*149.2*
Profit before Taxation (net of quota share reinsurance)	*7.2*	*2.6*
Current Year Combined Ratio (excluding investment return)	*105.8%*	*107.4%*
Solvency Capital Requirement (SCR)	*45.3*	*54.0*
Own Funds	*93.8*	*83.0*
SCR Coverage Ratio	*207%*	*154%*
MCR	*18.0*	*24.3*
MCR Coverage Ratio	*521%*	*342%*

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 elements:

- *The Board of Directors*
- *The Board Sub-committee*
- *Risk and governance committees*
- *Executive Management*
- *Second & third-line oversight from the Saga Insurance Chief Risk Officer (CRO) Function and Saga plc Internal Audit Function*

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 2025 (and prior year end) split into the main risk modules:

Risk Category	31 January 2025	31 January 2024
Non-Life Underwriting Risk	*55%*	*56%*
Market Risk	*29%*	*24%*
Counterparty Default Risk	*21%*	*21%*
Life Underwriting Risk	*2%*	*2%*
Diversification Benefit	*(26%)*	*(23%)*
Operational Risk	*19%*	*21%*
Deferred Tax Adjustment	-	-
Solvency Capital Requirement (SCR)	*100%*	*100%*

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

Over the year, the market risk percentage of the SCR has increased to 29%. This reflects market risk remaining stable in absolute terms whilst other risk categories have reduced. For more detail, please refer to section E.2.

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 gross premium income and 90% of its gross technical provisions relate to motor insurance. Underwriting and pricing risk is assessed and managed by a suite of management information reports and technical analysis, 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.

Reserve risk is managed by monthly reviews of claims experience and reserve calculations. The monthly reserves are agreed by the Chief Actuary. In addition, reserves are reviewed by independent external actuaries as part of the year-end financial reporting process. A scenario-based reserve risk analysis and a statistical analysis of reserve volatility are carried out on a half-yearly basis. The level of reserves and reserve margin is reviewed and approved by the Reserving Committee, the ARCC and the AICL Board at least half-yearly.

Market risk is managed by the AICL Finance Director using the approach laid out in the AICL Investment Policy, 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 due to the economic and the geo-political environments. 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 2 and statutory bases as of 31 January 2025 as well as the prior year end:

Solvency 2 (£'million)	**31 January 2025**	**31 January 2024**
Value of assets	*499.1*	*579.1*
Value of liabilities	*405.3*	*496.1*
Excess of assets over liabilities	*93.8*	*83.0*

Statutory Accounts (£'million)	**31 January 2025**	**31 January 2024**
Value of assets	*446.7*	*538.2*
Value of liabilities	*370.2*	*460.8*
Excess of assets over liabilities	*76.5*	*77.4*

See section D for an explanation of the main differences between the Solvency 2 and Statutory Accounts valuation of assets and liabilities.

5. Capital Management

AICL has a Board-approved Capital Management Policy in place. It 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 regularly 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 can be distributed to the shareholder via dividend payments if all criteria in the Capital Management Policy are met, subject to Board and Gibraltar Financial Services Commission (GFSC) approval.

The SCR and Minimum Capital Requirement (MCR) coverage ratios as at 31 January 2025 (and prior year end) are shown in the table below:

Year ended **Amounts in £'million**	**31 January 2025**	**31 January 2024**
Solvency Capital Requirement	*45.3*	*54.0*
Own Funds	*93.8*	*83.0*
SCR Coverage Ratio	*207%*	*154%*
MCR	*18.0*	*24.3*
MCR Coverage Ratio	*521%*	*342%*

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.

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, reinsurance, expenses, levies, and profit margin.

AICL's gross written premium in the financial year 2024/25 was predominately from contracts written in the United Kingdom, with small exposures in the Channel Islands and the Isle of Man for add-on products only.

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 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 2022/23, 2023/24 and 2024/25 written premium by high level product group.

	Classification in Statutory Accounts	**Gross Written Premiums £ million**		
		2024/25	**2023/24**	**2022/23**
Motor insurance and ancillaries	*Direct Motor*	*134.2*	*164.7*	*128.3*
Breakdown products	*Direct Assistance*	*21.0*	*20.5*	*21.2*
Home Legal	*Other*	*0.6*	*1.1*	*1.2*
Pet insurance	*Miscellaneous Financial Loss*	*0.9*	*1.0*	*1.2*
Home and ancillaries	*Other*	*2.0*	*1.0*	*0.2*
Caravan insurance	*Other*	*0.3*	*0.9*	*0.9*
Other insurances	*Miscellaneous Financial Loss*	*0.0*	*0.0*	*1.2*
Total		**158.9**	**189.4**	**154.2**

For 2024/25, 85% of written premium related to motor insurance and ancillaries, 13% to breakdown insurance and ancillaries and the remaining 2% 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.

On 16 December 2024, Saga announced that it had entered into a binding agreement for a 20-year insurance partnership with Ageas, covering its home and motor insurance customers. The agreement includes the sale of AICL and transfer of CHMC claims colleagues to Ageas as part of the partnership. The AICL change in control is expected to complete in mid-2025, subject to regulatory approval.

While AICL remains well capitalised as at 31 January 2025, the sale to Ageas leads to uncertainty with respect to the operation of AICL as a separate GFSC regulated entity within the Ageas Group in the longer term.

Other significant business events that have occurred over the reporting period include market wide events, changes to claim development patterns and the ongoing impacts of inflation. Application fraud risk has stabilised whilst issues of affordability of higher premiums remain.

Motor has seen improvements in the availability of spare parts, repairer capacity and speed of repair. Wider market changes around Personal Injury and Total Loss Valuations increased claims spend. Home was impacted by increasing material and labour costs. Across both motor and home AICL has maintained a high degree of focus on the tracking of inflation, supply chain insight and granular claims data to ensure the company adequately prices for risk, in accordance with its business model.

A.2 Underwriting Performance

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

Year ended	**31 January 2025**	**31 January 2024**
	£ million	**£ million**
Gross Written Premium	*158.9*	*189.4*
Profit and loss, excluding quota share reinsurance		
Net Earned Technical Income	*171.5*	*149.2*
Other Income	*6.4*	*3.1*
Net Claims Incurred – Current Year	*(148.9)*	*(169.8)*
Net Claims Incurred – Reserve Releases	*13.3*	*10.8*
Operating Expenses	*(16.1)*	*(17.9)*
Investment Return	*9.4*	*6.4*
Sub Total	*35.5*	*(18.0)*
Quota share reinsurance cost	*(29.7)*	*20.7*
Underlying Profit before taxation	*5.8*	*2.6*
Combined Ratio (excluding investment return)	*100.4%*	*100.7%*

Effective from 1st February 2022, the Company entered a new quota share agreement provided by two reinsurance companies with an equal share of 80% of its motor insurance risks. Quota share agreements are on a funds withheld basis.

Excluding the impact of the quota share arrangement, net earned premiums increased by 14.9% to £171.5m (2024: £149.2m) reflecting a 17% increase in Saga Motor average earned premiums offset by a 10ppt reduction in the number of earned policies, a result of lower volumes on Saga brokerage panels.

Excluding the impact of the quota share arrangement, prior year reserve releases of £13.3m (2024: £10.8m) were recognised primarily reflecting continued favourable experience on large bodily injury claims relating to prior accident years.

Underlying PBT (excluding exceptional costs) increased by £3.2m year on year to £5.8m (2024: £2.6m) a result of favourable claims performance seen during the last year alongside the earn through of management action and additional net rate passed on during 2023 and 2024. The relatively consistent combined operating ratio (COR) of 100.4% (2024: 100.7%) reflects the P&L stability provided over the last 2 years by the quota share reinsurance cover, absorbing 80% of the volatility in the Motor technical result in both years.

Key financial indicators by major line of business follow:

Year ended 31 January 2025	**Motor**	**Direct Assistance**	**Miscellaneous Financial Loss**	**Other**	**Total**
	£m	*£m*	*£m*	*£m*	*£m*
Gross Written Premium	*134.2*	*21.6*	*0.9*	*2.3*	*158.9*
Profit and loss, excluding quota share reinsurance					
Net Earned Technical Income	*146.2*	*22.1*	*1.5*	*1.7*	*171.5*
Other Income	*0.3*	*3.7*	*0.0*	*2.4*	*6.4*
Net Claims Incurred – Current Year	*(120.8)*	*(22.3)*	*(3.2)*	*(2.6)*	*(148.9)*
Net Claims Incurred – Reserve Releases	*15.6*	*(2.5)*	*0.0*	*0.2*	*13.3*
Operating Expenses	*(14.1)*	*(0.2)*	*(0.1)*	*(1.7)*	*(16.1)*
Investment Return	*6.5*	*1.0*	*0.0*	*0.1*	*6.8*
Sub Total	*33.5*	*1.0*	*(1.7)*	*0.1*	*33.0*
Quota share reinsurance cost	*(27.4)*	*0.0*	*(2.1)*	*0.0*	*(29.7)*
Profit on Technical Account	*6.2*	*1.0*	*(3.8)*	*0.0*	*3.2*
Investment return on shareholders' funds					*2.6*
Profit before taxation					*5.8*

All contracts were concluded in the United Kingdom.

