Utmost Worldwide Limited Solvency and Financial Condition Report 2020

Month: April 2021

Author: Utmost Worldwide Limited

Owner: Board of Directors

INDEX

Introduction

Utmost Worldwide Limited (UW) (the Company) is incorporated in Guernsey and licensed by the Guernsey Financial Services Commission (GFSC) as its principal regulator to transact both general and long-term insurance business under the Insurance Business (Baliwick of Guernsey) Law, 2002, as amended. UW is also authorised to effect certain classes of business by the Jersey Financial Services Commission (JFSC), the Hong Kong Insurance Authority (HKIA), the Monetary Authority of Singapore (MAS), the Swiss Financial Market Supervisory Authority (FINMA), the Cayman Islands Monetary Authority (CIMA), the Insurance Commission of The Bahamas (ICB), and the British Virgin Islands Financial Services Commission (BVIFSC).

UW is required under the Insurance Business (Public Disclosure of Information) Rules, 2018 to publish its audited financial statements and to provide additional information where not addressed in the financial statements relating to the following: profile of the insurer, corporate governance, technical reserves, insurance risk, financial performance, capital adequacy, financial instruments, enterprise risk management, and asset-liability management. The rules set out a number of circumstances under which, following notification to the GFSC, disclosure is not required. UW has not sought to limit its disclosures under the rules.

UW reports its solvency position as calculated in accordance with the requirements, as adopted by the United Kingdom of Great Britain and Northern Ireland (UK) following its departure from the European Union (EU), of the EU's regulatory regime for insurers, Directive 2009/138/EC (the 'Directive' or 'L1 – Dir'), known as Solvency II, under the reporting options available under the Insurance Business (Solvency) Rules, 2015 as amended and with consent of the GFSC. The Board of Directors (the Board) of UW has further determined that the Company should make public disclosure meeting the requirements of both the GFSC's rules and the relevant Delegated Acts (L2 – Reg) under the Solvency II Directive as adopted by the UK. This report is therefore prepared as a Solvency and Financial Condition Report in a manner consistent with those of UK incorporated members of the Utmost Group of Companies.

This report covers the Business and Performance of UW, its System of Governance, Risk Profile, Valuation for Solvency Purposes and Capital Management. The Company's Board has ultimate responsibility for all of these matters and is assisted by various governance and control functions put in place to monitor and manage the business.

The Company's financial year runs to 31 December each year and the results and position are reported in Pounds Sterling (£).

Summary

BUSINESS AND PERFORMANCE

The core business lines within UW are:

Wealth Solutions:
Wealth Accumulation: Developing unit-linked insurance and capital redemption solutions for both regular and single premium products aimed at mass affluent and medium net worth customers. These solutions are offered through the Company's arrangements with licensed insurance intermediaries in markets where the Company is directly authorised or where it may operate on an international basis under its home authorisation.

Corporate Solutions:
Risk: Offering corporate entities, mainly multi nationals, life, disability, and critical illness insurance coverages as employee benefit solutions;
Savings: Offering corporate entities investment based insurance coverages to provide pension and savings related employee benefits for their employees.

The Company also operates an annuity business line, which is closed to new business, a single general business policy, also in run-off, and a medical insurance business line, primarily in the Caribbean. The last is wholly reinsured to Assicurazioni Generali SpA, and the expenses of that business are also borne by the reinsurer.

The Company's total comprehensive income for the year was £29,074k (2019 - £30,115k).

SYSTEM OF GOVERNANCE

The Company's corporate governance framework is based on a number of cornerstones, such as the central role played by the Board, the correct management of situations that present conflicts of interest, transparency in disclosing decisions regarding the management of the Company, and the effectiveness of the Internal Control and Risk Management System ('ICRMS').

As part of its governance structure the Company has established a series of Board Committees with specific delegated authorities. Please refer to Section B.1.1 for details of changes in Board composition during the year and the make-up of the Board Committees.

In accordance with local laws and regulations, and the approach that would be required under UK Solvency II were the Company UK incorporated, UW has established an ICRMS which is defined as a set of strategies, guidelines, processes and procedures aimed at identifying, measuring, monitoring and reporting on a continuous basis the risks to which the Company is exposed.

The ICRMS is put in place within the Company through specific on-going processes which involve, with different roles and responsibilities, the Board, the Executive Committee ('ExCo') and the first, second and third line organisational structures. The functions involved in the ICRMS process operate according to the Three Line of Defence approach:

First Line of Defence: The operational structures (Risk Owners) are the first line of defence.
Second Line of Defence: The Risk Management, Compliance, and Actuarial Functions represent the second line of defence.

Third Line of Defence: Internal Audit is the third line of defence.

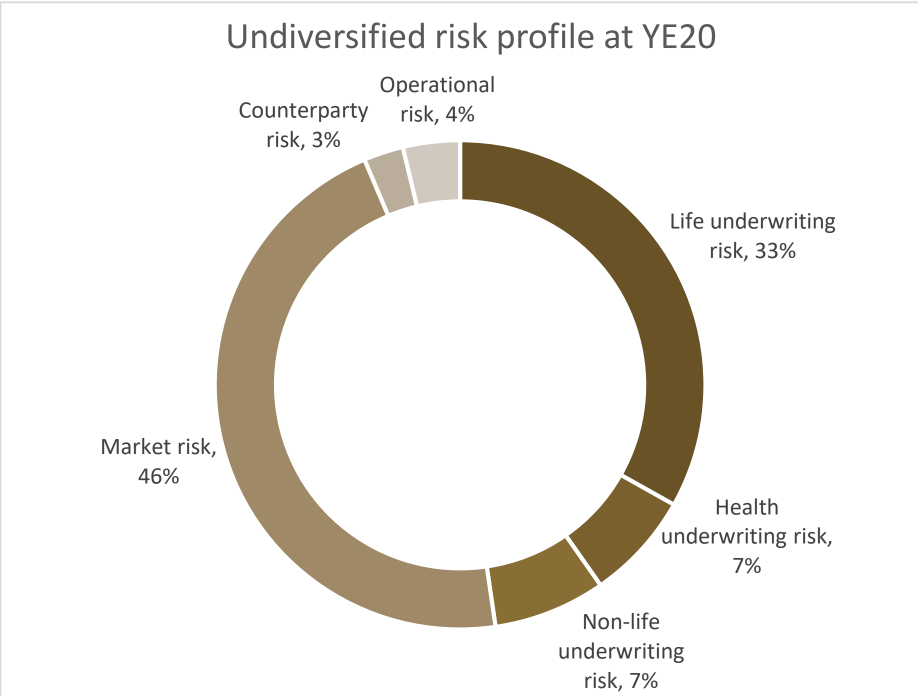
RISK PROFILE

Risks are generally grouped by risk types for the purposes of risk identification and measurement in accordance with the Company's risk management policy. The groups used are life underwriting (including long term health), non-life underwriting (including short term health), market, counterparty default, operational, liquidity and other material risks, including strategic and reputational risks. The classes of risk to which the Company is exposed have not changed significantly over the year.

Risk identification is carried out on a regular basis as part of the business planning process. The process involves consideration of both internal and external data, and their application in both normal and stressed environments. Sources for identifying risk include risk event analysis, management information and other governance processes, and input from management and internal committees.

The Company sets its capital risk appetite and limits considering the UK Solvency II Solvency Capital Requirement (SCR) and the cover ratio. The use of the SCR as the Prescribed Capital Requirement under Insurance Business (Solvency) Rules 2015 has been agreed with the GFSC[1]. The SCR and cover ratio are used to assess the significance of risks and to determine appropriate strategies for their management.

The chart below shows the composition of the Company's undiversified SCR as at 31 December 2020:



[1] UK Solvency II terminology is used in preference to Guernsey specific terminology throughout this report to assist with comparability in the public arena. References to Solvency II in this report should be considered as to the directive and regulations as adopted in UK law and regulation following the UK's departure from the EU where appropriate.

Market Risks

The Market Risks that UW is exposed to include:

Equity risk: a reduction indirect equity values and equity based components of future profits recognised in the Technical Provisions.
Interest rate risk: where movements in interest rates directly impact the present value of future asset and liability cash flows.
Currency risk: where the movement in exchange rates can result in gains and losses arising from net changes in currency mismatched asset and liability positions.
Property risk: where movements in property values reduce the related components of future profits recognised in the Technical Provisions.
Spread Risk: defined as the risk that arises from changes in or volatility of credit spreads over the risk free interest rate term structure. This risk may be specific to the standing of an obligor or guarantor or may be systemic.
Market risk concentration risk: additional risk arising from aggregated exposures to entities under the common control of a single name entity

Market Risks contribute £142,233k of SCR before diversification (2019: £130,156k). The SCR arising from Equity, Spread and Currency risks are the main contributors to the financial risk capital. They have increased from £69,138k to £75,575k for Equity, from £23,632k to £27,054 for Spread and from £25,622k to £30,168k for Currency risk.

Counterparty Default Risk

UW is exposed to the risk of incurring losses due to the inability or unwillingness of counterparties to honour their financial obligations. UW's key default risks include:

- The exposure to a reinsurance company defaulting on its obligations
- The counterparty default exposure from cash deposits
- Money owed to UW by external parties.

Life Underwriting Risks

Life underwriting risks relate to the risk of unfavourable underwriting and expense experience, relative to assumptions, resulting in reduced profitability for UW. The key life underwriting risks for UW are:

Lapse risk, defined as the change in liabilities due to changes in the expected exit rates. Exits can happen from either a partial or full surrender of a policy. This also includes the occurrence of an event resulting in mass lapse.
Expense risk, defined as the change in the value of liabilities resulting from changes in the expenses incurred in servicing insurance contracts.
Longevity risk, defined as the risk that annuitants live longer than expected.

Health Risk

Health risk relates to risk in both long term and short term health coverages. The key health risks for UW are:

Health catastrophe risk, comprising mass accident, accident concentration and pandemic scenarios.

Non-Life Underwriting Risks

Non-life underwriting risks relate to general insurance risks not related to life covers. The key non-life underwriting risk for UW are:

Premium and reserve risks, in that premiums are not sufficient to cover the total losses and that reserves may not adequately cover losses from claims yet to be settled.

Operational Risk

Operational Risk is the risk of loss arising from inadequate or failed internal processes, personnel or systems, or from external events. Compliance and Financial Reporting Risks fall within this category. UW is exposed to operational risk as part of its day to day operations. An operational risk management framework has been implemented to identify, assess, control and monitor operational risks.

Liquidity Risk

Liquidity risk refers to the risk that the Company will not be able to meet both expected and unexpected cash flow requirements.

Further information on UW's risks is included in Section C.

VALUATION FOR SOLVENCY PURPOSES

Assets, technical provisions and other liabilities are valued in accordance with the UK Solvency II Directive, and related regulation and guidance, to calculate the Solvency II Eligible Own Funds, which are treated, with the agreement of the GFSC, as equivalent to the Regulatory Capital Resources under the Insurance Business (Solvency) Rules, 2015. The principle underlying the approach is that the value determined is that at which the relevant item could be exchanged, transferred or settled by knowledgeable and willing third parties in an arm's length transaction.

The valuation methods used by the Company have not changed during the year. The Company has not applied any transitional measures, nor does it apply matching or volatility adjustments, in its valuation of technical provisions.

Solvency II Assets, Liabilities and Technical Provisions

	31 December 2019	31 December 2020
	£'000	£'000
Total Assets	4,154,209	4,336,434
Total Liabilities	3,817,042	4,004,969
Net Technical Provisions	3,559,386	3,754,144

Further information on UW's assets and liabilities, including the differences between the UK Solvency II value and the IFRS Financial Statements value, is provided in Sections D.

CAPITAL MANAGEMENT

UW calculates its solvency capital requirements ('SCR') according to the Standard Formula methodology, corresponding to a Value-at-Risk of basic own funds of the Company subject to a confidence level of 99.5% over a one year period. At year-end 2020 UW had a solvency capital ratio of 181% (2019 - 219%). All of UW's Own Funds are classified as Tier 1 and are eligible to meet the SCR and the Guernsey Minimum Capital Requirement ('Guernsey MCR').

There were no instances of non-compliance with the SCR or Guernsey MCR over the reporting period.

Solvency Capital Requirement and Guernsey Minimum Capital Requirement

	31 December 2019 £'000	31 December 2020 £'000
Solvency Capital Requirement	143,959	173,911
Guernsey Minimum Capital Requirement	21,223	20,926
Eligible Own Funds	314,922	315,634
Solvency Capital Ratio	218.8%	181.5%

Further details on UW's capital position are outlined in Section E.

COVID 19

Since the beginning of the coronavirus pandemic the potential impact arising from increased death claims due to Covid-19 has been estimated and allowances made for market fluctuations followings falls in equity markets and government bond yields, credit spread widening and exchange rate movements. The Company continues to monitor its own solvency position and has remained in a strong position throughout the pandemic.

The COVID-19 outbreak developed rapidly in 2019 and continued throughout 2020 into 2021. With a significant number of infections in all the jurisdictions in which the Company operates measures have been put in place to prevent transmission of the virus including limiting the movement of people restricting flights and other travel, temporarily closing businesses and schools and cancelling events. The Company follows the latest advice from the World Health Organisation and national health agency policies in the countries in which the Company operates.

The Company's activities are classified as essential services which has allowed some staff to work from the office in specific jurisdictions. Due to the work completed by the business continuity teams the business continues to run smoothly during the pandemic and for the foreseeable future. The success of the program has allowed staff to work from home when necessary while maintaining service standards to clients during periods of lockdown. The Company has been able to continue to operate with minimal visible impact whilst ensuring the safety of its staff, customers and partners.

A. Business and Performance

A.1. BUSINESS

Legal Entity Name:
Utmost Worldwide Limited

Registered Office:
Utmost House
Hirzel Street
St Peter Port
Guernsey
GY1 4PA

Auditors:
PricewaterhouseCoopers CI LLP
Royal Bank Place
1 Glategny Esplanade
St Peter Port
Guernsey
GY1 4ND

+44 (0) 1481 752000
www.pwc.com/jg

Primary Regulator:
Guernsey Financial Services Commission
Glategny Court
Glategny Esplanade
St Peter Port
Guernsey
GY1 3HQ

+44 (0) 1481 712706
www.gfsc.gg

Other Regulators:

Jersey Financial Services Commission
14-18 Castle Street
St Helier
Jersey
JE4 8TP

+44 (0) 1534 822000
www.jerseyfsc.org

Hong Kong Insurance Authority
19/F, 41 Heung Yip Road
Wong Chuk Hang
Hong Kong

+852 3899 9983
www.ia.org.hk

Monetary Authority of Singapore
10 Shenton Way
MAS Building
Singapore
079117

+65 6225 5577
www.mas.gov.sg

Swiss Financial Market Supervisory Authority
Laupenstrasse 27
CH-3003 Bern

+41 31 3279100
www.finma.ch

Insurance Commission of The Bahamas
Poinciana House
North Building, 1st Floor
31A East Bay Street
P. O. Box N-4844
Nassau, New Providence
The Bahamas

+1 (242) 397 4183
www.insurancecommission bahamas.com

Cayman Islands Monetary Authority
SIX, Cricket Square
PO Box 10052
Grand Cayman KY1-1001
Cayman Islands