For comparison the key financial indicators by major line of business for the previous year follow:

Year ended 31 January 2024	**Motor**	**Direct Assistance**	**Miscellaneous Financial Loss**	**Other**	**Total**
	£m	*£m*	*£m*	*£m*	*£m*
Gross Written Premium	*164.7*	*21.6*	*1.0*	*2.0*	*189.4*
Profit and loss, excluding quota share reinsurance					
Net Earned Technical Income	*123.2*	*21.7*	*2.2*	*2.1*	*149.2*
Other Income	*0.3*	*2.0*	*0.0*	*0.9*	*3.1*
Net Claims Incurred – Current Year	*(138.1)*	*(21.8)*	*(6.4)*	*(3.4)*	*(169.8)*
Net Claims Incurred – Reserve Releases	*11.1*	*(0.6)*	*0.3*	*0.0*	*10.8*
Operating Expenses	*(15.4)*	*(0.2)*	*(0.1)*	*(2.2)*	*(17.9)*
Investment Return	*5.7*	*0.3*	*0.0*	*0.1*	*6.0*
Sub Total	*(13.3)*	*1.3*	*(3.9)*	*(2.5)*	*(18.4)*
Quota share reinsurance cost	*19.5*	*0.0*	*1.2*	*0.0*	*20.6*
Profit on Technical Account	*6.2*	*1.3*	*(2.7)*	*(2.5)*	*2.2*
Investment return on shareholders' funds					*0.4*
Profit before taxation					*2.6*

Profit before taxation in 2023/24 reduced year on year by c£14m with 2022/23 benefiting from additional reserve releases driven by the release of a £10m margin generated across 2020/21. 2023/24 saw a (2.5%) reduction in COR, with the increased rate passed on across 2023 and 2024 earning through and more than offsetting the continued increasing inflationary cost pressure seen across the cost lines.

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. Investment properties, leased to Group and currently held for sale are valued at the lower of current market value and deprecated historical cost.

Asset Type	**Value as of 31 January 2025**	**Value as of 31 January 2024**	**Income in 2024/25**	**Expenses in 2024/25**
	£ million	*£ million*	*£ million*	*£ million*
Money market funds	*62.9*	*32.8*	*2.1*	*0.0*
Property	*23.2*	*23.3*	*3.3*	*(0.1)*
Fixed Interest Securities	*178.7*	*219.1*	*4.3*	*(0.3)*
Total	**264.7**	**275.2**	**9.7**	**(0.3)**

2024/25 saw a c.10% year on year increase in investment income with maturing fixed term corporate bond maturities reinvested into highly liquid money market funds achieving significantly increased yields compared to the yield from the matured investments. 2023/24 saw increased investment expenses with recognition of an exceptional impairment on investment properties.

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 IFRS equity.

	Called-up Share Capital	**Share Premium Account**	**Other Reserves**	**Profit & Loss Account**	**Total Equity**
	£m	*£m*	*£m*	*£m*	*£m*
As of 31 January 2024	*30.0*	-	*(8.3)*	*55.8*	*77.4*
Profit for the financial year				*4.2*	*4.2*
Net gain on available for sale financial assets			*5.1*		*5.1*
Associated tax effect			*(1.3)*		*(1.3)*
Dividends paid				*(9.0)*	*(9.0)*
As of 31 January 2025	*30.0*	-	*(4.5)*	*51.0*	*76.5*

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 2025	31 January 2024
	£ million	£ million
Referral fees	0.0	0.0
Expense allowances and profit shares	35.7	36.8
Total	35.7	36.8

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 2025	31 January 2024
	£ million	£ million
Levies payable to regulatory bodies	3.8	4.6
Acquisition costs	0.0	0.0
Administrative expenses	12.2	13.2
Reinsurer's share of expenses	(8.7)	(11.5)
Total	7.4	6.4

Levies payable to regulatory bodies are typically payable on written premium and debited to the profit and loss account on the same basis. 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

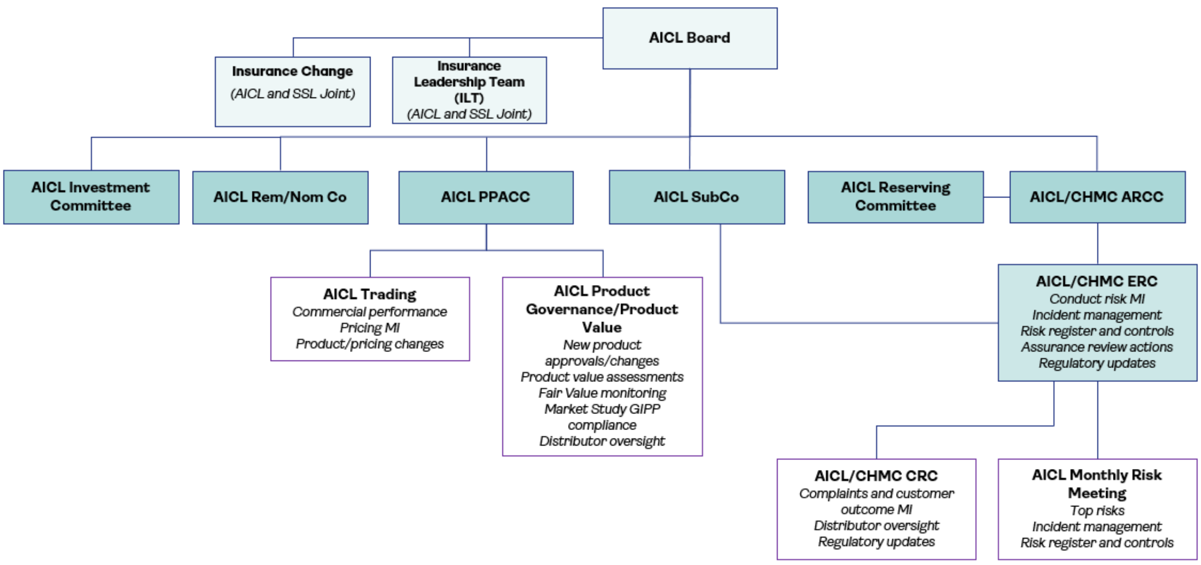
B.1.1 The structure, roles, and responsibilities of the undertaking's administrative, management or supervisory body and relevant committees

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 at least on 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.

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

The governance committee structure is outlined below:

AICL GOVERNANCE STRUCTURE



Each Committee has delegated authority by the Board to carry out their responsibilities and objectives. In addition, each of the Committees report and escalate any matters of concern to the Board. In practical terms, each of the Committees (except for the Audit, Risk and Compliance Committee and the Nomination and Remuneration Committee) notify any key decisions or matters of concern to the monthly Board Sub-committee.

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 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, 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.*
- *To review reinsurance and capital management arrangements.*

B.1.1.4 Investment Committee

Responsibilities include:

- *To propose and maintain a set of investment principles for Board approval.*
- *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 2 capital requirements and restrictions regarding exposure, duration, and rating as set out in the Investment Principles.*
- *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.*
- *Ensure AICL maintains a sufficiently available minimum free cash balance to ensure day-to-day obligations can be met.*

B.1.1.5 Insurance Leadership Team

Responsibilities include:

- *Implement the overall insurance strategy and the respective company strategies that have been set and approved by the AICL and other boards involved in Saga's insurance business.*

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 approve and recommend the appropriate level of claims reserves.*
- *Assess the uncertainties and risks associated with the claims reserves to inform and recommend the appropriate level for booked reserves and by implication advise on any related reserve releases or strengthening.*

Outcomes are recommended to the Audit, Risk & Compliance Committee (who recommends to the Board).

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

The following change happened in respect of the composition of the Board during the year:

- *One director ceased to hold office during the reporting period due to their passing.*

Other material changes to key roles and regulated individuals during the year:

- *The People Director for Insurance left during the year and was replaced by the Chief People Officer, subject to FCA approval.*
- *The Transformation Director for Insurance left during the year and was replaced by the Chief Information Officer who would be responsible for change management, subject to FCA approval. The Chief Information Officer would also be responsible for Information Technology, Information Security and Operational Resilience, subject to FCA approval.*
- *The Interim Risk Director for Insurance concluded their fixed-term tenure during the reporting period. A new Interim Risk Director was appointed to the role prior to his departure to ensure continued leadership and oversight in the role.*

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

B.1.3 Remuneration Policy

B1.3.1 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 AICL Remuneration Committee also reviews remuneration and incentive programmes to encourage desirable behaviours and responsible risk taking. Remuneration for the 2^nd^ and 3^rd^ lines of defence is unrelated to company financial performance to preserve the operational independence of these functions.