+1 (345) 949 7089
www.cima.ky

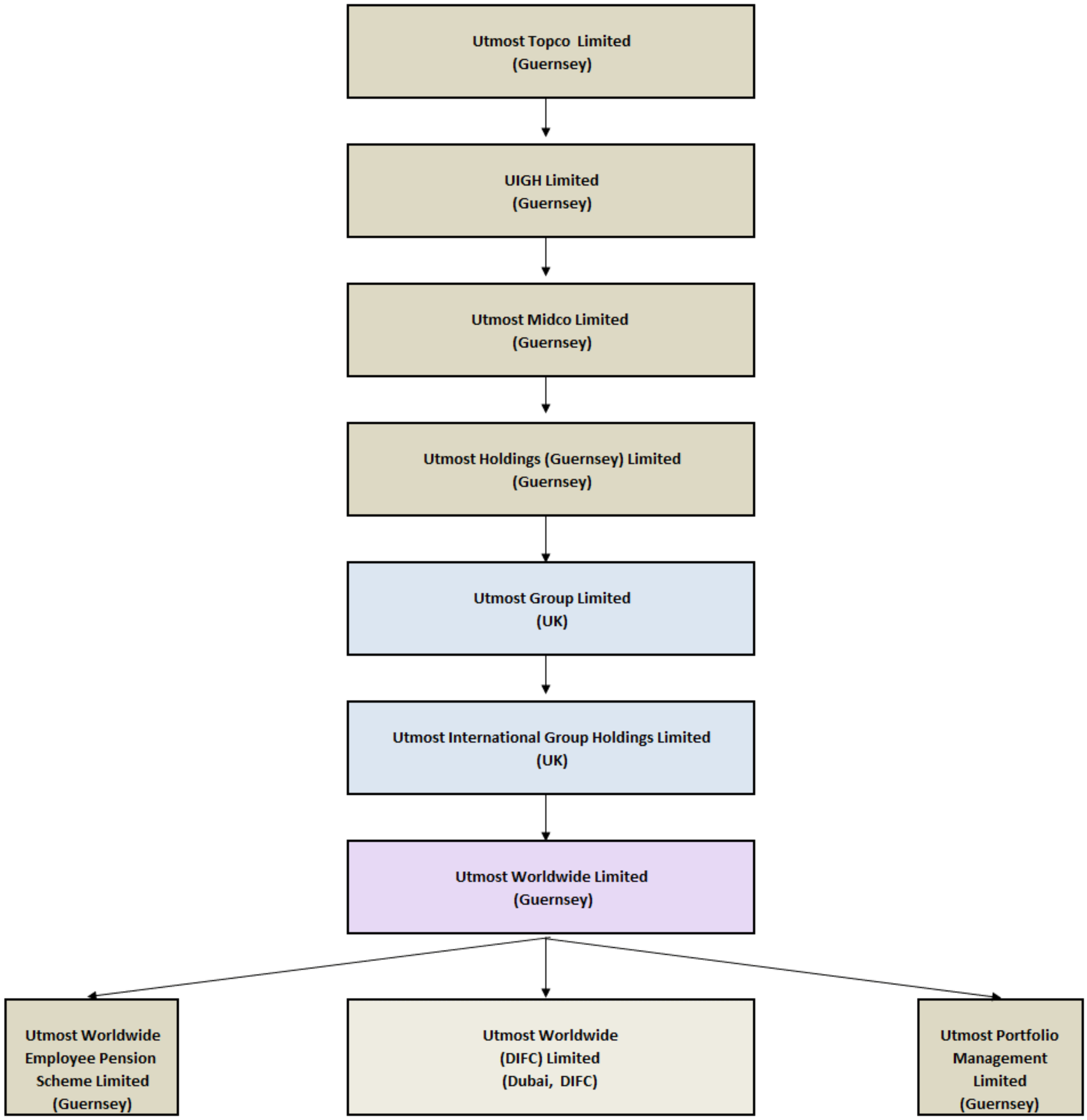
British Virgin Islands Financial Services Commission
Pasea Estate
PO Box 418
Road Town, Tortola, VG 1110
British Virgin Islands

+1 (284) 494 1324
www.bvifsc.vg

Board of Directors as at 31 December 2020:

Name	Country of Residence	Date Appointed
Charles Bangor-Jones	Guernsey	April 2020
Vic Holmes (Chairman)	Guernsey	January 2014
Ian Maidens	United Kingdom	February 2019
Leon Steyn	Guernsey	February 2019
Mark Thompson	Guernsey	February 2019
Paul Thompson	United Kingdom	February 2019

UW Ownership Structure



UW Lines of Business

The core business lines within UW are:

Wealth Solutions:
Wealth Accumulation: Developing unit-linked insurance and capital redemption solutions for both regular and single premium products aimed at mass affluent and medium net worth customers. These solutions are offered

through the Company's arrangements with licensed insurance intermediaries in markets where the Company is directly authorised or where it may operate on an international basis under its home authorisation.

Corporate Solutions:
Risk: Offering corporate entities, mainly multi nationals, life, disability, and critical illness insurance coverages as employee benefit solutions;
Savings: Offering corporate entities investment based insurance coverages to provide pension and savings related employee benefits for their employees.

The Company also operates an annuity business line, which is closed to new business, a single general business policy, also in run-off, and a medical insurance business line, primarily in the Caribbean. The last is wholly reinsured to Assicurazioni Generali SpA, and the expenses of that business are also borne by the reinsurer.

A.2. UNDERWRITING PERFORMANCE

The most significant country for UW from which life policies are written (by 2020 gross written premium) is Guernsey. Medical business written in the Cayman Islands and The Bahamas represents the most significant element of the non-life business written.

Gross Written Premiums

	31 December 2019 £'000	31 December 2020 £'000
Gross Written Premiums	147,861	133,299

Detailed information on the Company's premiums, claims and expenses is included in S.05.01.02 and S.05.02.01 in Section F Quantitative Reporting Templates. Gross Written Premiums are disclosed above on the same recognition and valuation basis as in the published financial statements.

A.3. INVESTMENT PERFORMANCE

Investments for the Benefit of Life Assurance Policyholders who bear the Investment Risk

The investments linked to insurance policies are selected by policyholders, or their appointed advisors or, where applicable, by asset managers selected by the policyholders and appointed for the purpose by the Company. The assets are owned by the Company. The Company maintains assets to directly match its unit-linked and index-linked policyholder liabilities at all times. The value of assets under management is affected by new business, asset and currency performance, fee deductions and policies maturing or surrendering each year. The Company is exposed only to second order impacts of the investment selections where it levies charges on an ad valorem basis.

Investments for the benefit of life assurance policyholders who bear the investment risk

Policyholder Investments	31 December 2019 £'000	31 December 2020 £'000
Investments	2,952,019	3,114,300
Cash balances and short term deposits	190,110	221,935
Total	**3,142,129**	**3,336,235**
Investments		
Bonds	151,488	136,910
Equities	139,670	155,081
Funds	2,660,346	2,821,948
Derivatives	36	27
Other Investments	479	334
Total	**2,952,019**	**3,114,300**

Investments backing unit-linked and index-linked policies increased from 2019 to 2020 primarily due to strong overall growth in equity markets, with significant falls in equity markets in Q1 2020 and subsequent recovery over the remainder of the year.

Company Financial Investments

Company financial investments are primarily bonds, investment funds and cash. These assets back the liabilities arising from traditional business classes, and provide cover and an excess over the Company's capital requirements. The market risks of these investments are retained by the Company.

Company Financial Investments

Company Investments, including Investments backing Traditional Business	31 December 2019 £'000	31 December 2020 £'000
Financial Assets		
Investments in subsidiaries	459	459
Debt securities – Fair value through profit or loss	546,040	531,568
Debt securities – Fair value through Other Comprehensive Income	277,862	278,337
Investment Funds	6,238	18,106
Total Company Financial Investments	**830,599**	**828,470**

Investment income on Company financial investments includes income on bonds and dividend income. Movements are recognised in either the profit and loss account or in other comprehensive income in the period in which they arise.

Investment Income

Investment Income from Policyholder and Company Financial Investments	31 December 2019 £'000	31 December 2020 £'000
Income from financial assets at fair value through profit or loss	41,313	35,034
Income from financial assets at fair value through OCI	320	2,036
Total Investment Income	**41,633**	**37,070**

A.4. PERFORMANCE OF OTHER ACTIVITIES

Expenses

Expenses for the Company include acquisition costs and other commission for direct insurance and other operating expenses. Other operating expenses include service fees payable to Outsourced Service Providers, staff costs, systems development and maintenance costs, and office premises costs. Also included are professional and legal fees paid by the Company, including Auditors' remuneration for the audit of the Company's financial statements. Company expenses are charged through the Statement of Comprehensive Income in the Company's financial statements.

Dividends and Distributions

Dividends of £25M were paid in 2020 (2019 - £nil). No capital was returned through share re-purchase in 2020 (2019 £197.3M).

Leasing Arrangements

The Company has rights of use in relation to leases of £3,885k (2019 £4,913k) and corresponding lease liabilities of £4,057k (2019 - £5,010k). The leases relate primarily to the Company's offices.

A.5. ANY OTHER INFORMATION

A.5.1. COVID 19

Since the beginning of the coronavirus pandemic the potential impact arising from increased death claims due to Covid-19 has been estimated and allowances made for market fluctuations following falls in equity markets and government bond yields, credit spread widening and exchange rate movements. The Company continues to monitor its own solvency position and has remained in a strong position throughout the pandemic.

The COVID-19 outbreak developed rapidly in 2019 and continued throughout 2020 into 2021. With a significant number of infections in all the jurisdictions in which the Company operates, measures have been put in place to prevent transmission of the virus including limiting the movement of people restricting flights and other travel, temporarily closing businesses and schools and cancelling events. The Company follows the latest advice from the World Health Organisation and national health agency policies in the countries in which the Company operates.

The Company's activities are classified as essential services which has allowed some staff to work from the office in specific jurisdictions. Due to the work completed by the business continuity teams the business continues to run smoothly during the pandemic and for the foreseeable future. The success of the program has allowed staff to work from home when necessary while maintaining service standards to clients during periods of lockdown. The Company has been able to continue to operate with minimal visible impact whilst ensuring the safety of its staff, customers and partners.

B. System of Governance

B.1. GENERAL INFORMATION ON THE SYSTEM OF GOVERNANCE

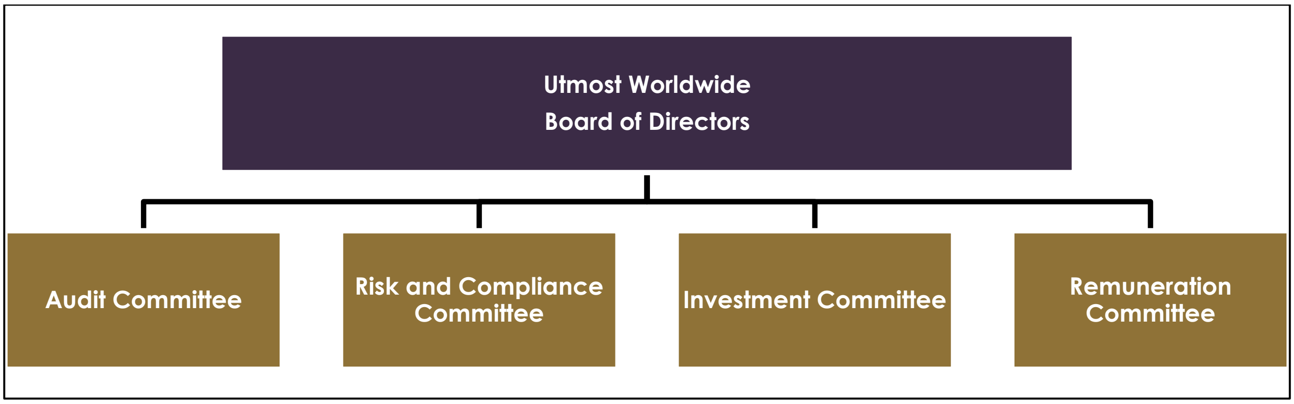
Corporate governance represents the sum of the methods, models and planning, management and control systems that are required for the operation of the Company's governing bodies.

UW's corporate governance is based on a number of cornerstones, such as the central role played by the Board, the correct management of situations that present conflicts of interest, transparency in disclosing decisions regarding the management of the Company, and the effectiveness of the ICRMS.

B.1.1. INFORMATION ON GENERAL GOVERNANCE

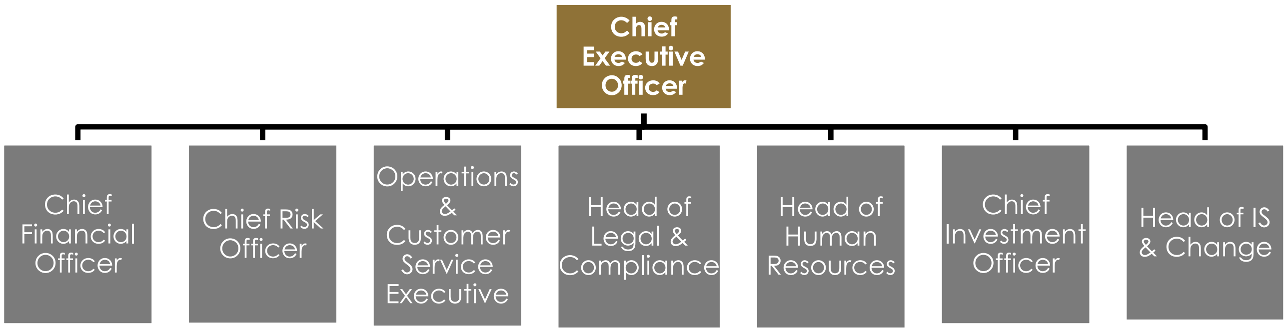
Risk governance is aimed at establishing an effective organisational structure based on a clear definition of risk roles and responsibilities, and on a set of policies, guidelines and operating procedures. As part of its governance structure, the UW Board has established a series of Board Committees with specific delegated authorities.

Governance Structure



The remit of each of the Committees outlined in the above table is set out in their respective Terms of Reference which are subject to annual review and approval. Furthermore, the performance of each of the Committees is subject to annual review.

UW Executive Management Structure



Main Governance Bodies

Key Role	Description
Board of Directors	The Board ensures that the Risk Management system identifies, evaluates and controls the most significant Company risks. Within the scope of its typical duties and responsibilities, the Board is ultimately responsible for setting strategies and policies in the area of Risk Management and internal control and ensuring their adequacy and sustainability over time, in terms of completeness, functioning and effectiveness. The Board has established the following Board committees: the Audit Committee, the Risk and Compliance Committee, the Investment Committee and the Remuneration Committee. Details on the Board Committees, and other committees and functions, are provided below.
Audit Committee	The Audit Committee takes delegated responsibility on behalf of the Board for ensuring that there is a framework for accountability, examining and reviewing systems and methods of financial control and for ensuring UW is complying with its constitutional documents together with all aspects of the law and relevant regulations. The Audit Committee is chaired by an independent Non-Executive other than the Chairman of the Board of Directors.
Risk and Compliance Committee	The Risk and Compliance Committee has been established by the Board in order to provide leadership, direction, and oversight with regard to UW's policies and procedures, including those relating to risk management and legal & compliance. It assists the Board of Directors in fulfilling its risk management responsibilities as defined by applicable law and regulations, UW's constitutional documents and internal regulations as well as considering leading market practice standards.
Investment Committee	The Investment Committee is responsible for ensuring that UW adheres to the Investment Policy approved by the Board. The committee is authorised by the Board to: • Define and monitor the risks to be managed by way of investment activity; • Monitor implementation of investment policy across all the business lines; • Ensure UW adheres to the requirement of the Risk Guidelines; and • Set guidelines for foreign exchange trading and foreign currency positions.

Key Role	Description
Remuneration Committee	The Remuneration Committee is responsible for the Company's overall remuneration policy and for recommending and monitoring the level and structure of remuneration for senior management including executives, directors and sales staff. Additionally, it is responsible for the overall remuneration budget and structure and makes recommendations to the Board for all remuneration, pay schemes and structures as well as major changes to employee benefits. These align with the risk appetite of the Company and its long strategic term goals to promote the long-term success of the Company, while complying with all relevant legal and regulatory requirements. The Remuneration Committee is comprised of all the Non-Executive Directors of the Board.
Executive Committee ('ExCo')	ExCo supports the Board in all parts of its responsibilities but in particular: • Implements UW's strategic, business and financial plans; • Monitors and manages business activities that will have a significant impact on UW's profitability, assets and liabilities, financial position and reputation; and • Ensures the appropriate risk management structure is implemented across all parts of UW.
Risk Function	The Risk function carries out assessment of the risk profile and reports both directly to the Board and also to the Executive Committee on the most significant risks in order to support them in the definition of risk management strategies and tools for risk identification, monitoring, management and measurement. The function supports the definition of risk measurement methodologies and models, and also provides, through an adequate reporting system, the elements for assessing exposures and effectiveness of the end-to-end risk management system.
Compliance Function	The Compliance function is responsible for assessing whether or not the internal organisation and procedures adequately prevent the risk of incurring legal or administrative penalties, the loss of assets or damage to reputation as a result of the violation of laws, regulations or supervisory measures. The Compliance function reports both directly to the Board and also to the Executive Committee
Internal Audit Function	The Internal Audit function is responsible for providing an independent assessment of the effectiveness and efficiency of the system of internal controls, and thus the effective functioning of the controls put in place to guarantee the best execution of the processes. In order to fully observe the requirements of independence from business functions, Internal Audit report directly to the Board's Audit Committee.
Finance Function	The Finance Function is responsible, *inter alia*, for determination of the IFRS balance sheet, and conversion and enhancement to establish the Solvency II Balance Sheet.
Actuarial Function	The Actuarial Function is responsible, *inter alia*, for calculation of the IFRS technical liabilities and the Technical Provisions in the Solvency II Balance Sheet and for assessing and reporting on the effectiveness of the reinsurance programme. The Actuarial function reports directly to the Board in relation to Technical Provisions and reinsurance under the policy framework, as well as on other matters by regulation.

B.1.2. INFORMATION ON RISK MANAGEMENT, INTERNAL AUDIT, COMPLIANCE AND ACTUARIAL FUNCTIONS INTEGRATION INTO THE ORGANISATIONAL STRUCTURE AND THE DECISION MAKING PROCESSES OF THE UNDERTAKING, STATUS AND RESOURCES OF THE FUNCTIONS WITHIN THE UNDERTAKING

In accordance with the various regulatory laws to which the Company is subject, and recognising the Solvency II requirements, UW has established a Risk Management System which is defined as a set of strategies, guidelines, processes and procedures aimed at identifying, measuring, monitoring and reporting on a continuous basis the risks to which UW is exposed.