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 AICL 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 Saga plc 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 AICL 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 RSP is subject to clawback and malus provisions.

B.1.3.2.2 Saga Transformation Plan (STP)

Awards are designed to add an additional opportunity to drive, and reward, exceptional levels of growth over the longer term. Only once significant shareholder value has been delivered, will any rewards become payable under the STP.

The STP is a one-off award that gives Executive Directors the opportunity to earn share awards over a five-year performance period. The STP allows participants Directors to share in a "pool" created from company value achieved above a target (the "hurdle") over a five-year period. A proportion of the STP pool will also be awarded to all colleagues.

The STP has a seven-year term overall, a five-year performance period from date of grant, with 50% released immediately, 25% released after a one year holding period and the final 25% released after a further one year holding period.

Vesting of awards will be subject to AICL Remuneration Committee discretion. An annual review of continued participation will be undertaken by the Committee to ensure appropriate conduct and risk leadership conditions are satisfied. Malus and clawback provisions apply to STP awards.

RSP grant levels were reduced upon introduction of the STP to maintain retention, re-balance the package and recognise the introduction of the additional upside opportunity.

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 £9 million was paid in January 2025*

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

B.2 Fit and proper requirements

B.2.1 In accordance with regulatory requirements, AICL conduct Fit and Proper assessments annually of all its Regulated Individuals, including those in its outsourced claim's function. Specific requirements concerning skills, knowledge and expertise.

AICL's recruitment processes are designed to ensure that Directors and senior managers have the appropriate skills, knowledge and expertise required for their roles. This is achieved through a multi-stage recruitment process that includes a competency assessment and skills gap analysis. AICL actively support continuous professional development to ensure that all colleagues maintain the necessary knowledge and expertise to perform their functions effectively.

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 objective of AICL's Fit and Proper Persons process is to ensure compliance with regulatory requirements by confirming that individuals in a position of influence - namely directors, key function holders and senior colleagues meet the necessary standards of fitness and propriety:

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

These criteria are not intended to be exhaustive or definitive. The fit and proper assessment is designed to safeguard the interests of actual and potential customers or clients. It follows that any factor which may suggest that a person is not fit and proper is considered relevant, even if it does not fall into the categories above.

The Saga People team is responsible for monitoring and compliance with AICL's Fit and Proper Persons Processes and carrying out the necessary assessment to ensure continued compliance. An annual assessment is undertaken for individuals subject to the process. This assessment focuses on key areas including:

- *Understanding of insurance and financial markets;*
- *Knowledge of the business model and strategy;*
- *Understanding of the system of governance;*
- *Financial analysis skills, including management information;*
- *Actuarial analysis skills; and*
- *Regulatory framework and requirements.*

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

B.3.1 Risk management system and framework.

AICL follows the Insurance Risk Management framework. The framework includes a range of components that work together to provide an enterprise approach to risk management, including the AICL ORSA Policy.

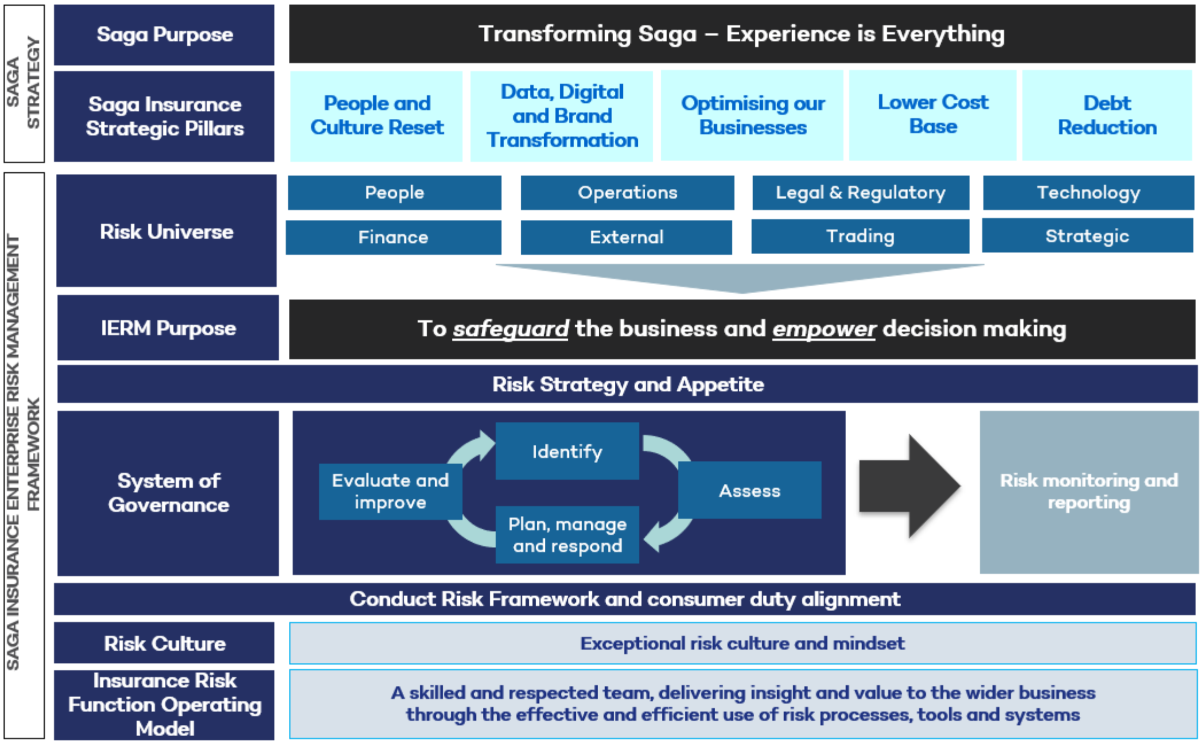
Since 2022 when Saga plc's operating model changed to a franchised operation, a dedicated Saga Insurance risk function has been operating to address more appropriately the risk requirements for Saga's regulated entities. As a result, the Saga Insurance risk framework, which AICL operates under, continues to develop and embed to further mature the structures that are currently in place.

AICL uses the "Three Lines of Defence" model for its risk governance structure. Management and staff within AICL (1^{st} line of defence) are responsible for owning and managing their own risks. The CRO Function (2^{nd} line of defence) sets policies and frameworks, provides guidance, oversight and assurance to ensure the effective management of risk within the business. Internal Audit (3^{rd} line of defence) provides independent assurance on the effectiveness of governance, risk management and control across the 1^{st} and 2^{nd} lines of defence.

The Insurance Risk Strategy and Policy sets out the overall risk strategy and framework within which AICL operates. AICL has fully adopted the overarching Insurance Risk Strategy and Policy. This sets out the risk management strategies and risk appetites and provides more specific risk framework detail relating to AICL as relevant.

The Insurance Risk Management framework is designed to support the business in achieving its goals, and incorporates AICL's risk library, risk governance and the policies and procedures for the management of risks to which AICL is exposed. The framework defines the processes for identifying, assessing, mitigating, reporting, and monitoring risk.

SAGA RISK FRAMEWORK



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. It is derived from AICL's capacity to bear risk and the Boards' attitude towards taking risk.

AICL has a set of risk appetite statements that have been agreed at Board level for all main categories of risk. AICL's risk appetite statements follow the Group risk appetite framework but are set specifically for the level of risk and reward that is determined by the AICL Board. The risk appetites and associated measures are reported to the AICL Audit, Risk and Compliance Committee and the Board.

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 Saga Insurance Chief Risk Officer (CRO) Function who provide guidance, oversight, and challenge. The CRO 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 CRO Function has the authority, resources, expertise and access to all relevant information, colleagues, and Board members to enable it to carry out its activities.

B.3.1.3 Risk Incidents

AICL follows the Insurance Incident Management process which sets out the minimum standards for incident management. They include the speed at which incidents should be raised after discovery, requirements for closing incidents and the role of the 2nd line to oversee key stages of the incident management cycle.

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.3.1.5 Conduct Risk

The Saga Conduct Risk team (part of the CRO Function) is responsible for the monitoring, managing, and reporting of conduct risks, including conduct regulatory matters, 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 detailed 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.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 evidence 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 and non-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 Solvency Capital Requirements (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 AICL Board Sub 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, and the Chair of the Audit, Risk and Compliance Committee maintains regular dialogue with the Chair of 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 identify 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

AICL's Conduct Risk Policy requires AICL to comply with all regulatory requirements (including legislation where it affects compliance matters) in its home jurisdiction and its host jurisdictions through its operation of branch establishments or passporting of services.