Risk governance is aimed at establishing an effective organisational structure based on a clear definition of risk roles and responsibilities, and on a set of policies, guidelines and operating procedures.

In addition, as part of its governance structure UW has established a series of Board Committees with specific delegated authorities (as outlined above).
The Internal Control System ("ICS") and Enterprise Risk Management ("ERM") Framework is implemented within UW through a specific on-going process which involves, with different roles and responsibilities, the Board, ExCo and the organisational structures. The ERM facilitates the identification and assessment of risks, including those arising from non-compliance with laws and regulations. The objective of the ICS is to manage, mitigate, monitor and report on those risks in order to inform the Own Risk and Solvency Assessment ("ORSA"). Together the ERM and ICS form the ICRMS referenced in the Summary.

The functions involved in the risk management process operate according to the Three Lines of Defence approach:

- The operational structures (Risk Owners) are the first line of defence. The Risk Owners are ultimately responsible for risks concerning their area and to define and update the actions needed to make their risk management processes effective and efficient. They control the activity of the Risk Takers, who deal directly with the market and the internal and external parties and who define activities and programmes from which risks may arise. The risk management initiatives defined by the Risk Owners address the way Risk Takers undertake risks. In addition, there are a number of support units (e.g. Actuarial) and oversight committees (Risk Observers) responsible for constantly monitoring specific risk categories, in order to measure and analyse them and to identify risk mitigation actions to the Risk Owners.
- The Risk Management, Compliance and elements of the Actuarial Function represent the Second Line of Defence. The Risk Management Function oversees the whole Risk Management System ensuring its effectiveness. It supports the Board and ExCo in defining the Risk Strategy and in the development of the methodologies to identify, take, assess, monitor and report risks. It also supports the Operating Units implementing and adopting the relevant policies and guidelines. The Compliance Function is in charge of evaluating whether the internal processes and controls are adequate to mitigate compliance risk. The Actuarial Function, through the Appointed Actuary, considers the reliability and adequacy of the quantification of the technical provisions and also reports to the Board on the effectiveness of the Company's reinsurance programme.
- Internal Audit is the Third Line of Defence. Internal Audit is responsible for independently evaluating the effectiveness of the ICS and ERM and for confirming the operational effectiveness of the controls.

The roles and responsibilities of each of the control functions (Risk Management, Compliance, Actuarial and Internal Audit) and how they interact with the organisation in the execution of that responsibility are either set out in specific policies or their respective charters.

As outlined in the Risk Management Policy, the Risk Management Function acts as guarantor for the effective implementation of the risk management system, as established by the Board.

The Risk Management Function supports the Board and ExCo in the definition of the risk management strategy and the development of tools for risk identification, monitoring, management and reporting.

B.1.3. INFORMATION ON AUTHORITIES, RESOURCES PROFESSIONAL QUALIFICATIONS, KNOWLEDGE, EXPERIENCE AND OPERATIONAL INDEPENDENCE OF THE FUNCTIONS AND HOW THEY REPORT TO AND ADVISE THE ADMINISTRATIVE, MANAGEMENT OR SUPERVISORY BOARD OF THE INSURANCE UNDERTAKING

All ExCo positions outlined in the Organisational structure chart have responsibilities to the Board and Committees. All persons identified as holding Prescribed Positions in UW are assessed on an ongoing basis to ensure they meet the guidance provided by the GFSC in respect of fit and proper criteria.

B.1.4. MATERIAL CHANGES TO THE SYSTEM OF GOVERNANCE

During 2020 the following Board of Director changes were noted:

- Mr. Giorgio Daboni retired as an Executive Director and as Chief Executive Officer on 21st April 2020.
- Mr. Charles Bangor-Jones was appointed as an Executive Director on 21st April 2020.

Mr. Vic Holmes remained as an independent Non-Executive Director and Chairman of the Board throughout the year, and Mr. Mark Thompson remained as an independent Non-Executive Director. Messrs. Ian Maidens and Paul Thompson remained as Group Non-Executive Directors, and Mr. Leon Steyn as an Executive Director, with Mr Steyn becoming Chief Executive Officer from 21st April 2020.

With regards to the Executive Committee, the only change in composition was that following the retirement of Mr. Giorgio Daboni.

Messrs. Leon Steyn, Charles Bangor-Jones, Rupert Stow, Jean-Pierre Nicolle, and Ian McLennan and Ms Caroline Shakerley were members of the Executive Committee throughout the year. Mr. Stephen Atkinson, Ms Michelle Leahy, Mr. Gary Williams, and Mr. Stuart Heffernan, who are all employed by other entities in the Utmost Group of Companies, also attended meetings of the Executive Committee during the year in their respective Utmost roles as Group Head of Sales and Marketing, UCS, Proposition and Internal Audit.

B.1.5. REMUNERATION POLICY

The Remuneration Policy is produced to provide a summary of the applicable principles, rules and standards and covers all employees. Employee's remuneration against the policy is regularly considered and reviewed at the Board of Directors' Remuneration Committee. This policy itself is to be reviewed annually to ensure the policy rules and standards are relevant, consistently applied and remain compliant with the various legal requirements of the jurisdictions in which the Company operates.

The remuneration strategy is based on the following principles for all employees across the business:

fixed and variable components shall be balanced; so that the fixed one represents a sufficiently high proportion of the total remuneration to guarantee a complete flexibility in variable component payment;

the total amount of the variable remuneration is based on a combination of the assessment of the individual's performance and the overall performance of the Company and the International Group;
financial and non-financial criteria shall be taken into account when assessing an individual's performance except for control function roles where only non-financial criteria will be used;
for senior executives a substantial portion of the variable remuneration shall be deferred and aligned with the nature of the business, its risks, and the specific activities of the employees in question;
for individuals in control functions and in sales, a substantial proportion of their variable remuneration specifically shall be geared towards driving the right behaviours expected of those in these roles;
a maximum limit is defined for all the variable components payable;
market data shall be considered for all remuneration decisions; and
personal hedging strategies or remuneration and liability-related insurance (which would undermine the risk alignment effects embedded in any remuneration arrangement) are forbidden.

Balanced Remuneration Package

Employees' remuneration packages are made up of fixed components, variable components and additional benefits, which together provide an appropriate balance between short-term and medium to long-term incentives.

Additionally the following is in place that further supports the principles and remuneration of employees:

an annual pay review is performed annually and considers market surveys and conditions;
the level of staff and their pay is considered as part of this annual pay review cycle and mapped against market pay surveys wherever possible;
UW has performance management processes directly linked to variable pay that seeks to encourage performance progression and improvement;
performance is assessed against objectives or targets and has a structured approach to help provide a consistent and objective evaluation;
all employee (except sales staff) performances are rated using a performance review rating scale to promote a fair and transparent understanding of an employees performance. The performance rating has a direct impact on the variable awards paid; and
sales staff have a structured and transparent commission based incentives and qualitative targets and this too has a direct impact on their pay.

Additional benefits

Additional benefits offered to employees depend on the jurisdiction in which the Company operates. The Company seeks to make comparable all pay and benefits across the Company where possible. Additional benefits may include membership of a defined contribution pension scheme, medical insurance and life and disability assurance.

B.1.6. MATERIAL TRANSACTIONS DURING THE REPORTING PERIOD

There were no material transactions during the year.

B.2. FIT AND PROPER REQUIREMENTS

A core component of an effective risk culture is the knowledge and skills of the Company's resources. In order to confirm that the right resources and skills are in place, UW has implemented a Fit and Proper Policy and related procedures in order to assess more specific aspects of the fitness and probity both initially and on an ongoing basis of the individuals who are performing key functions. Key function holders are considered to include the Board, the ExCo, regional CEOs, heads of control functions, and prescribed positions including the Appointed Actuary and the Company Secretary.

B.2.1. DESCRIPTION OF THE SPECIFIC REQUIREMENTS CONCERNING SKILLS, KNOWLEDGE AND EXPERTISE REQUIRED

The Board and the ExCo are required to possess collectively appropriate knowledge and experience of:

- the markets in which the undertaking operates,
- business strategy and business model,
- system of governance,
- actuarial and financial analysis,
- regulatory framework and requirements.

Other key personnel are required to possess specific skills and qualifications relevant to the role held.

B.2.2. PROCESS FOR ASSESSING THE FITNESS AND THE PROBITY OF THE PERSONS

The Board of Directors and the Executive Committee are expected to take collective decisions based on the contribution of each single member. The members are not expected to possess, each of them individually, expert knowledge, competence and experience within all areas of the undertaking. However, the collective knowledge, competence and experience of the Board and the ExCo as a whole have to provide for a sound and prudent management of the undertaking.

Therefore, the fitness of the Board of Directors and the Executive Committee members is evaluated from both an individual (considering the contribution that each member can give to the collective decision) and collective perspective.

When assessing the knowledge, competence and experience required for the performance of a particular role within the above, the qualifications and experience of the employees within the undertaking are taken into account as a relevant factors. The evaluation is intended demonstrate that the collective knowledge of the body is maintained at an adequate level or that a rebalancing of skills and experience is necessary.

Other key personnel are required to possess specific skills and qualifications relevant to the role held, and the full range of responsibilities of that role.

Assessment of the propriety of relevant personnel includes assessment of their honesty based on relevant evidence of character, personal behaviour and business conduct. Areas given particular emphasis include regulatory and supervisory assessment, criminal convictions under laws relating to financial services, money laundering, consumer protection, companies and insolvency, and adherence to Company policy.

B.3. RISK MANAGEMENT SYSTEM INCLUDING THE OWN RISK AND SOLVENCY ASSESSMENT

B.3.1. RISK MANAGEMENT SYSTEM

As outlined in the Company's Risk Management Policy, the Risk Management Function acts as guarantor for the effective implementation of the Risk Management System, as required by regulation and as established by the Board. The Risk Management Function supports the Board and ExCo in the definition of the Risk Management strategy and the development of tools for risk identification, monitoring, management and reporting.

Risk Management Function

The Risk Management Function is separate from the operational business units and does not have operating responsibilities or a direct reporting line to those responsible for the operating activities. The independence of the Risk Management Function is guaranteed through its direct reporting lines to the Risk and Compliance Committee.

The Risk Management function consists of the CRO, supported by members of the Actuarial team, and the Operational Risk team, which reported to the Head of Legal, Compliance and Operational Risk (HoLC&OR) during the year. The CRO's and HoLC&ORS's primary responsibilities are to the Board. The CRO and HoLC&OR have a dotted reporting line to the Chief Executive Officer ('CEO') on operational issues.

The Risk Management function oversees the sustainability of the risk management system. The Risk Management Function supports the Board, ExCo and departmental managers in defining risk management strategies and the instruments to monitor and measure risks, providing, through an appropriate reporting system, the elements for an assessment of the performance of the risk management system as a whole. The Risk Management Function is responsible in particular for the following activities:

- Defining the risk measurement methodologies and models.
- Cooperating, with the Risk Owners, on the definition of the operating limits attributed to the operating structures and on the definition, with the first level functions (i.e. senior management) in charge of control, of the procedures for the prompt verification of such limits.
- Validating the information flows, prepared by the various Risk Owners, necessary to ensure the timely control of risk exposures and the prompt identification of any operational anomaly.
- Presenting appropriate reports to the Board and the Risk and Compliance Committee on the overall performance of the risk control and management system and its ability, in particular, to react to context and market changes, as well as on the development of risks and any instances in which the operating limits have been exceeded.
- Ensuring that the Executive Committee reacts to results from the stress tests if unexpected events or results are identified.

The Risk Management, Compliance and Internal Audit Functions are operationally independent from ExCo and have unfettered access to the Board.

Policy Framework

The documentation tree is structured into:

Policies approved by the Board
Standards approved by the ExCo
Operating Procedures and Guidelines.

The Policy Framework was put under review by the Board and ExCo following the change of ownership to ensure the requirements were proportionate to the needs of the Company and its new Group membership. This exercise has been extended from the original December 2020 target to address further requirements arising from the Company's inclusion in a UK regulated Utmost Group from October 2020.

Risk Management System

The purpose of the Risk Management System is to ensure that all risks to which the Company is exposed to are properly and effectively managed on the basis of the risk strategy defined, following a set of processes and procedures and based on clear governance provisions.

The principles defining the Risk Management System are provided in the Risk Management Policy, which is the cornerstone of all risk-related policies and guidelines. The Risk Management Policy outlines all risk categories to which the Company is exposed on a current or forward-looking basis.

UW's Risk Management process is defined in the following phases:

Risk Management Process

1. Risk Identification

The purpose of the risk identification phase is to ensure that all material risks to which the Company is exposed are properly identified. For that purpose, the Risk Management Function interacts with the main Business Functions in order to identify the main risks, assess their importance and ensure that adequate measures are taken to mitigate them according to a sound governance process. Within this process, emerging risks are also taken into consideration.

Based on Solvency II risk categories, and for the purpose of SCR calculation, risks are categorised according to the Risk Map below.

Risk Map

Financial Risks	Credit Risks	Insurance Risks	Other Risks
Equity	Counterparty Default	Life Mortality	Operational
Property		Life Longevity	Liquidity
Interest Rate		Life Lapse	Strategic
Spread		Life Expense	Reputational
Currency		Life - Catastrophe	Contagion
Concentration		Health - SLT[2]	Emerging
		Health - NSLT[3]	Regulatory/Compliance
		Health - Catastrophe	Conduct

[2] SLT – similar to life techniques
[3] NSLT – Not Similar to Life Techniques

Financial Risks	Credit Risks	Insurance Risks	Other Risks
		Non-Life - premium & reserve	
		Non-Life - Catastrophe	

2. Risk Measurement

UW has formally adopted a number of risk assessment methodologies.

The SCR is calculated in accordance with the requirements of the L1 – Dir and L2 – Reg Standard Formula as adopted by the UK. On an annual basis UW completes an appropriateness assessment of the Standard Formula against UW's risk profile.

3. Risk Management and Control

The Company operates a sound Enterprise Risk Management Framework in line with the established strategy and processes. To ensure that the risks are managed according to the risk strategy, the Company follows the governance defined in the Risk Appetite Statement ('RAS') and Internal Control System. This provides a framework for the embedding of risk management practices in day-to-day and extraordinary business operations, the development of appropriate control mechanisms and escalation and reporting processes.

The purpose of the RAS is to set the desired level of risk (in terms of risk appetite and risk preferences) and limit excessive risk-taking. Tolerance Levels on the basis of capital and liquidity metrics are set accordingly. Should an indicator approach or breach the defined Tolerance Levels, escalation mechanisms are then activated.

4. Risk Reporting

Risk monitoring and reporting is a key Risk Management process which allows Business Functions, ExCo, Board and the Company's regulators to be aware of, and informed about, the risk profile development, risk trends and any breaches of risk tolerances.

Risk factors are taken into consideration in the following decision making processes: Strategic Planning Process; Capital Management; Asset Liability Matching and Investment Allocation; Solvency and Liquidity; Product Pricing, Development and Monitoring; Management Information; and Performance Management.

Risk Culture

A core objective of the Risk Management Function is to embed a positive and open risk management culture within UW. In support of this objective, risk management and compliance training is provided to all staff. In addition, the following structures have been established in order to embed a risk culture within UW:

- The ExCo, supported by the Risk Management Function, meet regularly to review risk management issues and to integrate risk management thinking into the decision making process. Furthermore, material risk incidents and the results of risk assessments are reviewed, resulting in the required corrective actions being identified; and

The risk culture is further embedded within UW through the following:

- The CRO is a member of ExCo and in the execution of his role integrates risk management thinking into the decision making process.

- The strategic planning process must remain consistent with the ORSA in order to include a risk based forward-looking view in the development of the strategic plan.
- The Risk Management Function is involved in the material initiatives which may impact on the risk profile of UW. The role of the Risk Management Function is to integrate the risk management assessment methodologies into the decision making process by supporting the business in identifying, assessing and managing the risks associated with these initiatives.
- The Risk Management Function works closely with the business units providing advisory services.

B.3.2. INTERNAL MODEL FRAMEWORK: GOVERNANCE, DATA AND VALIDATION

This section is not applicable to the Company.

B.3.3. ORSA PROCESS

The ORSA process is a key component of the Risk Management System which is aimed at assessing the adequacy of the solvency position and the risk profile on a current and forward-looking basis.

The ORSA process documents and assesses the main risks to which the the Company is, or might be, exposed the basis of its Strategic Plan. It includes the assessment of the risks in scope of the SCR calculation, but also the other risks not included in SCR calculation. In terms of risk assessment techniques, stress tests and sensitivity analysis are also performed with the purpose of assessing the resilience of the Company risk profile to changed market conditions or specific risk factors.

The ORSA Report is produced on an annual basis. In addition to the annual ORSA Report, a non-regular ORSA Report would be produced were the risk profile of the Company to change significantly.

All results are documented in the ORSA Report, which is reviewed by the Risk and Compliance Committee and the Board. After discussion and approval by the Board, the ORSA Report is submitted to the primary regulator, the GFSC. The ORSA Report, with any requisite supplementary information, is also submitted to other regulators as required. The information included in the ORSA Report is sufficiently detailed to ensure that the relevant results can be used in the decision-making process and business planning process.

UW's risk profile, including ORSA triggers which would prompt the undertaking of a non-regular ORSA report, is monitored on an ongoing basis and reported to the Risk and Compliance Committee quarterly.

B.3.4. RISK EMBEDDING IN CAPITAL MANAGEMENT PROCESS

Capital Management, Strategic Planning and Risk Management are strongly integrated processes. This integration is deemed essential to ensure alignment between business and risk strategies.

Through the ORSA process, the projection of the capital position and the forward-looking risk profile assessment contributes to the Strategic Planning and Capital Management process.

The ORSA Report also leverages the capital management aspects of the Business Plan to verify the adequacy, including the quality, of the Eligible Own Funds to cover the overall solvency needs on the basis of the plan assumptions.

To ensure the on-going alignment of the business strategy to UW's risk appetite, the Risk Management Function actively supports the Strategic Planning process. This process includes strategy discussions, initiatives to be implemented, monitoring the business performance and oversight on risk and capital positions.

B.4. INTERNAL CONTROL SYSTEM

The ICRMS, whose design and structure is approved by the Board, is the system in place to ensure that business activity complies with the law and with the various directives and procedures in place. It also ensures that UW's processes are efficient and effective and that accounting and management information is reliable and complete.

Internal Control comprises a set of tools that helps the Company reach its targets in line with the level of risk selected by ExCo and the Board. Such targets are not restricted solely to business targets, but extend also to those connected with financial reporting as well as compliance with all internal and external rules and regulations, and take on varying importance depending on the risk that has been identified. It follows that the relevant internal control mechanisms take on a varying nature and form too, depending on the particular process or processes under the examination.

It is the responsibility of the Board to encourage the development and spread of the 'culture of control', requiring senior management to make all staff aware of the importance of internal controls and the role that they play, as well as the added value that they represent to the business. Senior management is responsible for implementing both the 'culture of processes' and the 'culture of control' together with ensuring that employees are made aware of their individual roles and responsibilities regarding internal controls. UW management ensures that the system of delegated powers and procedures governing the allocation of duties, the operating processes and the reporting channels is duly formalised and employees are sufficiently informed and receive adequate training in relation to such systems.

The effectiveness of the control mechanisms listed above is delivered not only by means of monitoring and control activities carried out throughout the entire organisational structure of the business, but also via suitable channels for reporting any breaches.

As a result, UW's internal controls are organised on the basis of various operational levels and levels of responsibility, these being regulated and codified:

- The controls that are the duty of the organisational units that form an integral part of each company process and represent the basis of the internal control system.
- The controls carried out by the corporate functions whose main activity is to perform control tasks. These include:
    - The Risk Management Function, which evaluates the risk profile of the Company and compliance by management with the limits established by the Board and senior management;
    - The Compliance Function, which represents an additional and independent line of defence within the ICRMS overall, being responsible for assessing whether the organisation of the insurance business and its internal procedures are sufficient to prevent the risk of incurring penalties for regulatory offences or penalties imposed by law and the risk of suffering financial losses or reputational harm to the corporate image of the Company as a result of a breach of the law, of regulations or of measures imposed by the supervisory authorities or internal provisions
    - The budgeting and controlling activities, with the aim of observing and analysing business performance as far as meeting the targets established at the planning stage is concerned,

demonstrating, by measuring specific indicators, any variance between the targets established at the planning stage and performance, and identifying any unusual changes;
    - The risk management activities in fraud prevention, which work to prevent both internal and external fraud and to identify and suppress the same; and
    - Other non-operational functions, which, in providing advice to other corporate functions, assist in implementing all internal control objectives (tax advice, advice on privacy issues, legal counsel, etc.).
- The independent assessment carried out by Internal Audit of the quality and effectiveness of the controls put in place by the other corporate functions.

B.4.1. INTERNAL CONTROL FUNCTIONS

The Risk Management, Compliance, Actuarial and Internal Audit Functions operate within the framework of specific policies that are subject to periodic updates and approval by the Board. Specific regulations stemming from these policies govern in some detail the activities to be performed as part of the specific mission assigned, as well as the powers and responsibilities allocated by the Board. Compliance and Risk Management Functions are involved where new material processes are drawn up and where changes are made to the organisational structure of the business. In particular, the Compliance Function must always be involved in the drafting of processes where the issue of compliance is relevant.

B.4.2. COMPLIANCE FUNCTION

UW has established a separate Compliance Function under the HoLC&OR to assist the Board and ExCo in assessing and managing effectively the statutory and regulatory risks faced by the Company. The HoLC&OR reports to the Board and Risk & Compliance Committee and has a dotted reporting line to the CEO on operational issues. The Compliance Function is operationally independent from ExCo and has unfettered access to the Board.

The Compliance Function has responsibility for advising the Board on compliance with all laws, regulations and administrative provisions, including those pertaining to its branches, related to its operation as an insurance undertaking. The Compliance Function will also provide advice and guidance on other laws, regulations and administrative provisions as mandated by the Board and ExCo.

The Compliance Function also has the responsibility to assess the possible impact of any changes in the legal or regulatory environment on UW business operations and to identify and assess the compliance risks.

The role of the Compliance Function is also to assess the appropriateness of corporate policies, guidelines and procedural processes and internal controls which UW relies upon to comply with legal, regulatory and internal requirements. The Compliance Function is also required to identify compliance shortcomings and breaches of legal or regulatory obligations, ensuring that adequate remediation and disciplinary actions are taken where appropriate by the UW business and where applicable, reports and notifications are promptly made to the relevant authorities.

To support this process, the Compliance function presents a Compliance Monitoring Plan to the Risk & Compliance Committee and assesses progress against the plan on an ongoing basis. The Compliance Function conducts routine monitoring and surveillance over the first line of defence and reports the results to the Risk & Compliance Committee. The monitoring completed includes the following:

- AML (Anti Money Laundering) and CFT (Countering the Financing of Terrorism): Conducting reviews of policyholder documentation for AML and CTF purposes. Performing AML/CTF risk assessments.

- Transaction Monitoring: Monitoring transactions for potentially suspicious activity.
- Regulatory and legislation monitoring: Monitoring and recording legislative requirements and conduct of business obligations that apply to the Company.
- Data Protection: Conducting Data Protection monitoring and risk assessments.

The Compliance Function also provides to staff advice and training on regulatory requirements, areas of key compliance risk and standards of professional conduct to reinforce and promote ethical standards of behaviour and compliance awareness within UW. It further facilitates a whistle-blowing process.

B.4.3. INTERNAL AUDIT FUNCTION

The Internal Audit Function ('IAF') is an independent, effective and objective function established by the Board to examine and evaluate the adequacy, functioning, effectiveness and efficiency of the internal control system and all other elements of the system of governance, with a view of improving the efficacy and efficiency of the internal control system, of the organization and of the governance processes. This is set out in the Internal Audit Policy, Internal Audit Charter and Audit Committee terms of reference.

IAF's authority is enshrined in the Internal Audit Charter which is reviewed and approved annually by the Audit Committee and Board. Under the Internal Audit Charter IAF has full, free, unrestricted and timely access to any and all the organisation's records, physical properties, and personnel pertinent to carry out any engagement, with strict accountability for confidentiality and safeguarding records and information.

The IAF operates under a methodology aligned with the Institute of Internal Auditors' mandatory guidance, including the Definition of Internal Auditing, the Code of Ethics, and the International Standards for the Professional Practice of Internal Auditing (the Standards). This mandatory guidance constitutes principles of the fundamental requirements for the professional practice of auditing and for evaluating the effectiveness of the audit activity's performance. Given the delicate and important nature of the assurance role carried out within the business, all the personnel of the IAF must meet specific fit and proper requirements as laid down in the Company's Fit & Proper Policy.

The activity of IAF remains free from interference by any element in the organisation, including matters of audit selection, scope, procedures, frequency, timing, or report content to permit maintenance of a necessary independent and objective mental attitude. On an annual basis the Head of Internal Audit (HoIA) confirms his independence and that of the IAF to the Audit Committee.

On an annual basis, the HoIA presents a proposed 12 month Internal Audit plan to the Audit Committee requesting approval. This plan is developed based on an audit universe using a risk-based methodology, taking into account all past audit activities, the complete system of governance output, the expected developments of activities and innovations and including input of ExCo and the Board. Any change to the Internal Audit plan is approved by the Chair of the Audit Committee.

Following the conclusion of each Internal Audit engagement, a written audit report is prepared and issued to the auditee and the auditee's hierarchy. The HoIA, on a quarterly basis, provides the Audit Committee with a report on activities, status of open and overdue audit issues, any significant issues and audit reports issued during the period. However, in the event of any particularly serious situation, such as the emergence of a conflict of interest, the HoIA will immediately inform the Audit Committee and Board. Where appropriate, or otherwise required, audit reports may also be shared with the Company's regulator(s).

B.4.4. ACTUARIAL FUNCTION

The Actuarial Function is an oversight ('second line of defence') function headed up by the Company's Appointed Actuary. Under the Company's Actuarial Policy, the Head of Actuarial Function (HoAF) is responsible for the following activities:

- Coordinating the 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 Board of the reliability and adequacy of the calculation of technical provisions;
- Overseeing the calculation of technical provisions in the cases where approximations need to be used due to insufficient and/or inadequate data ;
- Expressing an opinion on the overall underwriting policy; and
- Expressing an opinion on the adequacy of reinsurance arrangements.

Calculations undertaken as part of the above are performed in accordance with the methodologies set out in the SII Directive, and other activities are undertaken with reference to the relevant SII requirements. The HoAF is also responsible for the preparation of a number of other reports using a different, prudent calculation basis in his role as Appointed Actuary. Other than being included in the IFRS based balance sheet prior to restatement on the SII basis in section D.2, this basis is not used in the calculation of or assessment of the Company's solvency position. Various other bases are used in consideration of the notional solvency of branches and non-Guernsey assessment of company-level solvency.

The Board receives an annual report from the HoAF which considers the adequacy, appropriateness and reliability of technical provisions, underwriting, reinsurance, contributions to Risk Management and conflicts of interest. The report clearly identifies any deficiencies or areas for improvement and provides recommendations as to how such improvements could be implemented.

All first line of defence actuarial activities are carried out by a separate Actuarial Team e.g. product development and product pricing.

B.5. OUTSOURCING

UW uses third party administrators to supplement some of its business operations. In order to mitigate the risks associated with outsourcing, the Company has implemented an Outsourcing Governance Framework. This framework includes a process for both the selection of and the ongoing review and monitoring of outsourced service providers' performance.

A due diligence process, which addresses all material factors that could impact on the potential service provider's ability to perform the business activity, is undertaken prior to the appointment of all outsourcing.

UW has in place an Outsourcing Policy and Standard to establish the Outsourcing Governance Framework, including requirements for identifying, justifying and implementing material outsourcing arrangements. The Outsourcing Standard sets out minimum mandatory outsourcing controls, assigns main outsourcing responsibilities and ensures that appropriate controls and governance structures are established within any outsourcing arrangement.

The Outsourcing Policy introduces a risk-based approach, adopting a proportionality principle to apply requirements according to the risk profile (distinguishing between critical and non-critical outsourcing) and the materiality of each outsourcing agreement. The outsourcing of critical or important operational functions or activities is managed in compliance with our regulatory obligations.

The Outsourcing Policy also requires the appointment, for each outsourcing arrangement, of a specific business referent. The business referent is responsible for the overall execution of the outsourcing lifecycle, from the initial risk assessment to the final management of the agreement and subsequent monitoring activities of the service level agreements defined in each contract.

This Outsourcing Standard encompasses the following lifecycle stages:

- Outsourcer Sourcing: Drafting the business proposal for outsourcing and receiving approval for selection of the preferred service provider.
- Assessment and Due Diligence: Assessing service provider capability to perform the activities according to UW standards, internal and external regulations.
- Outsourcing Agreement Negotiation and Management: Allocating rights and obligations, provide standard clauses and minimum contents.
- Migration and Exit Plan: Definition of a structured migration and exit plan to minimise risk during transition to or from an Outsourcing Provider.
- Monitoring and Reporting: Ensuring the implementation of appropriate organisational safeguards to monitor the outsourcer performances and set reporting obligations for critical outsourced activities.

UW has implemented an outsourcing oversight process that is co-ordinated by the Chief Operating Officer. UW's outsourcing arrangements are subject to a detailed annual review. The review findings and risk assessments are reviewed by the Board.

The following is a list of the critical outsourced service providers, together with the jurisdiction in which the service providers of such functions or activities are located.

List of Critical Outsource Providers

Name	Services Outsourced	Group / External	Jurisdiction
Utmost Services Ireland Limited (USIL)	Service company providing core administration and management services to UW.	Group	Ireland
Generali Global Health Services Limited	Claims management services performed for the UW Medical business in the Caribbean.	External	Canada
Pangea International Risk Management Services, Inc.	Billing and Eligibility services for the Caribbean Medical business. Agency Agreement for operation under IHS Limited within the Cayman Islands.	External	USA/ Cayman
Wakely Consulting	Provider of actuarial services to Cayman and Bahamas Branches.	External	USA
Utmost Portfolio Management Limited	Investment Management and Investment Advisory services.	Group	Guernsey
Willis Towers Watson	Actuarial services for the Singapore Branch.	External	Singapore
Milliman AG	Actuarial services for the Switzerland Branch.	External	Switzerland

B.6. ANY OTHER INFORMATION

B.6.1. ASSESSMENT OF THE ADEQUACY OF THE SYSTEM OF GOVERNANCE TO THE NATURE, SCALE AND COMPLEXITY OF THE RISKS INHERENT IN THE BUSINESS

The UW Board, as part of the ORSA process, has assessed its corporate governance system and has concluded that it effectively provides for the sound and prudent management of the business, which is proportionate to the nature, scale and complexity of the operations of the Company.

B.6.2. OTHER MATERIAL INFORMATION REGARDING THE SYSTEM OF GOVERNANCE

The following additional processes are implemented under the System of Governance.

Business Continuity

UW has defined, implemented and maintains a sound framework, including applicable business continuity plans, to safeguard its operations in case of a disruptive incident.

UW's Business Continuity procedures are exercised and tested regularly to ensure that they are consistent with the business continuity objectives and that all business changes have been reviewed in accordance with the Business Continuity System requirements. The results of all testing performed are reported to the Board.

Information Technology and Cyber Security

UW has implemented an Information Technology and Cyber Security framework that is designed to safeguard all business and client information regardless of its classification. The design of the underlying security controls are in accordance with our legal requirements, with appropriate further technical measures and regular annual assessments to meet PCI DSS standards. These controls are being further enhanced as the Company progresses towards its goal of achieving ISO 27001 certification.

C. Risk Profile

Investment activities are carried out in a sound and prudent manner and according to the Prudent Person Principles. Through portfolio diversification and a prudent liability-driven investment strategy, UW aims to maximise the investment returns for shareholder investments in line with the Company's Risk Appetite and to achieve the Strategic Plan objectives.

UW's regulatory capital requirements for each main risk category, calculated using the Standard Formula methodology are outlined below.

Solvency Capital Requirements

	31 December 2019 £'000	31 December 2020 £'000
Life underwriting risk	49,196	83,149
Health underwriting risk	17,245	17,904
Non-life underwriting risk	19,531	18,558
Market risk	104,696	115,225
Counterparty risk	4,889	6,565
Operational risk	10,050	9,413
Diversification	(54,681)	(68,444)
Adjustment for the loss-absorbing capacity of deferred taxes	(6,969)	(8,459)
Solvency Capital Requirement	**143,959**	**173,911**

Risk measurement methodologies relating to lapse risk were modified to align with EIOPA guidance and to ensure a consistent Group-wide approach, resulting in an increase in the risk requirement.

Further information on the Company's key risks is outlined below.

C.1. UNDERWRITING RISK

The Company's underwriting risks arise from its group life and disability coverages, its closed annuity book, its group and individual savings business and a general business policy in run off.