AICL's home state compliance is outsourced to WTW in Gibraltar. AICL host state compliance is provided within the Saga group by the Insurance Risk Team.

AICL has established a Compliance Risk Management Plan to monitor, maintain, identify and respond to any possible breaches of these regulations.

The Home State Compliance function is responsible for developing an annual compliance risk management plan which will include a compliance monitoring program of the key internal controls to ensure that they are operating effectively; to document the reviews undertaken and the results obtained. The compliance plan will ensure that all relevant areas of the Company's activities are included, taking into account their susceptibility to compliance risk from a Home State perspective.

The Host State Compliance function is responsible for developing an annual compliance plan which includes specific areas identified for review based on a risk-based assessment carried out at the start of the year. It also reports to the relevant committees and Board its findings.

The AICL Conduct Risk Policy is reviewed annually.

B.5 Internal audit function

B.5.1 Implementation of the internal audit function

The Internal Audit ("IA") key function responsibility within AICL sits with the Group Head of Internal Audit, reporting into the group's Internal Audit and Assurance Director. The objective of IA is to create, protect, and sustain value by providing the board and management with independent, risk based, and objective assurance, advice, insight and foresight. 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. Actions arising from medium and high issues are 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 Head of Internal Audit shall immediately inform the Risk Director and agree the steps to be taken to resolve and where appropriate refer to the supervisory authority.

B.5.2 Independence of the internal audit function

The Internal Audit Charter and Mandate define the independence, purpose, authority, and responsibility of the Internal Audit function, and outline the activities that take place to support the AICL Board.

Internal Audit attends and submits independent reports to the ARCC, which is a sub-Committee of the Board. The ARCC is responsible for the appointment and removal of the Head of Internal Audit.

AICL's commitment is 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 Head of Internal Audit 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 but is not limited to, on a regular basis (at least annually):

- *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*
- *Calculation of the SCR and monitoring it against the Solvency 2 Own Funds*
- *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:

Outsourced functions	**Service Provider**	**Provider Location**
Sales and distribution	*Saga Services*	*UK*
	AA Insurance Services Limited	*UK*
	RAC Motoring Services Limited	*UK*
Policy administration and customer service	*Saga Services*	*UK*
	AA Insurance Services Limited	*UK*
	BGL (trading as BISL Limited) in relation to RAC policies	*UK*
Accounting (FR&C)	*Saga Services*	*UK*
Negotiation of supplier contracts	*Saga Group*	*UK*
	CHMC	*UK*
Claims handling (except large personal injury)	*CHMC*	*UK*
	AA Insurance Services Limited	*UK*
	IFL (Pet only)	*UK*
Home state compliance, accounts review and submission and AICL Local Office	*WTW*	*Gibraltar*
IT infrastructure, support, system development	*Saga Services*	*UK*
HR and Payroll services	*Saga Services/Group*	*UK*
Change Management	*Saga Services*	*UK*
Investment Management	*JP Morgan*	*UK*
Company Secretarial	*Saga Group*	*UK*
	Line Wall Group	*Gibraltar*
Legal	*Saga Group*	*UK*

All the above functions are outsourced to other parts of the Saga Group or subcontracting to external third parties where the expertise in delivering those services cannot be cost effectively delivered within the Saga Group. 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-

[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.

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.

B.8 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 2 Solvency Capital Requirement (SCR) risk categories. A breakdown of the SCR risk categories as at 31 January 2025 is set out below:

Risk Category	31 January 2025 SCR	31 January 2025 % of SCR
Non-Life Underwriting Risk	*25.1*	*55%*
Market Risk	*12.9*	*29%*
Counterparty Default Risk	*9.4*	*21%*
Life Underwriting Risk	*1.1*	*2%*
Diversification Benefit	*(11.7)*	*(26%)*
Operational Risk	*8.5*	*19%*
Deferred Tax Adjustment	*-*	*-*
SCR	*45.3*	*100%*

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

Concentration risk for AICL primarily arises from its reliance on other firms within the Saga group. Group firms provide critical services as well as being the distributor for the majority of AICL policies (and therefore the main source of premium debtor risk). Group risk is discussed in section C.6.2. AICL is also exposed to concentration risk in respect of its quota-share arrangements for its motor business.

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 55% of AICL's SCR as of 31 January 2025 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 teams and approved by PPACC or weekly trading meeting under delegated authority and ratified by the 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 the Chief Actuary. In addition, reserves are reviewed by independent external actuaries as part of the year-end financial reporting process. A scenario-based reserve risk analysis and a statistical analysis of reserve volatility are carried out on a half-yearly basis. The level of reserves (and IFRS reserve margin) is reviewed and approved by the Reserving Committee, the ARCC and the AICL Board at least half-yearly.

C.1.2 Life underwriting risk

Life underwriting risk arises from third party personal injury claims which have settled as periodic payment orders (PPOs) and are currently in payment. This risk comprises c.2% of AICL's Solvency Capital Requirement as at 31 January 2025. The risks relevant to AICL within the Solvency 2 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 2 standard formula, market risk comprises 29% of AICL's SCR as at 31 January 2025 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, as a result of 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 of changing market values of properties owned by AICL.*
- *Concentration risk – the risk of holding a concentration of investments within a particular asset class or with a particular counterparty.*

Market risk is managed by the AICL Finance Director, applying the Investment Policy. This activity is overseen by the Investment Committee which reports directly to the Board. The Board Sub-committee also 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.

The Investment Policy 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.

When selecting investments, the Investment Committee seeks as far as possible to match investments with the profile of the underlying liabilities 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 on 31 January 2025 and at 31 January 2024 is shown in the following table:

Investment Category	**31 January 2025**	**31 January 2024**
Bank Deposits and Cash	*5%*	*1%*
Money Market Funds	*23%*	*12%*
Corporate Bonds	*40%*	*49%*
UK Gilts/ Supranational Bonds	*25%*	*28%*
UK Property	*8%*	*10%*
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 assets, in line with the Solvency 2 standard formula approach. Investment credit spread risk is discussed in section C.2 Market Risk.

Counterparty default risk represents 21% of AICL's SCR as of 31 January 2025. This risk is comprised of type 1 counterparty risk – primarily the risk relating to reinsurer default and connected party balances – combined with type 2 counterparty risk - the risk relating to premium debt receivables.

The counterparty default risk charge has reduced over the year as a result of lower premium debtor risk from intermediaries. The reinsurance counterparty element of the charge remains a relatively small component of required capital reflecting AICL's approach to diversifying its risk exposure through Excess of Loss reinsurance arrangements with a range of counterparties of good credit rating (A- or higher). In addition, AICL's motor quota share arrangements are on a 'funds withheld' basis which further mitigates reinsurance counterparty risk.

Reinsurance payments due to AICL are monitored closely and any overdue payments are managed by the finance function's 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.

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 minimise a loss". AICL recognises that liquidity is more appropriately defined in terms of a minimum buffer of liquidity maintained, rather than relative to Profit Before Taxation.

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 plus a £2m buffer are always maintained. This minimum level of liquidity is kept under review to ensure it remains appropriate for current and expected liquidity needs of the business. In normal circumstances, AICL holds cash type assets above this minimum level.

At 31 January 2025 liquidity levels were very high. 28% (£76 million) of the portfolio is immediately available cash with a further 65% (£179 million) invested in corporate and government fixed income debt for which active markets exist allowing them to be sold ahead of maturity if this were required.

C.5 Operational risk

Operational risk refers to 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. These risks include the failure of processes or controls, business continuity, information security and fraud.

Operational risk is assessed as part of the ORSA process and 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 Risk function.

AICL's – and the wider Saga Group's – culture encourages incident reporting to minimise operational risk, ensure matters are dealt with effectively, lessons are learned, and internal controls are improved.

AICL assesses operational risk from the results of the Solvency 2 standard formula calculations. As of 31 January 2025, AICL's operational risk is equivalent to 19% of the SCR.

AICL operates 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 proposed change in control of AICL to Ageas expected to complete in mid-2025 resulting in change in control and integration risks and colleague turnover and key person dependency risk.*

- *the implementation of new insurance pricing algorithms.*
- *ensuring ongoing compliance with the FCA's customer and pricing regulations.*
- *the continued impact of cyber risk, including in a working from home environment; and*
- *reliance on third party infrastructure including AICL's motor network provider.*

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". During 2024 Saga entered into a binding agreement for a 20-year insurance partnership with Ageas, covering its home and motor insurance customers. The agreement includes the sale of AICL and transfer of CHMC claims colleagues to Ageas as part of the partnership. The sale and transfer are expected to complete in mid-2025.