C.1.1. RISK EXPOSURE AND ASSESSMENT

The Risk Map, outlined in Section B.3.1, sets out the Underwriting risks to which the Company is exposed. The key Life, Health and Non-Life Underwriting Risks the Company is exposed to include:

- Mortality risk, defined as change in the value of liabilities resulting from changes in the mortality rates, where an increase in the mortality rates leads to an increase in the value of insurance liabilities. Mortality Risk also includes Mortality Catastrophe Risk, defined as a change in the value of the liabilities, resulting from extreme or irregular events;
- Longevity risk, defined as the risk that people live longer than expected leading to an increase in the value of insurance liabilities;

- Lapse risk, defined as the change in liabilities due to changes in the expected exit rates. Exits can happen from either a partial or full surrender of a policy. This also includes a catastrophic event with a mass lapse resulting; and
- Expense risk, defined as the change in the value of liabilities resulting from changes in the expenses incurred in servicing insurance contracts.
- Health Catastrophe risk, which is a combination of risks arising from mass accident, accident concentration and pandemic.
- Non-Life Premium and Reserve Risk, which is the risk that insufficient premium is charged for a risk or that reserves do not adequately cover the remaining exposure

The SCR for Underwriting Risks is calculated using the Standard Formula approach. The measurement is made by applying pre-defined stresses to the best estimate liabilities at levels calibrated to the Solvency II confidence level of 99.5%.

- For the Mortality Risks, the uncertainty in insured population mortality and its impact on the Company is measured by applying permanent and catastrophe stresses to the policyholders' death rates.
- For longevity risk, an instantaneous and permanent decrease of 20% is made to the mortality rates used to calculate the technical provisions
- For Lapse Risk, the measurement is calculated as the worst case of the effect of a permanent increase or decrease in the underlying lapse rates, analysed at policy option level, or a mass lapse event.
- Expense Risk is measured through the application of stresses to the amount of expenses and expense inflation that the Company expects to incur in the future.
- Health Catastrophe risk, which in SCR terms is dominated by mass accident exposure, is assessed by considering the largest exposures in each country in which business is written. The exposure assessment includes consideration of risk aggregation due to geographical proximity of insured lives across different policies.
- Premium and Reserve risk is calculated using a factor based approach to the reserves for this run-off business.

C.1.2. RISK MANAGEMENT AND MITIGATION

Reinsurance Strategy

UW has the primary reinsurance objectives of providing both balance sheet and profit & loss protection against material losses and events in accordance with the UW Risk Appetite Statement;

The Company has a number of reinsurance contracts in place with Assicurazioni Generali SpA, covering medical expense, general liability and life and disability business lines. The Company fully reinsures its medical expense business and has no residual insurance risk. The Company also has catastrophe covers in place which provide a degree of protection against risk accumulation. These do not cover pandemic and epidemic risks.

Underwriting Strategy

The Company applies its internal underwriting guidelines in relation to the assumption and renewal of risks, with premium loadings and medical testing where appropriate. The guidelines are agreed with reinsuer for relevant coverages, with agreement at case level for certain larger exposures.

C.1.3. RISK SENSITIVITY FOR UNDERWRITING RISKS

The Company carries out stress and scenario testing as part of the ORSA process which includes stress testing for the material underwriting risks. The results of this analysis showed that the most material impact on the SCR cover was in the lapse and expense stresses. A reduction in lapse rates would reduce the Present Value of Future Profits (PVFP) as a result of modelling persistent but low value policies further into the future. In the extreme, this could lead to insolvency, but in reality the Company actively manages its low value policies to mitigate this risk . Expense risks are controlled through management focus on cost control, and longer term strategies to seek efficiencies across the Utmost Group. Sensitivity to expense shock is covered further in Section C.2.3.

C.2. MARKET RISK

C.2.1. RISK EXPOSURE AND ASSESSMENT

The Company is exposed to market risk both through its direct exposure to investments where it retains the investment risk and indirectly through the exposure of its PVFP to the investment decisions made by policyholders where they bear the investment risk. The Company is also exposed to market risks in its technical provisions where these are calculated with reference to market data such as interest rate yield curves.

The key Market Risks that UW is exposed to include:

- Equity risk: mainly a reduction in ad valorem fees earned on equity based components of future profits recognised in the Technical Provisions.
- Currency risk: where the movement in exchange rates can result in gains and losses arising from net changes in currency mismatched asset and liability positions
- Spread Risk: defined as the risk that arises from changes in or volatility of credit spreads over the risk free interest rate term structure. This risk may be specific to the standing of an obligor or guarantor or may be systemic. The spread risk module is calibrated to also include an element for default on credit exposures.
- Interest rate risk: where movements in interest rates directly impact the present value of future asset and liability cash flows.
- Market risk concentration risk: additional risk arising from aggregated exposures to entities under the common control of a single name entity.

Equity, currency and spread risk represent the three most material components of the SCR at a sub-module level.

C.2.2. RISK MANAGEMENT AND MITIGATION

The Company has in place an asset liability matching (ALM) programme under which the market risk sensitivities of liabilities are considered and only appropriate investment classes are used to back those liabilities. This approach focuses on currency and interest rate aspects. Further to this the Company sets a Strategic Asset Allocation, in conjunction with the Risk Appetite Statement, under which equity, spread and market risk concentration are addressed. The Company does not take direct equity exposure and operates within defined limits to manage its spread and concentration expsoures. At least 50% of its market risk exposed assets must be held in government bonds. Positions are assessed agains limits on a monthly basis.

C.2.3. RISK SENSITIVITY FOR MARKET RISKS

The Company carries out stress and scenario testing as part of the ORSA process which includes stress testing for the material market risks. One scenario, inflation + 2%, has been identified that would render the Company insolvent, given its GFSC stipulated requirement to maintain a minimum solvency of 155%, at the balance sheet date. The Company is aware of the threat posed by inflation and is ensuring that it has the ability and willingness to enforce inflation protections in its current and future product designs to mitigate such a scenario. The sensitivity of the Company's position to market and expense shocks is shown in the table below.

Solvency Ratio Sensitivity	YE20			
	Eligible Own Funds £m	Solvency Capital Requirement £m	Solvency Ratio	Change in percentage points
Base Position	**315.6**	**173.9**	**181%**	
Equity & Property Value -40%	249.5	128.0	195%	13%
Equity & Property Value -20%	282.4	143.9	196%	15%
Risk Free Rate +100 bps	312.1	171.1	182%	1%
Risk Free Rate -100 bps	305.8	178.2	172%	(10%)
Corporate Bonds Spreads +200 bps	286.7	171.2	167%	(14%)
Inflation +2%	269.1	181.7	148%	(33%)
GBP +20%	294.8	150.6	196%	14%
GBP -20%	336.5	195.5	172%	(9%)

C.3. COUNTERPARTY DEFAULT RISK

C.3.1. RISK EXPOSURE AND ASSESSMENT

UW is exposed to counterparty default risks that arise from its exposure to banks, in relation to cash, reinsurers and other debtors, including policyholders. Default risk is the risk that these counterparties are unwilling or unable to honour their obligations to the Company. In assessing counterparty default risk, the Company further considers the default exposure of risk mitigations, and the interactions with other risks, such as underwriting risks.

C.3.2. RISK MANAGEMENT AND MITIGATION

UW manage its cash counterparty risk by using only rated banks, unless there is a regulatory requirement to the contrary. It holds reinsurance deposits from its principle reinsurer which can be offset in the event of default. Limits are set through the Risk Appetite Statement and other exposures monitored against these.

C.3.3. RISK SENSITIVITY FOR CREDIT RISKS

The Company carries out stress and scenario testing as part of the ORSA process which includes stress testing for the material counterparty default risks. The results show the Company to be resilient to counterparty default stresses.

C.4. OPERATIONAL RISK

C.4.1. RISK EXPOSURE AND ASSESSMENT

Operational Risk is the risk of loss arising from inadequate or failed internal processes, personnel or systems, or from external events. Losses from events such as fraud, litigation, damages to premises, cyber-attacks and failure to comply with regulations are, therefore, covered in the definition. It also includes financial reporting risk but excludes strategic and reputational risks.

In line with industry practices, UW adopts the following operational risk classification categories:

- Internal fraud – defined as the losses due to acts of a type intended to defraud, misappropriate property or circumvent regulations, the law or Company policy, excluding diversity/discrimination events, which involves at least one internal party;
- External fraud – defined as the losses due to acts of a type intended to defraud, misappropriate property or circumvent the law, by a third party;
- Employment Practices and Workplace Safety – defined as the losses arising from acts inconsistent with employment, health or safety laws or agreements, from payment of personal injury claims, or from diversity/discrimination events;
- Clients, Products and Business Practices – defined as the losses arising from an unintentional or negligent failure to meet a professional obligation to specific clients (including fiduciary and suitability requirements), or from the nature or design of a product;
- Damage to Physical Assets – defined as the losses arising from loss or damage to physical assets from natural disaster or other events;
- Business disruption and system failures – defined as the losses arising from disruption of business or system failures;
- Execution, Delivery and Process Management – defined as the losses from failed transaction processing or process management, from relations with trade counterparties and vendors.

Following best industry practices, UW's framework for Operational Risk Management includes as main activities the risk incident reporting and loss data collection process, risk assessment and scenario analysis. The risk incident reporting and loss data collection process involves the collection of losses incurred as a result of the occurrence of operational risk events and provides a backward-looking view of the historical losses incurred due to operational risk events.

The risk assessment and scenario analysis processes provide a forward-looking view on the operational risks UW to which is exposed. The Operational Risk and Compliance Assessment provides a high-level evaluation of the forward-looking inherent and residual operational risks faced by UW. The outcomes of the assessment can be used to drive the scenarios assessed as part of the scenario analysis. Scenario analysis is a recurring process, which provides a detailed evaluation of the key operational risks faced by UW and their potential impact.

C.4.2. RISK MANAGEMENT AND MITIGATION

UW has identified the following key operational risks for the year-ended 31 December 2020:

Information Security – the potential for loss or damage to the Company's physical and information assets through either intentional or unintentional means. The Company is undertaking actions to formalise its approach to information security risk management with a view to seeking recognised accreditation during 2021.

Conduct of Business – the potential for delivery of unfair outcomes to customers. The Company is continually strengthening its processes in areas such as management of relationships with intermediaries, and fully recognises its obligations under relevant regulation and in its dealings with the Financial Services Ombudsman.

Employment Practices - the risk of not fulfilling obligations in relation to health and safety of its employees. The Company has sought to implement official advice and requirements at all times in its response to the pandemic, whilst also taking necessary steps to deliver on its service obligations to its customers and other interested parties.

System development – the risk of error in the systemisation of product specification. The Company continues to improve controls over its system development process to ensure timely and accurate delivery against specified requirements.

C.5. LIQUIDITY RISK

C.5.1. RISK EXPOSURE AND ASSESSMENT

Liquidity risk refers to the risk that the Company will not be able to meet both expected and unexpected cash flow requirements.

UW has a Liquidity Risk Policy in place within its overall Investment Policy that is reviewed and approved at least annually by the Board. The policy requires that the Company maintains a proportion of its assets not backing liabilities to policyholders in asset classes expected to be the most liquid in times of significant market stress.

The CFO is responsible for managing the on-going liquidity requirements of UW.

C.5.2. RISK MANAGEMENT AND MITIGATION

UW manages Liquidity Risk to meet its own obligations and cash commitments along with unexpected contingent market situations, through a constant monitoring of actual and expected cash flows, and the availability of assets that can be sold easily without loss in the event of need. This activity is aimed at maintaining a high level of financial robustness both in the short and long term, which helps to mitigate UW's liquidity risk and is the basis for the evaluation of the adequacy of the adopted measures. The Company also has in place contractual means to manage cash outflows from surrenders from its unit-linked and investment-linked policies, whereby it is able to match the timing of cash flows with receipts from disposal of the underlying assets.

UW maintains sufficient liquidity levels with specified limits relating to the minimum amount of shareholder assets invested in short term liquid investments such as cash and cash equivalents or government and regulated covered bonds.

C.6. OTHER RISKS

C.6.1. RISK CONCENTRATION

Concentration risk is the risk stemming from all risk exposures with a potential loss which could threaten the solvency or the liquidity position of the Company, thus substantially impacting the Company's risk profile. UW seeks to limit concentration risk by assigning concentration limit to counterparties, sectors and industries where appropriate.

UW's material risk concentrations are as follows:

- Reinsurance Counterparties – UW reinsurance counterparties are concentrated to one reinsurer.

UW mitigates the concentration risk primarily through the holding of reinsurance deposits and also through quarterly monitoring and reporting of concentration exposures to the Risk and Compliance Committee.

C.6.2. REPUTATIONAL RISK

UW defines reputational risk as the risk of a potential decrease in UW's value or worsening of its risk profile, due to a reputational deterioration or to a negative perception of UW's image among its stakeholders. In particular, reputational risk is managed mainly as a second level risk originated from a first level risk (as for example an operational or a financial risk).

Proactive reputational risk management includes the activities and processes aimed both at building up the 'reputational asset value' of UW, and maintaining a certain level of reputation of UW, through adequate management tools dedicated to reputational risk factors. According to the proactive approach, UW's reputational risk factors - that is the stakeholders – have been identified within a stakeholder's map, representing the set of categories of stakeholders considered relevant for reputational risk purposes. UW has adopted, for each category of stakeholder, appropriate management processes aimed at establishing direct dedicated means of communication to managing its relationships with them. Management processes allow UW to identify and prevent any changes in Stakeholders' expectations and/or their perceptions that may negatively affect UW's 'reputational asset value'.

Reactive management consists of the set of activities aimed at identifying and assessing the reputational implications for UW or the Group if or when a reputational crisis occurs.

Thus, the reactive management approach refers to the occurrence of a first level event which can generate two different sorts of reputational impacts, distinguished by the category of stakeholders upon which they have an influence:

- Direct impact on reputation when the first level event causes a worsening of the expectation of the stakeholders directly affected by the negative event; and/or
- Indirect impact on reputation when the first level event could also cause a worsening of other stakeholders' expectations.

C.6.3. EMERGING RISKS

Emerging risks arising from new trends or risks difficult to perceive and quantify, although typically systemic. These usually include changes to the internal or external environment, social trends, regulatory developments, technological achievements, etc.. Areas under consideration include potential short and long term change driven by the Covid-19 pandemic, geo-political considerations and ESG developments. UW reviews the Emerging Risk Register on a quarterly basis and reports to the Risk Committee.

C.6.4. STRATEGIC RISK

Strategic Risk is defined as the possible source of loss that might arise from the pursuit of an unsuccessful business plan. For example, strategic risk might arise from making poor business decisions, from the substandard execution of decisions, from inadequate resource allocation, or from a failure to respond well to changes in the business environment.

UW ExCo and Board are involved in the strategic planning process of the Company, starting from the target setting phase through to the monitoring of processes. UW has a number of specific strategic risk preferences and these are actively monitored through the RAS.

C.6.5. CONTAGION RISK

UW defines Contagion Risk to be the probability that significant economic changes in one country will spread to other countries. Contagion can refer to the spread of either economic booms or economic crises throughout a geographic region. This risk is mitigated primarily through the setting of a prudent investment strategy, with enhanced monitoring of the Company's position during times of stress, and to some extent through the diversification of UW's business operations and products.

C.7. ANY OTHER INFORMATION

C.7.1. EXPECTED PROFIT INCLUDED IN FUTURE PREMIUMS

There are no total expected profits included in future premiums as at 31 December 2020. This is consistent with the position at 31 December 2019.

D. Valuation for Solvency Purposes

D.1. ASSETS

D.1.1. VALUATION OF ASSETS FOR SOLVENCY II BALANCE SHEET

The following paragraphs describe the value of assets for solvency and financial statements purposes, along with the valuation criteria and the common methodology used by UW for the determination of fair value of assets and liabilities. The following sections are covered in the report below:

- Valuation of assets – explanation of differences between financial statements balance sheet and Solvency II balance sheet.
- Fair value hierarchy – explanation of methods used to classify assets into three levels, based on the inputs used in valuation techniques to increase consistency and comparability of fair value measurements.
- Guidance on fair value measurement approach – UW reviews its financial investments and classifies them in accordance with IFRS 13 'Fair Value Measurement'. The same approach is taken for investments held on behalf of life assurance policyholders who bear the investment risk.
- Valuation techniques – the methods used to maximise the use of observable inputs.

Solvency II Assets Valuation

	31 December 2019 £'000	31 December 2020 £'000
Solvency II Valuation	4,154,209	4,336,434
Statutory Accounts Valuation	4,381,213	4,543,015
Difference	227,004	206,581

Valuation of Assets

In the Solvency II environment, fair value should generally be determined in accordance with the financial statements. UW's financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board, interpretations issued by the International Financial Reporting Interpretations Committee to the extent they have been endorsed by the European Union ("IFRS EU") and with applicable requirements of the Companies (Guernsey) Law, 2008.

Certain assets are excluded or measured at fair value to comply with Solvency II principles. In particular, the exceptions and non-applicable items for UW are summarised below.

Asset Exceptions under Solvency II

Valuation of Assets 31 December 2020	Solvency II £'000	Statutory Accounts £'000	Difference £'000
Deferred Tax Assets	-	-	-
Deferred Acquisition Costs	-	201,495	201,495
Fixed Assets	4,604	4,604	(0)
Pension benefit surplus	37	37	(0)
Investments (other than assets held for Index Linked and Unit-Linked funds)	838,335	833,791	(4,544)
Assets held for Index Linked and Unit-Linked funds	3,336,234	3,336,234	0
Ceded Reinsurance Reserves - Life	69,502	75,439	5,937
Ceded Reinsurance Reserves - Non Life	16,703	16,703	0
Receivables	26,724	26,724	0
Cash and Cash Equivalents	40,863	40,863	(0)
Other assets	3,432	7,125	3,693
Total Assets	**4,336,434**	**4,543,015**	**206,581**

The primary objective for valuation as set out in Article 75 of L1 - Dir (EIOPA guidelines) requires an economic, market-consistent approach to the valuation of assets and liabilities. According to the approach for Solvency II, when valuing balance sheet items on an economic basis, undertakings need to consider the risks that arise from a particular balance sheet item, using assumptions that market participants would use in valuing the asset or the liability.

Assets should be valued at the amount for which they could be exchanged between knowledgeable willing parties in an arm's length transaction.

Liabilities should be valued at the amount for which they could be transferred, or settled, between knowledgeable and willing parties in an arm's length transaction.

This valuation section describes the value of assets for Solvency II purposes and for financial statements, valuation criteria and the methodology used by UW for the determination of fair value of assets and liabilities.

Deferred Tax Asset

Deferred taxation is provided in the financial statements on timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are temporary differences between profits as computed for taxation purposes and profits as stated in the financial statements which arise because certain items of income and expenditure in the financial statements are dealt with in different years for taxation purposes.

Deferred tax is measured at the tax rates that are expected to apply in the years in which the timing differences are expected to reverse based on tax rates and laws that have been enacted by the balance sheet date. Deferred tax is not discounted.

There is no Deferred Tax Asset included within the Solvency II balance sheet.

Deferred Acquisition Costs (DAC)

Deferred acquisition costs of £201,495k relate to unit linked business and are not recognised on the Solvency II balance sheet. Commission costs incurred in the acquisition of new business are deferred as an explicit DAC asset. This asset is amortised against future revenue margins on the related policies. The DAC asset is reviewed for recoverability at the end of each accounting period against future revenue margins expected to arise from the related policies. They are the part of acquisition costs allocated to future reporting periods. DAC is recognised under IFRS but is disallowed for Solvency II asset valuation purposes. As a result, the DAC asset for Solvency II decreased by £201,495k.

Intangible Assets

The Company does not hold any intangible assets.

Fixed Assets

Fixed assets comprise of Property and Equipment and Right of Use Assets – Property. All property and equipment is stated at historical cost less depreciation. The initial cost of an asset comprises its purchase price and directly attributable costs of bringing the asset to working condition for its intended use. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of comprehensive income during the financial year in which they are incurred.

The assets' residual values and useful lives are reviewed at each statement of financial position date and adjusted if appropriate. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount). Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the statement of comprehensive income.

An item of property and equipment, including the related accumulated depreciation and impairment losses, is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset

Following the adoption of IFRS 16 Lease Accounting from 1st January 2019 UW recognized Right of Use assets for property leases, measured at the amount equal to the lease liability adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the balance sheet as at 31 December 2018 and an estimate of any costs to dismantle and remove the asset at the end of the lease. UW depreciates the right-of-use asset on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Company also assesses the right-of-use asset for impairment when such indicators exist.

Pension benefit surplus

The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity that approximate the terms of the related pension liability.

Investments including assets held for index-linked and unit-linked funds

In the statutory financial statements UW has classified its investments into the following categories:

- Financial assets at fair value through profit and loss
- Financial assets at fair value through other comprehensive income

Financial assets held to back investment and insurance contracts have been designated upon initial recognition as at fair value through profit or loss and are carried at fair value. The basis of this designation is that financial assets and liabilities in connection with investment and insurance contracts are managed and evaluated together on a fair value basis. This designation eliminates or significantly reduces a measurement inconsistency that would otherwise occur if these financial assets were not measured at fair value and the changes in fair value were not recognised in the profit and loss account. There is no valuation difference under Solvency II and the financial statements.

Financial assets that meet certain criteria regarding the predictability of cashflows and the business model purpose of ownership are designated as being at fair value through other comprehensive income. These assets are not allocated under the Company's asset liability matching approach to backing liabilities to policyholders.

Listed investments are valued at current market price on the balance sheet date. Unlisted investments for which a market exists are also stated at the current price on the balance sheet date or the last trading day before that date. The pricing basis applied is to value assets where the market risk is substantially transferred to the policyholder on a mid basis and otherwise to value long asset positions at bid. The value of other unlisted investments, for which no active market exists, are established at directors' best estimate of fair value, based on third party information or valuations provided by counterparties, or valued at cost and reviewed for impairment at the balance sheet date. The Company's subsidiaries Utmost Worldwide (DIFC) Limited and Utmost Portfolio Management Limited are revalued from cost to their IFRS net asset value, and then subjected to the same adjustments applicable to a Solvency II valuation. The uplift to the carrying value is £851k. The remainder of the adjustment between the IFRS and Solvency II valuation of investment is a result of reclassification of accrued interest from Other Assets of £3,693k

Ceded reinsurance reserves

This amount represents the reinsurers' share of technical reserves. The ceded reinsurance reserves for Solvency II decreased by €5,937k. Please refer to section D.2 for detailed narrative on the valuation of technical liabilities.

Receivables

Receivables represent amounts owing to UW. Receivables are held at initial book value in the Company's financial statements and are recoverable within one year. There is no valuation difference under Solvency II and the statutory financial statements.

Cash and cash equivalents

Cash is a liquid asset and comprises cash holdings in current accounts. Balances are held at initial book value in the Company's financial statements. There is no valuation difference under Solvency II and the statutory financial statements.

Other Assets

Other assets are valued at cost net of any impairment on the same basis as used in the statutory accounts. Accrued interest on bonds of £3,693k is reclassified to investments in the Solvency II balance sheet.

Fair Value Hierarchy

IFRS 13 seeks to increase consistency and comparability in fair value measurements and related disclosures through a 'fair value hierarchy'. The hierarchy categorises the inputs used in valuation techniques into three levels. The hierarchy gives the highest priority to (unadjusted) quoted prices in active markets for identical assets or liabilities and the lowest priority to unobservable inputs:

Level 1 inputs

Level 1 inputs are quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date. A quoted market price in an active market provides the most reliable evidence of fair value and is used without adjustment to measure fair value whenever available, with limited exceptions. If an entity holds a position in a single asset or liability and the asset or liability is traded in an active market, the fair value of the asset or liability is measured within Level 1 as the product of the quoted price for the individual asset or liability and the quantity held by the entity, even if the market's normal daily trading volume is not sufficient to absorb the quantity held and placing orders to sell the position in a single transaction might affect the quoted price.

Level 2 inputs

Level 2 inputs are inputs other than quoted market prices included within Level 1 that are observable for the asset or the liability, either directly or indirectly.

Level 3 inputs

Level 3 inputs are unobservable inputs for the asset. Unobservable inputs are used to measure fair value to the extent that relevant observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at the measurement date. An entity develops unobservable inputs using the best information available in the circumstances, which might include the entity's own data, taking into account all information about market participant assumptions that is reasonably available.

Guidance on Fair Value Measurement Approach

The objective of a fair value measurement is to estimate the price at which an orderly transaction to sell the asset or to transfer the liability would take place between market participants at the measurement date under current market conditions.

A fair value measurement requires an entity to determine all of the following:

- The particular asset or liability that is the subject of the measurement (consistently with its unit of account);
- For a non-financial asset, the valuation premise that is appropriate for the measurement (consistently with its highest and best use);
- The principal (or most advantageous) market for the asset or for the liability; and
- The valuation technique(s) appropriate for the measurement, considering the availability of data with which to develop inputs that represent the assumptions that market participants would use when pricing the asset or the liability and the level of the fair value hierarchy within which the inputs are categorised.

IFRS 13 provides further guidance on the measurement of fair value, including the following:

- An entity takes into account the characteristics of the asset or the liability being measured that a market participant would take into account when pricing the asset or the liability at measurement date (e.g. the condition and location of the asset and any restrictions on the sale and use of the asset);
- Fair value measurement assumes an orderly transaction between market participants at the measurement date under current market conditions;
- Fair value measurement assumes a transaction taking place in the principal market for the asset or the liability, or in the absence of a principal market, the most advantageous market for the asset or the liability;
- A fair value measurement of a non-financial asset takes into account its highest and best use;
- A fair value measurement of a financial or non-financial liability or an entity's own equity instruments assumes it is transferred to a market participant at the measurement date, without settlement, extinguishment, or cancellation at the measurement date;
- The fair value of a liability reflects non-performance risk (the risk the entity will not fulfil an obligation), including an entity's own credit risk and assuming the same non-performance risk before and after the transfer of the liability; and
- An optional exception applies for certain financial assets with offsetting positions in market risks or counterparty credit risk, provided conditions are met (additional disclosure is required).

Valuation Techniques

An entity uses valuation techniques appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

The objective of using a valuation technique is to estimate the price at which an orderly transaction to sell the asset would take place between market participants and the measurement date under current market conditions. Three used valuation techniques are:

- Market approach – uses prices and other relevant information generated by market transactions involving identical or comparable (similar) assets/liabilities or a group of assets/liabilities (e.g. a business);
- Cost approach – reflects the amount that would be required currently to replace the service capacity of an asset (current replacement cost);
- Income approach – converts future amounts (cash flows or income and expenses) to a single current (discounted) amount, reflecting current market expectations about those future amounts.

In some cases, a single valuation technique will be appropriate, whereas in other cases multiple valuation techniques will be appropriate.

Further information on UW's assets is included in S.02.01.02 in Section F.

D.2. TECHNICAL PROVISIONS

The life technical provisions as at 31 December 2020 have been assessed adopting the Company's methodology and techniques which are compliant with the Solvency II framework and are proportionate to the nature, scale and complexity of the business in question. A simplification is adopted in respect of the calculation of the less material non-life technical provisions, where these are set equal to the IFRS reserves.

Technical provisions results as at 31 December 2020 are set out in the table below and split between life and non-life. No transitional adjustments have been deducted from the technical provisions and there are no volatility adjustments or matching adjustments.

Main Technical Provisions Results

	Total Technical Provisions		Life Technical Provisions		Non-Life Technical Provisions	
	2019	2020	2019	2020	2019	2020
	£'000	£'000	£'000	£'000	£'000	£'000
Best Estimate of Liabilities	3,616,985	3,801,048	3,527,163	3,720,416	89,822	80,632
Risk Margin	24,940	39,301	24,940	39,301	-	-
Gross Technical Provisions	**3,641,925**	**3,840,349**	**3,552,103**	**3,759,717**	**89,822**	**80,632**
Reinsurance Recoverables	(82,539)	(86,205)	(58,686)	(69,502)	(23,853)	(16,703)
Net Technical Provisions	**3,559,386**	**3,754,144**	**3,493,417**	**3,690,215**	**65,969**	**63,929**

The overall increase in life technical provisions from 31 December 2019 to 31 December 2020 is mainly due to overall strong investment returns, despite the initial market moves driven by the pandemic, and the effects of yield curves on valuations.

The difference between IFRS reserves and SII technical provisions is due to the methodological differences between the two valuations. The valuation of the IFRS reserves is based on technical provisions calculated in accordance with accounting principles. The Solvency II valuation, instead, is based on the projection of future cash flows performed using best estimate assumptions, and discounting using the current interest rate term structure. Moreover, under the Solvency II framework, the valuation of technical provisions includes the risk margin which is not included in the valuation of IFRS reserves.

The main factors that have an impact on the technical provisions are set out below:

- The best estimate assumptions;
- The application of contract boundaries; and
- Projected SCRs: The risk margin is a constituent part of the total technical provisions. As the risk margin is based on projected SCRs the method and assumptions used in projecting these SCRs can have a sizeable impact on the resulting risk margin.

In calculating the technical provisions, the Company has made material judgments in relation to:

- The choice of what are deemed to be best estimate assumptions;
- The use of certainty equivalent deterministic calculations;
- The choice of method used in calculating the risk margin; and
- The application of contract boundaries.

Life Best Estimate of Liabilities

The BEL is defined as the probability-weighted average of future cash-flows, taking account of the time value of money (expected present value of future cash-flows), using the relevant risk-free interest rate term structure.

The method used to derive the BEL is the direct approach, which specifically refers to a valuation method based on projecting and discounting on a market consistent basis all expected future cash flows to policyholders in the certainty equivalent scenario. Therefore, the cash flow projection used in this context considers all potential cash in-and-out flows required to settle the insurance obligations over their lifetime, within the appropriate contract boundaries.

The projected future cash flows typically include:

- Regular premium receipts (subject to contract boundaries);
- Claims payments with an allowance for any early discontinuance charges;
- Expenses;
- Commissions;
- External fund charges.

These cash flows are then discounted using the relevant risk-free rates provided by the Prudential Regulatory Authority (PRA), or other appropriate bodies for currencies outside the PRA's coverage, to obtain the gross BEL.

Life Reinsurance Recoverables

Life reinsurance recoverable is defined as the present value of the future liability cash flows referring to the life reinsurance contractual agreements.

From the ceding Company perspective, the reinsurance cash inflows include at a minimum:

- Reinsurance recoverables for claims payments and expenses contractually recoverable by the Company from the agreement; and
- Revenues from reinsurance commissions and from shares in profit from technical sources relevant to reinsurance contracts paid to the Company.

From the ceding Company perspective, the reinsurance cash outflows includes at least:

- Future premiums paid by the Company to reinsurers.

Life Risk Margin

The risk margin represents a prudent margin for unavoidable uncertainty. The risks considered are:

- Mortality Trend Risk;
- Mortality Catastrophe Risk;
- Morbidity Risk;
- Longevity Risk;
- Lapse Risk;
- Health Similar to Life;
- Health Catastrophe;

- Expense Risk;
- Counterparty Default Risk with respect to Reinsurance contracts; and
- Operational Risk.

Non-Life Best Estimate of Liabilities

Non-life best estimate liabilities are assumed to be equal to the IFRS liabilities for non-life business. The medical expense insurance business is 100% reinsured to Assicurazioni Generali SpA, and so there is no residual insurance exposure.

Non-Life Reinsurance Recoverables

Non-life reinsurance recoverables are valued using the same techniques as the non-life liabilities, with no discounting allowance for present value of future cash flows.

Non-Life Risk Margin

No allowance is made for a risk margin on the non-life business on the grounds of proportionality and materiality.

Description of the Level of Uncertainty of Technical Provisions Valuation

The key sources of uncertainty for the Company are expenses and policyholder behaviour assumptions such as surrenders. There was a subsequent event arising after the reporting date, that of the covid-19 pandemic, which was excluded from the technical provision valuation as at the year end.

It is noted that no significant simplified methods were used to calculate life technical provisions, including those used for calculating the risk margin. Non-life technical provisions are assumed to be equal to their IFRS equivalents.

The Company does not apply a volatility adjustment, as referred to in Article 77d of Directive 2009/138/EC or matching adjustments as referred to in Article 77b.

No basic own fund items have been subject to transitional arrangements.

Further information on the technical provisions is included in S.02.01.02, S.12.01.02, S.17.01.02 and S.19.01.01 in Section F.

D.3. OTHER LIABILITIES

D.3.1. VALUATION OF LIABILITIES FOR SOLVENCY II BALANCE SHEET

The following paragraphs describe the valuation criteria and the common methodology to be used by UW for the determination of fair value of other liabilities.

Valuation of Liabilities

In the Solvency II environment, fair value should generally be determined in accordance with the financial statements. UW's financial statements have been prepared in accordance with International Financial

Reporting Standards ("IFRS") issued by the International Accounting Standards Board, and interpretations issued by the International Financial Reporting Interpretations Committee, to the extent they have been endorsed by the European Union ("IFRS EU") and with applicable requirements of the Companies (Guernsey) Law, 2008. Certain liabilities are excluded or fair valued to comply with Solvency II principles. In particular, the exceptions and non-applicable items for the Company are as follows.

- Technical liabilities;
- Deferred taxes;
- Financial liabilities;
- Deferred income liability;
- Other liabilities

Solvency II Liabilities Valuation

	31 December 2019 £'000	31 December 2020 £'000
Solvency II Valuation	3,817,042	4,004,969
Statutory Accounts Valuation	4,233,577	4,391,304
Difference	416,534	386,335

Value of Liabilities

Values of Liabilities 31 December 2020	*Solvency II Value* *£'000*	*Statutory Accounts Value* *£'000*	*Difference* *£'000*
Technical Liabilities – Life (Inc. Index Linked and Unit Linked)	3,759,717	3,883,558	123,841
Technical Liabilities – Non Life (Simplified approach)	80,632	80,632	-
Deferred Tax Liabilities	8,575	-	(8,575)
Financial Liability – Deposit from reinsurers	63,100	63,100	-
Financial Liability – Contingent liability	-	-	-
Deferred Income Liability	-	271,069	271,069
Other Liabilities	92,945	92,945	-
Total Liabilities	**4,004,969**	**4,391,304**	**386,335**

The valuation section describes the value of liabilities for solvency purposes and for financial statements, valuation criteria and the common methodology used by the Company for the determination of fair value of assets and liabilities.