Other examples of strategic risk managed by AICL include:

- *Its primary reliance on a single distribution partner, Saga Services Ltd ("SSL"), within the Saga Group and a single product (motor) and therefore its exposure to SSL's strategy for that product.*
- *Its reliance on a small number of external partners for capacity support.*
- *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. Strategic risks are identified and managed through the Enterprise Risk Management Framework.

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 a number of products.*
- *A publishing business*

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.

As well as the strategic risk referred to in section C.6.1, 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.

The potential impact on AICL of distress in 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 review emerging risks, which are those risks where the likely impact on AICL's future risk profile is uncertain or longer term in nature. The following risks are considered to be the current most significant emerging risks:

- *Global Macro Conditions – volatility remains with escalating geo-political conditions and impacts to the insurance value chain*
- *Autonomous Vehicles - Partial and conditional automation systems are relatively new and expected to change claims frequency.*
- *Data Science and Data Arms Race - Within the personal lines market, the use of sophisticated modelling and data science techniques (e.g. machine learning) within pricing is developing rapidly.*
- *Market Consolidation – Recent acquisitions such as Allianz/LV, Aviva/DLG and Ageas/Esure, whilst creating less market competition, will have huge customer data benefits, scale, and cross-sell advantages.*
- *Insurance Pricing for Electric Vehicles - The UK Government has announced a raft of green policies that includes the phasing out of ICE (Internal Combustion Engine) new car sales by 2030.*
- *The use of Artificial Intelligence - The increased usage and rapid development of artificial intelligence carries with it increased risk and differences in approach are emerging internationally.*

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.

For the 2024/25 ORSA report, the following tests were carried out:

Test	Description	Movement in Coverage Ratio (percentage points)
	Modelled stress to coverage ratio	
1	*Bond portfolio default*	*(1%)*
2	*High Claims Inflation*	*(8%)*
3	*Property MV reduction*	*(7%)*
4	*Premium debtor delay*	*(28%)*
5	*Motor QS cession reduction*	*(8%)*
6	*USPs deterioration*	*(8%)*
7	*Pricing return*	*(13%)*
8	*Attritional Claims*	*(8%)*
9	*Large Claims*	*(10%)*
10	*Market risk variability*	*(9%)*
11	*Combination of the above stresses with correlation allowance*	*(40%)*
12	*Extreme premium debtor*	*(59%)*
13	*Tests 11 and 12 combined*	*(91%)*

In all scenarios, AICL's coverage of the SCR remains above 100%. The more extreme stresses (11-13) 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.

In an extreme scenario the ability of the company to move into run-off provides a mechanism under which the coverage ratio can be quickly improved.

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 2 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 2 purposes and the valuation in the statutory account financial statements.

A summary of the Solvency 2 and the statutory account balance sheets as at 31 January 2025 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 2025 balance sheet Amounts in £'million	**Solvency 2**	**Statutory Accounts**
Assets		
Intangible assets	-	-
Property, plant & equipment held for own use	-	-
Investments	268.1	263.7
Reinsurance recoverables	168.4	56.3
Insurance and intermediaries' receivables	48.5	84.8
Reinsurance receivables	-	25.7
Cash and cash equivalents	12.6	12.6
Any other assets, not elsewhere shown	1.5	3.6
Total assets	**499.1**	**446.7**
Liabilities		
Technical provisions - best estimate	321.1	340.1
Technical provisions - risk margin	8.2	-
Deposits from reinsurers	46.7	-
Deferred tax liabilities	5.5	
Insurance & intermediaries payables	3.4	3.4
Reinsurance payables	-	7.2
Any other liabilities, not elsewhere shown	20.4	19.5
Total liabilities	**405.3**	**370.2**
Excess of assets over liabilities	**93.8**	**76.5**

D.1 Assets

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

At 31 January 2025, AICL held the following assets:

Asset Class **Amounts in £'million**	**Solvency 2**	**Statutory Accounts**	**Difference**
Intangible assets	-	-	-
Property, plant & equipment held for own use	-	0.0	(0.0)
Investments:			
Property (other than for own use)	26.5	22.1	4.4
Government Bonds	57.8	49.8	8.0
Corporate Bonds	120.9	128.9	(8.0)
Collective Investments Undertakings	62.9	62.9	-
Reinsurance Recoverables:			
Non-life	135.7	56.3	79.4
Life	32.7	-	32.7
Insurance and intermediaries receivables	48.5	84.8	(36.3)
Reinsurance receivables	-	25.7	(25.7)
Cash and cash equivalents	12.6	12.6	-
Any other assets, not elsewhere shown	1.5	3.6	(2.1)
Total Assets	**499.1**	**446.7**	**52.4**

Main differences between the valuation of assets include:

- *Reinsurance Recoverables – Solvency 2 captures both excess of loss and quota share recoverables (split life and non-life) as the discounted present value of expected future recovery cashflows. The statutory accounts include excess of loss recoverables only (life and non-life combined), with quota share recoverables netted down with funds withheld account balances and the net balance held within reinsurance receivables.*
- *Insurance & intermediaries' receivables – the statutory accounts include policyholder and intermediary premium debt as well as salvage and subrogated recoverables. Under Solvency 2, only intermediary premium debt is included, with policyholder premium debt and salvage and subrogated recoverables included as negative values within gross technical provisions.*
- *Reinsurance receivables – the statutory accounts include the net quota share recovery position on all currently open contracts as an asset.*

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

Item	Asset Class	Solvency 2 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	*Investment Property*	*Professional market valuation*	*Depreciated historic costs*
4	*Participations*	*Not applicable*	*Not applicable*
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 all future reinsurance cash flows, discounted to allow for the time value of money).*	*Expected XoL 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 all future reinsurance cash flows, discounted to allow for the time value of money).*	*Expected XoL 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 2 technical provisions, gross and net of reinsurance, by line of business as at 31 January 2025 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	*233.2*	*123.6*	*109.6*
Other motor insurance	*23.3*	*9.1*	*14.2*
Fire and other damage to property insurance	*0.4*	*0.2*	*0.2*
Legal expenses insurance	*4.5*	*0.0*	*4.5*
Assistance	*5.8*	*0.0*	*5.8*
Miscellaneous financial loss	*8.5*	*2.8*	*5.7*
Life	*45.5*	*32.7*	*12.8*
Total best estimate technical provisions	**321.1**	**168.4**	**152.8**

The risk margin by line of business as at 31 January 2025 is shown in the table:

Line of business **Amounts in £'million**	**Risk margin**
Motor vehicle liability insurance	*5.8*
Other motor insurance	*0.6*
Fire and other damage to property insurance	*0.0*
Legal expenses insurance	*0.1*
Assistance	*0.2*
Miscellaneous financial loss	*0.2*
Life	*1.3*
Total risk margin	**8.2**

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

For claims 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 is the primary method 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 with more *volatility. 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.

For premium provisions, these are calculated by taking the unearned premium reserve and multiplying by a forecast combined ratio. The ultimate costs are then transformed into future cashflows and discounted to the balance sheet date.

The projected cash flows from the technical provisions are 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.*
- *Inherent variability, particularly in relation to motor insurance third party liability claims with potentially unlimited liability.*
- *Periodic Payment Orders, associated life expectancies of claimants and the uncertainty in inflation and investment returns over the lifetime of those claims.*
- *Change in business mix due to changing risk models.*
- *Changes in the regulatory environment, including events which have a retrospective impact.*
- *The impact of high inflation, arising from global macro-economic and geo-political effects including their impacts to the insurance supply chain.*
- *Other claims inflation uncertainties.*

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

The following table shows the difference between the Solvency 2 gross best estimate technical provisions and those reported in the statutory accounts as at 31 January 2025.

Line of business Amounts in £'million	**Solvency 2 Gross Best Estimate Technical Provisions**	**Statutory Accounts Gross Technical Provisions**	**Difference**
Motor vehicle liability insurance	*233.2*	*166.0*	*67.2*
Other motor insurance	*23.3*	*89.4*	*(66.1)*
Fire and other damage to property insurance	*0.4*	*0.6*	*(0.2)*
Legal expenses insurance	*4.5*	*3.2*	*1.3*
Assistance	*5.8*	*7.6*	*(1.8)*
Miscellaneous financial loss	*8.5*	*8.2*	*0.3*
Life	*45.5*	*65.1*	*(19.6)*
Total	**321.1**	**340.1**	**(19.0)**

The main differences between the valuation of gross technical provisions under Solvency 2 versus statutory accounts relate to:

- *discounting of provisions*
- *different escalation rate assumptions for PPO payment between statutory accounting and Solvency 2*
- *the recognition of profit/loss within the unearned premium provision under Solvency 2, 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 2*
- *treatment of salvage and subrogation recoveries: captured within gross technical provisions under Solvency 2 but captured elsewhere (insurance and intermediaries receivables) under statutory accounts*

D.2.3.1 Solvency 2 valuation bases

Solvency 2 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 2 balance sheet.