Technical Liabilities

The Technical Liabilities comprise the Technical Provisions for Non-Life Insurance Contracts, Life Insurance Contracts and Investment Contracts where the investment risk is borne by the contract holder. Provisions cover claims, unearned premiums, profit sharing, liability adequacy, mathematical provisions and provision for policies where the investment risk is borne by the policyholder.

Under Solvency II, Life Technical Provisions comprise the Best Estimate Liabilities (BEL) and the Risk Margin. The BEL recognises the cash flow required to meet policyholder liabilities, while the Risk Margin represents a prudent margin for unavoidable uncertainty. The Technical Provisions liability for Solvency II were £123,841k less than the IFRS liabilities. For Non-Life Technical provisions UW adopt a simplified approach to the Solvency II valuation and mirrors the value of Non-Life technical provision held under IFRS.

Please refer to section D2 for detailed narrative on the valuation of Technical Provisions.

Deferred Taxes

Deferred tax liabilities are calculated for Solvency II purposes and represents the tax liability associated with UW's Present Value of Future Profits (PVFP) originating from UW's branches operating in jurisdictions with material non-zero tax rates. The liability is calculated by applying the relevant tax rate to the PVFP after allowing for any deferred losses. The deferred taxes for Solvency II increased by £8,575k

Financial Liabilities

UW holds deposits from reinsurers and has the legal right to offset against the receivables which have arisen from reinsurance contracts.

There are no contingent liabilities recognised on either the IFRS basis or the more prudent Solvency II basis.

Deferred Income Liability

Deferred Income liability (DIL) of £271,069k relates to unit linked business DIL is recognised under IFRS but is disallowed under Solvency II.

Other Liabilities

Claims are settled once all due diligence is received from the customer. The policyholder is regularly contacted on outstanding requirements to ensure prompt settlement. Death claims follow the normal probate process and are settled accordingly. Other trading balances are settled in the normal course of business and usually settled within one month.

Fair Value Measurement Approach

The fair value measurement approach for other liabilities is outlined above.

Further information on UW's liabilities is included in S.02.01.02 in Section F.

D.4. ALTERNATIVE METHODS FOR VALUATION

The Company does not use any alternative methods for valuation.

D.5. ANY OTHER INFORMATION

No other information noted.

E. Capital Management

E.1. OWN FUNDS

According to the Article 87 of Directive 2009/138/EC, own funds comprise the sum of Basic Own Funds, referred to in Article 88 and ancillary own funds referred to in Article 89.

E.1.1. CAPITAL MANAGEMENT POLICIES

UW has a Capital Management policy in place which is approved on an annual basis by the Board and includes the following:

- A description of the procedure to ensure that own fund items, both at the time of issue and subsequently, meet the requirements of the applicable capital and distribution regime and are classified correctly as the applicable regime requires;
- A description of the procedure to monitor the issuance of own fund items according to the medium-term capital management plan;
- A description of the procedure to ensure that the terms and conditions of any own fund item are clear and unambiguous in relation to the criteria of the applicable capital regime; and
- A description of the procedures to:
    - ensure that any policy or statement in respect of ordinary share dividends is taken into account in consideration of the capital position; and
    - Identify and document instances in which distributions on an own funds item are expected to be deferred or cancelled.

In addition to the Capital Management policy, UW prepares a Capital Management Plan which is approved by the Board on an annual basis. The purpose of the Capital Management Plan is to outline the capital requirements of UW.

Planning and managing own funds are a core part of the strategic planning process.

Basic Own Funds

According to Article 88 of L1-Dir, Basic Own Funds is defined as the sum of the excess of assets over liabilities (reduced by the amount of own shares held by the insurance or reinsurance undertaking) and subordinated liabilities.

The components of the excess of assets over liabilities are valued in accordance with Article 75 and Section 2 of the Directive, which states that all assets and liabilities must be measured on market consistent principles.

Basic own fund items shall be classified into three tiers, depending on the extent to which they possess specific characteristics. Article 69 of Delegated Acts issued at October 2014 (hereinafter 'L2 – DA' or 'DA'), outlines Tier 1 capital, with Article 72 and Article 76 covering Tier 2 and Tier 3 capital respectively.

UW's basic own funds includes ordinary share capital, share premium and reconciliation reserve. UW has Tier 1 Capital only.

Basic Own Funds

	Total £'000	Tier 1 Unrestricted £'000	Tier 1 - Restricted £'000	Tier 2 £'000	Tier 3 £'000
Total Basic Own Funds to meet the Guernsey MCR and SCR at 31 Dec 2019	314,922	314,922	-	-	-
Total Basic Own Funds to meet the Guernsey MCR and SCR at 31 Dec 2020	315,634	315,634	-	-	-

Tier 1 Basic Own Funds

Basic own fund items are classified into three tiers, depending on the extent to which they possess specific characteristics. Generally, assets which are free from any foreseeable liabilities are available to absorb losses due to adverse business fluctuations on a going-concern basis or in the case of winding-up. UW's excess of assets over liabilities, is valued in accordance with the principles set out in L1 - Dir, and treated as Tier 1. Details on the composition of UW's Own Funds assets are outlined above, and further explained in F.7.

Ordinary Share Capital and Share Premium

As at 31 December 2019 and 2020 UW had 100,230,699 issued ordinary shares valued at £1 each.

Reconciliation Reserve

The excess of assets over liabilities are divided into amounts that correspond to capital items in the financial statements and a reconciliation reserve. The reconciliation reserve may be positive or negative. For UW, the reconciliation reserve is made up of the revenue reserves as per the financial statements and adjustments to assets and liabilities for Solvency II purposes, as outlined in sections D1 and D3. See also F.7.

Tier 2 Basic Own Funds

This does not apply to the Company.

Tier 3 Basic Own Funds

This does not apply to the Company.

Reconciliation between Equity in the Financial Statements and Basic Own Funds

Basic Own Funds is valued at £315,634k, while the shareholders' equity per the statutory accounts is £151,711k. The table below reconciles the movement from shareholders' equity to basic own funds.

Reconciliation to Shareholders' Equity

Reconciliation of Shareholders Equity to Basic Own Funds	31 December 2019 £'000	31 December 2020 £'000
Shareholder Equity	147,637	151,711
Elimination for Deferred Acquisition Costs & Deferred Income Liability	84,178	69,574
Elimination of Intangible Assets	-	-
SII Valuation of Technical Provisions	111,569	117,904
SII Valuation of Financial Liabilities	(349)	-
SII Valuation of Investments	1,065	851
SII Valuation of Withholding Tax Asset	-	-
SII Valuation of Deferred Taxes	(6,933)	(8,575)
SII Adjustment for Foreseeable Dividend*	(12,500)	-
SII Adjustment for Ring Fenced funds	(9,745)	(15,831)
Other restatement item	-	-
Basic Own Funds	**314,922**	**315,634**

Basic own funds increased by £712k from 31 December 2019 to 31 December 2020.

*During the year the Company aligned its approach to ensure consistency with other companies in the Utmost Group, so that the IFRS and SFCR bases of recognition of foreseeable dividends were the same.

Deduction from Own Funds

The deduction rule from own funds does not apply to the Company.

Ancillary Own Funds

Ancillary own funds does not apply to the Company.

E.1.2. ELIGIBLE OWN FUNDS

Own Funds Assets

	Total £'000	Tier 1 Unrestricted £'000	Tier 1 Restricted £'000	Tier 2 £'000	Tier 3 £'000
Total Eligible Own Funds to Meet the Guernsey MCR and SCR at 31 Dec 2019	314,922	314,922	-	-	-
Total Eligible Own Funds to Meet the Guernsey MCR and SCR at 31 Dec 2020	315,634	315,634	-	-	-

The Company maintains an efficient capital structure to meet its regulatory requirements. The Company is required to hold sufficient capital to cover 155% of the SCR. The SCR at 31 December 2020 was £173,911k. The Company's Own Funds at that date were £315,634k. This represents a solvency ratio of 181%.

E.1.3. ELIGIBLE OF OWN FUNDS TO MEET THE SOLVENCY CAPITAL REQUIREMENT

All of the Company's Own Funds are classified as Tier 1 and are eligible to meet the SCR.

E.1.4. ELIGIBLE OF OWN FUNDS TO MEET THE GUERNSEY MINIMUM CAPITAL REQUIREMENT

All of the Company's Own Funds are classified as Tier 1 and are eligible to meet the Guernsey MCR.

Further information on the own funds is included in S.23.01.01 in Section F.

E.2. SOLVENCY CAPITAL REQUIREMENT AND GUERNSEY MINIMUM CAPITAL REQUIREMENT

E.2.1. SCR AND GUERNSEY MCR VALUES

The SCR at year-end 2020 was £173,911k and the Guernsey MCR £20,926k. The calculations of the SCR follow the UK's Standard Formula regime. The Directive 2009/138/EC and the Delegated Regulation (EU) 2015/35, in each case as adopted into UK law and regulation, describe the process to be followed by companies applying the Standard Formula approach. The Guernsey MCR is calculated in accordance with the requirements of the Insurance Business (Solvency) Rules, 2015, as amended.

The primary reason for changes in capital requirements from 2019 to 2020 is an alignment of the approach to the measurement of lapse risk, with market driven changes in the assets and liabilities also contributing to related SCR components.

SCR and Guernsey MCR Values

	31 December 2019 £'000	31 December 2020 £'000
Solvency Capital Requirement	143,959	173,911
Guernsey Minimum Capital Requirement	21,223	20,926
Eligible Own Funds	314,922	315,634
Solvency Coverage Ratio	219%	181%
Guernsey Minimum Solvency Coverage Ratio	1484%	1508%

E.2.2. SCR BREAKDOWN

A summary of Company's SCR is provided below with further detail provided in S.25.01.21 in Section F.

SCR Breakdown

	31 December 2019 £'000	31 December 2020 £'000
Life underwriting risk	49,196	83,149
Health underwriting risk	17,245	17,904
Non-life underwriting risk	19,531	18,558
Market risk	104,696	115,225
Counterparty risk	4,889	6,565
Operational risk	10,050	9,413
Diversification	(54,681)	(68,444)
Adjustment for the loss-absorbing capacity of deferred taxes	(6,969)	(8,459)
Solvency Capital Requirement	**143,959**	**173,911**

Further information on UW SCR is included in S.25.01.21 in Section F.

E.3. USE OF THE DURATION-BASED EQUITY RISK SUB-MODULE IN THE CALCULATION OF THE SOLVENCY CAPITAL REQUIREMENT

This section is not applicable for UW.

E.4. DIFFERENCES BETWEEN THE STANDARD FORMULA AND ANY INTERNAL MODEL USED

This section is not applicable for UW.

E.5. NON-COMPLIANCE WITH GUERNSEY MINIMUM CAPITAL REQUIREMENT AND SOLVENCY CAPITAL REQUIREMENT

UW has complied with the Guernsey MCR and the SCR at all times.

E.6. ANY OTHER INFORMATION

No additional information required.

F. Quantitative Reporting Templates[4]

F.1.S.02.01.02 BALANCE SHEET

Balance sheet		Solvency II value
		C0010
Assets		
Goodwill	R0010	
Deferred acquisition costs	R0020	
Intangible assets	R0030	-
Deferred tax assets	R0040	-
Pension benefit surplus	R0050	37
Property, plant & equipment held for own use	R0060	4,604
Investments (other than assets held for index-linked and unit-linked contracts)	R0070	838,335
Property (other than for own use)	R0080	-
Holdings in related undertakings, including participations	R0090	1,310
Equities	R0100	-
Equities - listed	R0110	-
Equities - unlisted	R0120	-
Bonds	R0130	813,598
Government Bonds	R0140	457,100
Corporate Bonds	R0150	355,522
Structured notes	R0160	-
Collateralised securities	R0170	976
Collective Investments Undertakings	R0180	18,106
Derivatives	R0190	-
Deposits other than cash equivalents	R0200	5,321
Other investments	R0210	-
Assets held for index-linked and unit-linked contracts	R0220	3,336,234
Loans and mortgages	R0230	-
Loans on policies	R0240	-
Loans and mortgages to individuals	R0250	-
Other loans and mortgages	R0260	-
Reinsurance recoverables from:	R0270	86,205

[4] QRTs in £,000 throughout

Non-life and health similar to non-life	R0280	16,703
Non-life excluding health	R0290	-
Health similar to non-life	R0300	16,703
Life and health similar to life, excluding health and index-linked and unit-linked	R0310	69,502
Health similar to life	R0320	55,171
Life excluding health and index-linked and unit-linked	R0330	14,331
Life index-linked and unit-linked	R0340	-
Deposits to cedants	R0350	-
Insurance and intermediaries receivables	R0360	23,012
Reinsurance receivables	R0370	2,859
Receivables (trade, not insurance)	R0380	853
Own shares (held directly)	R0390	-
Amounts due in respect of own fund items or initial fund called up but not yet paid in	R0400	-
Cash and cash equivalents	R0410	40,863
Any other assets, not elsewhere shown	R0420	3,432
Total assets	**R0500**	4,336,434
Liabilities		
Technical provisions – non-life	R0510	80,632
Technical provisions – non-life (excluding health)	R0520	63,929
Technical provisions calculated as a whole	R0530	-
Best Estimate	R0540	63,929
Risk margin	R0550	-
Technical provisions - health (similar to non-life)	R0560	16,703
Technical provisions calculated as a whole	R0570	-
Best Estimate	R0580	16,703
Risk margin	R0590	-
Technical provisions - life (excluding index-linked and unit-linked)	R0600	530,477
Technical provisions - health (similar to life)	R0610	59,775
Technical provisions calculated as a whole	R0620	-
Best Estimate	R0630	59,142
Risk margin	R0640	634
Technical provisions – life (excluding health and index-linked and unit-linked)	R0650	470,701
Technical provisions calculated as a whole	R0660	-

Best Estimate	R0670	464,870
Risk margin	R0680	5,831
Technical provisions – index-linked and unit-linked	R0690	3,229,240
Technical provisions calculated as a whole	R0700	3,319,301
Best Estimate	R0710	(122,897)
Risk margin	R0720	32,835
Other technical provisions	R0730	
Contingent liabilities	R0740	-
Provisions other than technical provisions	R0750	-
Pension benefit obligations	R0760	-
Deposits from reinsurers	R0770	63,100
Deferred tax liabilities	R0780	8,575
Derivatives	R0790	-
Debts owed to credit institutions	R0800	-
Financial liabilities other than debts owed to credit institutions	R0810	-
Insurance & intermediaries payables	R0820	45,251
Reinsurance payables	R0830	16,731
Payables (trade, not insurance)	R0840	3,620
Subordinated liabilities	R0850	-
Subordinated liabilities not in Basic Own Funds	R0860	-
Subordinated liabilities in Basic Own Funds	R0870	-
Any other liabilities, not elsewhere shown	R0880	27,343
Total liabilities	**R0900**	4,004,969
Excess of assets over liabilities	**R1000**	331,465

F.2.S.05.01.02 PREMIUMS, CLAIMS AND EXPENSES BY LINE OF BUSINESS

Non-Life (direct business/accepted proportional reinsurance and accepted non-proportional reinsurance)		Line of Business for: non-life insurance and reinsurance obligations (direct business and accepted proportional reinsurance)					
		Medical expense insurance	Income protection insurance	Workers' compensation insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance
		C0010	C0020	C0030	C0040	C0050	C0060
Premiums written							
Gross - Direct Business	R0110	37,888	-	-	-	-	-
Gross - Proportional reinsurance accepted	R0120	-	-	-	-	-	-
Gross - Non-proportional reinsurance accepted	R0130						
Reinsurers' share	R0140	37,888	-	-	-	-	-
Net	R0200	-	-	-	-	-	-
Premiums earned							
Gross - Direct Business	R0210	39,731	-	-	-	-	-
Gross - Proportional reinsurance accepted	R0220	-	-	-	-	-	-
Gross - Non-proportional reinsurance accepted	R0230						
Reinsurers' share	R0240	39,731	-	-	-	-	-
Net	R0300	-	-	-	-	-	-

Claims incurred							
Gross - Direct Business	R0310	31,105	-	-	-	-	-
Gross - Proportional reinsurance accepted	R0320	-	-	-	-	-	-
Gross - Non-proportional reinsurance accepted	R0330						
Reinsurers' share	R0340	31,259	-	-	-	-	-
Net	R0400	(155)	-	-	-	-	-
Changes in other technical provisions							
Gross - Direct Business	R0410	(4,103)	-	-	-	-	-
Gross - Proportional reinsurance accepted	R0420	-	-	-	-	-	-
Gross - Non-proportional reinsurance accepted	R0430						
Reinsurers' share	R0440	(4,103)	-	-	-	-	-
Net	R0500	-	-	-	-	-	-
Expenses incurred	R0550	1,060	-	-	-	-	-
Other expenses	R1200						
Total expenses	R1300						