D.2.3.1.2 Risk margin

The risk margin is defined within Regulation 67 of the Financial Services (Insurance Companies) Regulations 2020 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 and reflects a 4% cost of capital.

The Solvency 2 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 periodic payment orders ('PPOs') awarded in the settlement of bodily injury claims, the claim's 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.

The treaty expired on 31 January 2019 and was commuted after a further three years at 31 January 2022. A new treaty 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. The new treaty operates on a continuous cover basis with a 3-year rolling notice period. Experience is pooled into 3-year performance periods. The first three years finished accruing exposures on 31 January 2022. A new 3-year performance period commenced on 1 February 2022 and ended on 31 January 2025. Another new performance period will commence on 1 February 2025 but the QS partners have served provisional notice of cancellation (effective early 2026).

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. 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 2025 are shown in the following table:

Liability Class **Amounts in £'million**	**Solvency 2**	**Statutory Accounts**	**Difference**
Deposits from reinsurers	*46.7*	*-*	*46.7*
Deferred tax liabilities	*5.5*	*-*	*5.5*
Insurance & intermediaries payables	*3.4*	*3.4*	*-*
Reinsurance payables	*-*	*7.2*	*(7.2)*
Any other liabilities, not elsewhere shown	*20.4*	*19.4*	*1.0*
Total Liabilities	**75.9**	**30.0**	**45.9**

Other than the valuation differences described in section D.3.2, the differences in the Solvency 2 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 2 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 2 deferred tax liability calculated as the difference between the Solvency 2 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 quota share 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.

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.

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 Board-approved Capital Management Policy. The policy requires management to maintain sufficient own funds such that a specified SCR ratio is maintained unless the Board are willing to tolerate a temporary fall below that ratio. The projections are reviewed regularly as part of the Own Risk and Solvency Assessment (ORSA) process to 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 can be distributed to the shareholder via dividend payments provided certain conditions are met, including approval of the distribution by the Board and the GFSC.

E.1.2 Amount of own funds by tier

AICL's own funds as at 31 January 2025 (and prior year end) are as follows:

Description **Amounts in £'millions**	**Tier**	**31 January 2025**	**31 January 2024**
Ordinary Share Capital	*1*	*30.0*	*30.0*
Reconciliation Reserve	*1*	*63.8*	*52.8*
Net Deferred Tax Assets	*3*	*-*	*0.2*
Total		**93.8**	**83.0**

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 2025:

Description **Amounts in £'million**	**Solvency 2**	**Statutory Accounts**
Ordinary share capital	*30.0*	*30.0*
Retained earnings including profits from the year	*51.0*	*51.0*
Other reserves from accounting balance sheet	*(4.5)*	*(4.5)*
Adjustments to assets	*52.4*	-
Adjustments to technical provisions	*10.8*	-
Adjustments to other liabilities	*(45.9)*	-
Total	**93.8**	**76.5**

The main differences between the Solvency 2 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 2025 and 31 January 2024 are shown in the following table:

Risk Category **Amounts in £'million**	**31 January 2025**	**31 January 2024**
Non-Life Underwriting Risk	*25.1*	*30.2*
Market Risk	*12.9*	*12.8*
Counterparty Default Risk	*9.4*	*11.1*
Life Underwriting Risk	*1.1*	*1.1*
Diversification Benefit	*-11.7*	*-12.6*
Basic SCR	*36.8*	*42.6*
Operational Risk	*8.5*	*11.4*
LACDT Adjustment	-	-
SCR	*45.3*	*54.0*
MCR	*18.0*	*24.3*

The SCR has decreased over the year primarily due to the February 2022 motor QS reducing retained reserve risk.

Counterparty risk has reduced over the year. The reduced counterparty risk charge reflects lower premium debtor risk from writing less business.

The MCR has also reduced, reflective of the lower retained reserve risk. The MCR is primarily a function of technical provisions (net of reinsurance), meaning movements in reserves will have a greater impact (proportionally) on the MCR than on the SCR.

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

Year ended **Amounts in £'million**	**31 January 2025**	**31 January 2024**
SCR	*45.3*	*54.0*
Own Funds	*93.8*	*83.0*
SCR Coverage Ratio	*207%*	*154%*
MCR	*18.0*	*24.3*
MCR Coverage Ratio	*521%*	*342%*

The coverage ratios have increased over the year due to the reductions in the SCR and MCR for the reasons noted above, combined with higher own funds reflecting strong business performance and favourable claims development over the year.

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 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.2.5 Loss Absorbing Capacity of Deferred Taxes (LACDT)

The adjustment for deferred taxes is effectively a tax asset which arises in the event of a 1-in-200 year underwriting loss. The extent to which the value of this asset can be taken into account depends on the extent to which it can be utilised to reduce deferred tax liabilities on Saga Group's balance sheet or tax payable in current and future years.

As AICL is part of the Saga plc group of companies which pay tax in the UK, the asset can be used to offset tax payable at group level either on Group's balance sheet or in the current tax year. Otherwise, it can be carried forward to offset future tax liabilities.

Recognising the expected sale of AICL to Ageas, no LACDT credit has been taken.

E.2.6 Inputs used to calculate the Minimum Capital Requirement

The following inputs were used to calculate the MCR as at 31 January 2025:

Line of business **Amounts in £'million**	**Net best estimate technical provisions**	**Net written premium in last 12 months**
Motor Vehicle liability insurance	*109.8*	*19.2*
Other motor insurance	*14.2*	*10.3*
Fire and other damage to property insurance	*0.2*	*0.8*
Legal expenses insurance	*4.5*	*2.3*
Assistance	*5.8*	*21.0*
Miscellaneous financial loss	*5.7*	*0.9*
Other (Periodic Payment Orders)	*12.8*	-

E.3 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.4 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.5 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:

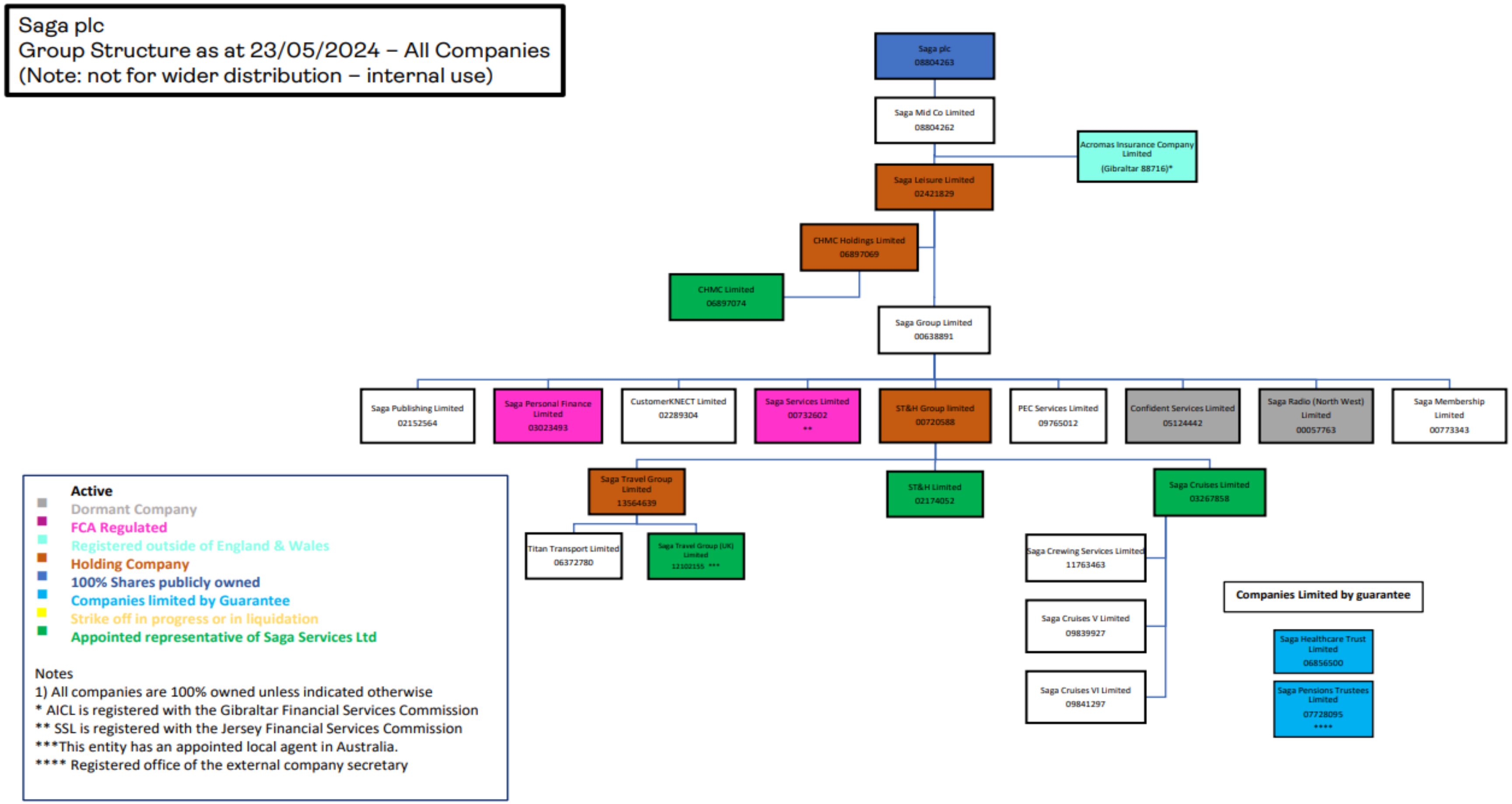
Term	Definition
AICL, the Company	*Acromas Insurance Company Limited*
ARCC	*Audit, Risk and Compliance Committee*
Best estimate technical provisions	*Solvency 2 best estimate technical provisions are best estimates of the future cashflows arising from (a) the element of business for which the insurance 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*
CHMC	*A Saga company established to provide claims handling services.*
Claims provision	*Solvency 2 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.*
Events not in data (ENIDs)	*An allowance for ENIDs reflects low probability but high severity events that may not be represented in data based on past experience.*
GFSC	*Gibraltar Financial Services Commission. AICL is regulated by the GFSC.*
Gross written premium	*Total premiums from contracts that incepted during the period.*
Incurred but not reported (IBNR)	*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 2 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 2 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 2. 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 2	*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. The Solvency 2 Regulations have been transposed into Gibraltar Legislation and are aligned with Solvency UK.*
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 2.*
The Regulations	*Refers to Gibraltar Financial Services (Insurance Companies) Regulations 2020 (regulations that apply to insurers established in Gibraltar) and Financial Services (Insurance Supervisory Reporting) (Technical Standards) Regulations 2025.*
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 Regulations 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:



G.2 Quantitative reporting templates

IR.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	268,054,881
Property (other than for own use)	R0080	26,500,000
Holdings in related undertakings, including participations	R0090	0
Equities	R0100	0
Equities - listed	R0110	0
Equities - unlisted	R0120	0
Bonds	R0130	178,651,934
Government Bonds	R0140	57,777,444
Corporate Bonds	R0150	120,874,491
Structured notes	R0160	0
Collateralised securities	R0170	0
Collective Investments Undertakings	R0180	62,902,947
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	168,372,661
Non-life and health similar to non-life	R0280	135,683,407
Life and health similar to life, excluding index-linked and unit-linked	R0315	32,689,254
Life index-linked and unit-linked	R0340	0
Deposits to cedants	R0350	0
Insurance and intermediaries receivables	R0360	48,522,032
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	12,633,766
Any other assets, not elsewhere shown	R0420	1,541,623
Total assets	R0500	499,124,963

IR.02.01.02 continued

Balance sheet

		Solvency II value
		C0010
Liabilities		
Technical provisions - total	R0505	329,358,188
Technical provisions - non-life	R0510	282,566,940
Technical provisions - life	R0515	46,791,248
Best estimate - total	R0542	321,128,809
Best estimate - non-life	R0544	275,650,158
Best estimate - life	R0546	45,478,650
Risk margin - total	R0552	8,229,379
Risk margin - non-life	R0554	6,916,782
Risk margin - life	R0556	1,312,597
Transitional (TMTP) - life	R0565	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	46,688,142
Deferred tax liabilities	R0780	5,477,253
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	3,379,704
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	20,392,799
Total liabilities	R0900	405,296,086
Excess of assets over liabilities	R1000	93,828,877

IR.05.02.01 - Premiums, claims and expenses by country: Non-life insurance and reinsurance obligations

		Home country	Country (by amount of gross premiums written) - non-life obligations	Total Top 5 and home country
		C0080	C0090	C0140
Premiums written				
Gross - Direct Business	R0110	158,931,907.20		158,931,907.20
Gross - Proportional reinsurance accepted	R0120			0.00
Gross - Non-proportional reinsurance accepted	R0130			0.00
Reinsurers' share	R0140	109,582,520.59		109,582,520.59
Net	R0200	49,349,386.61	0.00	49,349,386.61
Premiums earned				
Gross - Direct Business	R0210	186,399,409.34		186,399,409.34
Gross - Proportional reinsurance accepted	R0220			0.00
Gross - Non-proportional reinsurance accepted	R0230			0.00
Reinsurers' share	R0240	132,344,442.46		132,344,442.46
Net	R0300	54,054,966.88	0.00	54,054,966.88
Claims incurred				
Gross - Direct Business	R0310	101,660,237.83		101,660,237.83
Gross - Proportional reinsurance accepted	R0320			0.00
Gross - Non-proportional reinsurance accepted	R0330			0.00
Reinsurers' share	R0340	64,686,700.00		64,686,700.00
Net	R0400	36,973,537.83	0.00	36,973,537.83
Net expenses incurred	R0550	10,519,879.90		10,519,879.90

IR.05.04.02 - Non-life income and expenditure : reporting period

			All business (including annuities stemming from accepted non-life insurance and reinsurance contracts)						
			All non-life business (ie excluding annuities stemming from accepted insurance and reinsurance contracts)						
				Line of Business for: non-life insurance and accepted proportional reinsurance obligations					
				Motor vehicle liability insurance - personal lines	Motor vehicle other motor insurance - personal lines	Fire and other damage to property insurance - personal lines	Legal expenses insurance	Assistance	Miscellaneous financial loss
		C0010	C0015	C0140	C0150	C0170	C0240	C0250	C0260
Income									
Premiums written									
Gross written premiums	R0110		158,931,907.20	87,208,057.48	46,958,184.80	556,019.14	2,303,422.60	21,013,998.30	892,224.88
Gross written premiums - insurance (direct)	R0111		158,931,907.20	87,208,057.48	46,958,184.80	556,019.14	2,303,422.60	21,013,998.30	892,224.88
Gross written premiums - accepted reinsurance	R0113								
Net written premiums	R0160		49,349,386.61	16,198,377.67	8,722,203.36	531,663.80	2,303,422.60	21,013,998.30	579,720.88
Premiums earned and provision for unearned									
Gross earned premiums	R0210		186,399,409.34	104,944,121.60	56,508,373.17	849,928.24	2,018,869.25	20,535,826.40	1,542,290.68
Net earned premiums	R0220		54,054,966.88	19,258,532.80	10,369,979.20	641,972.55	2,018,869.25	20,535,826.40	1,229,786.68
Expenditure									
Claims incurred									
Gross (undiscounted) claims incurred	R0610		101,660,237.83	48,881,846.19	26,320,994.10	686,939.95	1,871,411.78	22,496,366.06	1,402,679.75
Gross (undiscounted) claims incurred - insurance (direct)	R0611		101,660,237.83	48,881,846.19	26,320,994.10	686,939.95	1,871,411.78	22,496,366.06	1,402,679.75
Gross (undiscounted) claims incurred - accepted reinsurance	R0612		0.00	0.00	0.00	0.00	0.00	0.00	0.00
Net (undiscounted) claims incurred	R0690		36,972,735.48	4,620,873.31	2,488,162.55	543,242.03	1,871,411.78	22,496,366.06	4,952,679.75
Net (discounted) claims incurred	R0730	36,972,735.48							
Analysis of expenses incurred									
Technical expenses incurred net of reinsurance ceded	R0910	11,115,288.00							
Acquisition costs, commissions, claims management costs	R0985								
Other expenditure									
Other expenses	R1140								
Total expenditure	R1310	50,912,023.48							

IR.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
Best estimate								
Premium provisions								
Gross - Total	R0060	59,562,053	33,494,279	163,338	707,304	4,842,085	804,424	99,573,483
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0140	27,030,158	15,302,270	107,667	0	0	0	42,440,095
Net Best Estimate of Premium Provisions	R0150	32,531,895	18,192,009	55,672	707,304	4,842,085	804,424	57,133,389
Claims provisions								
Gross - Total	R0160	173,596,597	-10,186,741	205,107	3,822,340	944,386	7,694,986	176,076,675
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0240	96,538,707	-6,164,063	85,272	0	0	2,783,397	93,243,313
Net Best Estimate of Claims Provisions	R0250	77,057,890	-4,022,678	119,836	3,822,340	944,386	4,911,589	82,833,362
Total Best estimate - gross	R0260	233,158,649	23,307,538	368,446	4,529,643	5,786,472	8,499,410	275,650,158
Total Best estimate - net	R0270	109,589,785	14,169,331	175,507	4,529,643	5,786,472	5,716,013	139,966,751
Risk margin	R0280	5,799,842	581,840	10,162	125,178	165,636	234,124	6,916,782
Technical provisions - total (best estimate plus risk margin)								
Technical provisions - total	R0320	238,958,492	23,889,378	378,608	4,654,821	5,952,107	8,733,534	282,566,940
Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total	R0330	123,568,864	9,138,207	192,939	0	0	2,783,397	135,683,407
Technical provisions minus recoverables from reinsurance/SPV and Finite Re- total	R0340	115,389,627	14,751,171	185,670	4,654,821	5,952,107	5,950,136	146,883,533

IR.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											2,510,053
N-9	R0160	114,276,786	27,141,175	8,969,989	14,349,983	10,502,769	3,125,717	1,521,967	4,453,654	145,913	31,491	
N-8	R0170	110,546,892	23,233,693	9,704,123	6,556,247	2,959,031	2,487,508	966,004	2,309,214	278,117		
N-7	R0180	107,468,137	24,762,438	7,230,653	9,817,996	9,526,525	5,702,477	2,731,333	350,970			
N-6	R0190	110,299,895	29,801,922	3,928,628	3,801,275	5,897,099	3,333,957	1,382,269				
N-5	R0200	112,274,680	28,857,302	7,691,557	5,968,822	7,592,543	1,949,007					
N-4	R0210	69,773,398	18,278,184	4,373,247	3,717,363	2,789,864						
N-3	R0220	74,550,233	31,668,347	6,703,355	27,135,044							
N-2	R0230	92,558,421	35,342,654	6,690,314								
N-1	R0240	91,698,738	27,275,076									
N	R0250	89,369,481										

	In Current year	Sum of years (cumulative)
	C0170	C0180
R0100	2,510,053	1,100,267,783
R0160	31,491	184,519,444
R0170	278,117	159,040,830
R0180	350,970	167,590,530
R0190	1,382,269	158,445,046
R0200	1,949,007	164,333,911
R0210	2,789,864	98,932,056
R0220	27,135,044	140,056,979
R0230	6,690,314	134,591,389
R0240	27,275,076	118,973,814
R0250	89,369,481	89,369,481
R0260	159,761,686	2,516,121,262

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											3,764,075
N-9	R0160	0	118,425,424	-15,765,955	-55,609,813	-21,045,381	-10,952,079	-4,735,415	-8,465,323	-529,240	-1,112,357	
N-8	R0170	132,864,256	-46,106,625	-37,105,029	-10,014,200	-30,216,564	-3,911,942	-856,991	8,161,524	-7,016,823		
N-7	R0180	127,809,287	-55,558,816	-20,100,053	-21,794,623	-16,743,343	-7,585,028	-3,859,161	-271,825			
N-6	R0190	91,807,178	-31,948,715	-4,536,724	-15,313,010	-13,431,973	1,399,603	-2,238,961				
N-5	R0200	101,101,473	-50,343,312	-13,705,196	-15,454,129	-12,946,637	-1,753,963					
N-4	R0210	54,781,343	-17,083,284	-17,902,366	-11,503,379	-4,315,081						
N-3	R0220	75,966,640	-3,838,704	34,740,795	-93,540,107							
N-2	R0230	101,591,829	-36,718,167	-17,728,533								
N-1	R0240	113,616,828	-72,735,430									
N	R0250	67,612,670										

	Year end (discounted data)
	C0360
R0100	27,242,427
R0160	131,313
R0170	4,155,958
R0180	1,325,028
R0190	18,474,945
R0200	4,711,254
R0210	2,566,345
R0220	8,665,957
R0230	32,975,259
R0240	28,108,258
R0250	49,826,664
R0260	178,183,408

IR.23.01.01

Own funds

		Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
		C0010	C0020	C0030	C0040	C0050
Basic own funds						
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	63,828,876.90	63,828,876.90			
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				
Total basic own funds	R0290	93,828,877	93,828,877	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	R0340	0				
Letters of credit and guarantees other	R0350	0				
Supplementary members calls	R0360	0				
Supplementary members calls - other	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	93,828,877	93,828,877	0	0	0
Total available own funds to meet the MCR	R0510	93,828,877	93,828,877	0	0	
Total eligible own funds to meet the SCR	R0540	93,828,877	93,828,877			
Total eligible own funds to meet the MCR	R0550	93,828,877	93,828,877			
SCR	R0580	45,257,056				
MCR	R0600	18,011,507				
Ratio of Eligible own funds to SCR	R0620	207%				
Ratio of Eligible own funds to MCR	R0640	521%				

Reconciliation reserve

		C0060
Reconciliation reserve		
Excess of assets over liabilities	R0700	93,828,877
Own shares (held directly and indirectly)	R0710	
Foreseeable dividends, distributions and charges	R0720	
Deductions for participations in financial and credit institutions		
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	
Reconciliation reserve	R0760	63,828,877

IR.25.04.21

Solvency Capital Requirement

		C0010
Net of loss-absorbing capacity of technical provisions		
Market risk	R0140	12,908,362.96
Interest rate risk	R0070	3,531,999.04
Equity risk	R0080	0.00
Property risk	R0090	6,625,000.00
Spread risk	R0100	5,535,252.88
Concentration risk	R0110	10,754.07
Currency risk	R0120	0.00
Other market risk	R0125	
Diversification within market risk	R0130	-2,794,643.04
Counterparty default risk	R0180	9,372,360.53
Type 1 exposures	R0150	2,585,143.49
Type 2 exposures	R0160	7,276,203.10
Other counterparty risk	R0165	
Diversification within counterparty default risk	R0170	-488,986.05
Life underwriting risk	R0270	1,103,346.24
Mortality risk	R0190	0.00
Longevity risk	R0200	1,014,137.91
Disability-Morbidity risk	R0210	0.00
Life-expense risk	R0220	35,832.26
Revision risk	R0230	221,630.81
Lapse risk	R0240	0.00
Life catastrophe risk	R0250	0.00
Other life underwriting risk	R0255	
Diversification within life underwriting risk	R0260	-168,254.74
Total health underwriting risk	R0320	0.00
Health SLT risk	R0280	
Health non SLT risk	R0290	
Health catastrophe risk	R0300	
Other health underwriting risk	R0305	
Diversification within health underwriting risk	R0310	
Non-life underwriting risk	R0370	25,058,450.73
Non-life premium and reserve risk (ex catastrophe risk)	R0330	24,616,862.12
Non-life catastrophe risk	R0340	1,114,488.85
Lapse risk	R0350	2,641,279.55
Other non-life underwriting risk	R0355	
Diversification within non-life underwriting risk	R0360	-3,314,179.80
Intangible asset risk	R0400	
Operational and other risks	R0430	8,474,158.68
Operational risk	R0422	8,474,158.68
Other risks	R0424	
Total before all diversification	R0432	63,682,742.77
Total before diversification between risk modules	R0434	56,916,679.14
Diversification between risk modules	R0436	-11,659,623.38
Total after diversification	R0438	45,257,055.76
Loss-absorbing capacity of technical provisions	R0440	
Loss-absorbing capacity of deferred taxes	R0450	0.00
Other adjustments	R0455	
Solvency capital requirement including undisclosed capital add-on	R0460	45,257,055.76
Disclosed capital add-on - excluding residual model limitation	R0472	
Disclosed capital add-on - residual model limitation	R0474	
Solvency capital requirement including capital add-on	R0480	45,257,055.76
Biting interest rate scenario	R0490	Decrease
Biting life lapse scenario	R0495	

IR.28.01.01

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

Linear formula component for non-life insurance and reinsurance obligations		**MCR components**
		C0010
MCRNL Result	R0010	17,742,930

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	109,790,166	19,174,938
Other motor insurance and proportional reinsurance	R0060	14,169,331	10,324,967
Marine, aviation and transport insurance and proportional reinsurance	R0070	0	0
Fire and other damage to property insurance and proportional reinsurance	R0080	175,507	751,636
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	4,529,643	2,303,423
Assistance and proportional reinsurance	R0120	5,786,472	21,013,998
Miscellaneous financial loss insurance and proportional reinsurance	R0130	5,716,013	892,225
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	268,577

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	12,789,397	
Total capital at risk for all life (re)insurance obligations	R0250		0

Overall MCR calculation		C0070
Linear MCR	R0300	18,011,507.32
SCR	R0310	45,257,055.76
MCR cap	R0320	20,365,675.09
MCR floor	R0330	11,314,263.94
Combined MCR	R0340	18,011,507.32
Absolute floor of the MCR	R0350	2,256,287.27
Minimum Capital Requirement	R0400	18,011,507.32