Non-Life (direct business/accepted proportional reinsurance and accepted non-proportional reinsurance)		Line of Business for: non-life insurance and reinsurance obligations (direct business and accepted proportional reinsurance)					
		Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance	Legal expenses insurance	Assistance	Miscellaneous financial loss
		C0070	C0080	C0090	C0100	C0110	C0120
Premiums written							
Gross - Direct Business	R0110	-	-	-	-	-	-
Gross - Proportional reinsurance accepted	R0120	-	-	-	-	-	-
Gross - Non-proportional reinsurance accepted	R0130						
Reinsurers' share	R0140	-		-	-	-	-
Net	R0200	-	-	-	-	-	-
Premiums earned							
Gross - Direct Business	R0210	-	162	-	-	-	-
Gross - Proportional reinsurance accepted	R0220	-	-	-	-	-	-
Gross - Non-proportional reinsurance accepted	R0230						
Reinsurers' share	R0240	-		-	-	-	-
Net	R0300	-	162	-	-	-	-
Claims incurred							
Gross - Direct Business	R0310	-	-	-	-	-	-

Gross - Proportional reinsurance accepted	R0320	-	177	-	-	-	-
Gross - Non-proportional reinsurance accepted	R0330						
Reinsurers' share	R0340	-	-	-	-	-	-
Net	R0400	-	177	-	-	-	-
Changes in other technical provisions							
Gross - Direct Business	R0410	-	(168)	-	-	-	-
Gross - Proportional reinsurance accepted	R0420	-	(114)	-	-	-	-
Gross - Non-proportional reinsurance accepted	R0430						
Reinsurers' share	R0440	-	-	-	-	-	-
Net	R0500	-	(282)	-	-	-	-
Expenses incurred	R0550	-	1,670	-	-	-	-
Other expenses	R1200						
Total expenses	R1300						

Non-Life (direct business/accepted proportional reinsurance and accepted non-proportional reinsurance)		Line of Business for: accepted non-proportional reinsurance				Total
		Health	Casualty	Marine, aviation, transport	Property	
		C0130	C0140	C0150	C0160	C0200
Premiums written						
Gross - Direct Business	R0110					37,888
Gross - Proportional reinsurance accepted	R0120					-
Gross - Non-proportional reinsurance accepted	R0130	-	-	-	-	-
Reinsurers' share	R0140	-	-	-	-	37,888
Net	R0200	-	-	-	-	-
Premiums earned						
Gross - Direct Business	R0210					39,893
Gross - Proportional reinsurance accepted	R0220					-
Gross - Non-proportional reinsurance accepted	R0230	-	-	-	-	-
Reinsurers' share	R0240	-	-	-	-	39,731
Net	R0300	-	-	-	-	162
Claims incurred						
Gross - Direct Business	R0310					31,105
Gross - Proportional reinsurance accepted	R0320					177

Gross - Non-proportional reinsurance accepted	R0330	-	-	-	-	-
Reinsurers' share	R0340	-	-	-	-	31,259
Net	R0400	-	-	-	-	22
Changes in other technical provisions						
Gross - Direct Business	R0410					(4,270)
Gross - Proportional reinsurance accepted	R0420					(114)
Gross - Non-proportional reinsurance accepted	R0430	-	-	-	-	-
Reinsurers' share	R0440	-	-	-	-	(4,103)
Net	R0500	-	-	-	-	(282)
Expenses incurred	R0550	-	-	-	-	2,730
Other expenses	R1200					-
Total expenses	R1300					2,730

Life		Line of Business for: life insurance obligations						Life reinsurance obligations		Total
		Health insurance	Insurance with profit participation	Index-linked and unit-linked insurance	Other life insurance	Annuities stemming from non-life insurance contracts and relating to health insurance obligations	Annuities stemming from non-life insurance contracts and relating to insurance obligations other than health insurance obligations	Health reinsurance	Life reinsurance	
		C0210	C0220	C0230	C0240	C0250	C0260	C0270	C0280	C0300
Premiums written										
Gross	R1410	22,531	43,833	349,805	27,722	-	-	-	-	443,891
Reinsurers' share	R1420	17,846	-	32	21,957	-	-	-	-	39,835
Net	R1500	4,685	43,833	349,773	5,765	-	-	-	-	404,056
Premiums earned										
Gross	R1510	22,084	43,833	349,805	27,172	-	-	-	-	442,894
Reinsurers' share	R1520	17,542	-	32	21,583	-	-	-	-	39,157
Net	R1600	4,542	43,833	349,773	5,589	-	-	-	-	403,737
Claims incurred										
Gross	R1610	8,469	56,019	439,945	18,672	-	-	-	-	523,104
Reinsurers' share	R1620	5,567	-	-	6,897	-	-	-	-	12,464

Net	R1700	2,902	56,019	439,945	11,775	-	-	-	-	510,640
Changes in other technical provisions										
Gross	R1710	7,665	(5,740)	(73,964)	10,079	-	-	-	-	(61,961)
Reinsurers' share	R1720	6,044	-	-	7,531	-	-	-	-	13,574
Net	R1800	1,621	(5,740)	(73,964)	2,548	-	-	-	-	(75,535)
Expenses incurred	R1900	697	1,666	47,769	1,062	-	-	-	-	51,194
Other expenses	R2500									
Total expenses	R2600									51,194

F.3.S.05.02.01 PREMIUMS, CLAIMS AND EXPENSES BY COUNTRY

Home Country - non-life obligations		Guernsey	The Bahamas	Cayman Islands	n/a	n/a	n/a	Total Top 5 and home country
		C0080	C0090	C0100	C0110	C0120	C0130	C0140
Premiums written								
Gross - Direct Business	R0110	-	17,177	20,711	-	-	-	37,888
Gross - Proportional reinsurance accepted	R0120	-	-	-	-	-	-	-
Gross - Non-proportional reinsurance accepted	R0130	-	-	-	-	-	-	-
Reinsurers' share	R0140	-	17,177	20,711	-	-	-	37,888
Net	R0200	-	-	-	-	-	-	-
Premiums earned								
Gross - Direct Business	R0210	-	18,641	21,090	-	-	-	39,731
Gross - Proportional reinsurance accepted	R0220	-	-	-	-	-	-	-
Gross - Non-proportional reinsurance accepted	R0230	-	-	-	-	-	-	-
Reinsurers' share	R0240	-	18,641	21,090	-	-	-	39,731
Net	R0300	-	-	-	-	-	-	-
Claims incurred								
Gross - Direct Business	R0310	-	15,778	15,326	-	-	-	31,105
Gross - Proportional reinsurance accepted	R0320	-	-	-	-	-	-	-
Gross - Non-proportional reinsurance accepted	R0330	-	-	-	-	-	-	-

Reinsurers' share	R0340	-	15,933	15,326	-	-	-	31,259
Net	R0400	-	(155)	-	-	-	-	(155)
Changes in other technical provisions								
Gross - Direct Business	R0410	-	(3,005)	(1,098)	-	-	-	(4,103)
Gross - Proportional reinsurance accepted	R0420	-	-	-	-	-	-	-
Gross - Non-proportional reinsurance accepted	R0430	-	-	-	-	-	-	-
Reinsurers' share	R0440	-	(3,005)	(1,098)	-	-	-	(4,103)
Net	R0500	-	-	-	-	-	-	-
Expenses incurred	R0550	-	509	552				1,060
Other expenses	R1200							-
Total expenses	R1300							1,060

Home Country - life obligations		Guernsey	The Bahamas	Cayman Islands	Singapore	Hong Kong	Switzerland	Total Top 5 and home country
		C0220	C0230	C0230	C0230	C0230	C0230	C0280
Premiums written								
Gross	R1410	340,767	1,062	1,228	34,707	55,138	10,988	443,891
Reinsurers' share	R1420	39,835	-	-	-	-	-	39,835
Net	R1500	300,933	1,062	1,228	34,707	55,138	10,988	404,056
Premiums earned								
Gross	R1510	440,604	1,062	1,228	-	-	-	442,894
Reinsurers' share	R1520	39,157	-	-	-	-	-	39,157
Net	R1600	401,447	1,062	1,228	-	-	-	403,737
Claims incurred								
Gross	R1610	370,730	414	64	10,850	130,963	10,083	523,104
Reinsurers' share	R1620	12,464	-	-	-	-	-	12,464
Net	R1700	358,266	414	64	10,850	130,963	10,083	510,640
Changes in other technical provisions								
Gross	R1710	(61,683)	(336)	59	-	-	-	(61,961)
Reinsurers' share	R1720	13,574	-	-	-	-	-	13,574
Net	R1800	(75,257)	(336)	59	-	-	-	(75,535)
Expenses incurred	R1900	48,099	216	230	942	1,119	588	51,194
Other expenses	R2500							-
Total expenses	R2600							51,194

F.4.S.12.01.02 LIFE AND HEALTH SLT TECHNICAL PROVISIONS

Life and Health SLT Technical Provisions		Insurance with profit participation	Index-linked and unit-linked insurance		
				Contracts without options and guarantees	Contracts with options or guarantees
		C0020	C0030	C0040	C0050
Technical provisions calculated as a whole	R0010	-	-		
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP calculated as a whole	R0020	-	-		
Technical provisions calculated as a sum of BE and RM					
Best Estimate					
Gross Best Estimate	R0030	342,570		3,192,780	3,624
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0080	-		-	-
Best estimate minus recoverables from reinsurance/SPV and Finite Re - total	R0090	342,570		3,192,780	3,624
Risk Margin	R0100	4,539	32,835		
Amount of the transitional on Technical Provisions					
Technical Provisions calculated as a whole	R0110	-			
Best estimate	R0120	-		-	-
Risk margin	R0130	-	-		
Technical provisions - total	R0200	347,109	32,835		

Life and Health SLT Technical Provisions		Other life insurance			Annuities stemming from non-life insurance contracts and relating to insurance obligation other than health insurance obligations	Accepted reinsurance	**Total (Life other than health insurance, incl. Unit-Linked)**
			Contracts without options and guarantees	Contracts with options or guarantees			
		C0060	C0070	C0080	C0090	C0100	C0150
Technical provisions calculated as a whole	R0010	-			-	-	-
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP calculated as a whole	R0020	-			-	-	-
Technical provisions calculated as a sum of BE and RM							
Best Estimate							
Gross Best Estimate	R0030		102,037	-	-	20,263	3,661,275
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0080		14,331	-	-	-	14,331
Best estimate minus recoverables from reinsurance/SPV and Finite Re - total	R0090		87,706	-	-	20,263	3,646,944
Risk Margin	R0100	1,078			-	214	38,667
Amount of the transitional on Technical Provisions							
Technical Provisions calculated as a whole	R0110				-	-	-
Best estimate	R0120		-	-	-	-	-
Risk margin	R0130	-			-	-	-
Technical provisions - total	R0200	1,078			-	20,477	3,699,941

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Life and Health SLT Technical Provisions		Health insurance (direct business)			Annuities stemming from non-life insurance contracts and relating to health insurance obligations	Health reinsurance (reinsurance accepted)	**Total (Health similar to life insurance)**
			Contracts without options and guarantees	Contracts with options or guarantees			
		C0160	C0170	C0180	C0190	C0200	C0210
Technical provisions calculated as a whole	R0010	-			-	-	-
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP calculated as a whole	R0020	-			-	-	-
Technical provisions calculated as a sum of BE and RM							
Best Estimate							
Gross Best Estimate	R0030		59,142	-	-	-	59,142
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0080		55,171	-	-	-	55,171
Best estimate minus recoverables from reinsurance/SPV and Finite Re - total	R0090		3,971	-	-	-	3,971
Risk Margin	R0100	634			-	-	634
Amount of the transitional on Technical Provisions							
Technical Provisions calculated as a whole	R0110	-			-	-	-
Best estimate	R0120		-	-	-	-	-
Risk margin	R0130	-			-	-	-
Technical provisions - total	R0200	634			-	-	59,775

F.5.S.17.01.02 NON_LIFE TECHNICAL PROVISIONS

Non-Life Technical Provisions		Direct business and accepted proportional reinsurance					
		Medical expense insurance	Income protection insurance	Workers' compensation insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance
		C0020	C0030	C0040	C0050	C0060	C0070
Technical provisions calculated as a whole	R0010	16,703	-	-	-	-	-
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP calculated as a whole	R0050	16,703	-	-	-	-	-
Technical provisions calculated as a sum of BE and RM							
Best estimate							
Premium provisions							
Gross	R0060	10,455	-	-	-	-	-
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0140	10,455	-	-	-	-	-
Net Best Estimate of Premium Provisions	R0150	-	-	-	-	-	-
Claims provisions							
Gross	R0160	6,248	-	-	-	-	-
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0240	6,248	-	-	-	-	-
Net Best Estimate of Claims Provisions	R0250	-	-	-	-	-	-
Total Best estimate - gross	R0260	16,703	-	-	-	-	-
Total Best estimate - net	R0270	-	-	-	-	-	-

Risk margin	R0280	-	-	-	-	-	-
Amount of the transitional on Technical Provisions							
Technical Provisions calculated as a whole	R0290	-	-	-	-	-	-
Best estimate	R0300	-	-	-	-	-	-
Risk margin	R0310	-	-	-	-	-	-
Technical provisions - total							
Technical provisions - total	R0320	16,703	-	-	-	-	-
Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total	R0330	16,703	-	-	-	-	-
Technical provisions minus recoverables from reinsurance/SPV and Finite Re - total	R0340	-	-	-	-	-	-

Non-Life Technical Provisions

		Direct business and accepted proportional reinsurance					
		Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance	Legal expenses insurance	Assistance	Miscellaneous financial loss
		C0080	C0090	C0100	C0110	C0120	C0130
Technical provisions calculated as a whole	R0010	-	59,284	1,888	-	-	2,758
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP calculated as a whole	R0050	-	-	-	-	-	-
Technical provisions calculated as a sum of BE and RM							
Best estimate							
Premium provisions							
Gross	R0060	-			-	-	-
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0140	-			-	-	-
Net Best Estimate of Premium Provisions	R0150	-			-	-	-
Claims provisions							
Gross	R0160	-	59,284	1,888	-	-	2,758
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0240	-			-	-	-
Net Best Estimate of Claims Provisions	R0250	-	59,284	1,888	-	-	2,758
Total Best estimate - gross	R0260	-	59,284	1,888	-	-	2,758
Total Best estimate - net	R0270	-	59,284	1,888	-	-	2,758
Risk margin	R0280	-	-	-	-	-	-

Amount of the transitional on Technical Provisions							
Technical Provisions calculated as a whole	R0290	-			-	-	-
Best estimate	R0300	-			-	-	-
Risk margin	R0310	-			-	-	-
Technical provisions - total							
Technical provisions - total	R0320	-	59,284	1,888	-	-	2,758
Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total	R0330	-	-	-	-	-	-
Technical provisions minus recoverables from reinsurance/SPV and Finite Re - total	R0340	-	59,284	1,888	-	-	2,758

Non-Life Technical Provisions

		Accepted non-proportional reinsurance				Total Non-Life obligation
		Non-proportional health reinsurance	Non-proportional casualty reinsurance	Non-proportional marine, aviation and transport reinsurance	Non-proportional property reinsurance	
		C0140	C0150	C0160	C0170	C0180
Technical provisions calculated as a whole	R0010	-	-	-	-	80,632
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP calculated as a whole	R0050	-	-	-	-	16,703
Technical provisions calculated as a sum of BE and RM						
Best estimate						
Premium provisions						
Gross	R0060	-	-	-	-	10,455
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0140	-	-	-	-	10,455
Net Best Estimate of Premium Provisions	R0150	-	-	-	-	-
Claims provisions						
Gross	R0160	-	-	-	-	70,177
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0240	-	-	-	-	6,248
Net Best Estimate of Claims Provisions	R0250	-	-	-	-	63,929
Total Best estimate - gross	R0260	-	-	-	-	80,632
Total Best estimate - net	R0270	-	-	-	-	63,929
Risk margin	R0280	-	-	-	-	-

Amount of the transitional on Technical Provisions						
Technical Provisions calculated as a whole	R0290	-	-	-	-	-
Best estimate	R0300	-	-	-	-	-
Risk margin	R0310	-	-	-	-	-
Technical provisions - total						
Technical provisions - total	R0320	-	-	-	-	80,632
Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total	R0330	-	-	-	-	16,703
Technical provisions minus recoverables from reinsurance/SPV and Finite Re - total	R0340	-	-	-	-	63,929

F.6.S.19.01.01 NON-LIFE INSURANCE CLAIMS

Gross Claims Paid (non-cumulative) - Development year (absolute amount). Total Non-Life Business

AY	Z0020

		0	1	2	3	4	5	6	7	8	9	10 & +
		C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110
Prior	R0100											-
N-9	R0160	24,873	3,210	28	(26)	2	2	-	-	-	-	
N-8	R0170	22,794	4,025	26	15	3	15	4	3	-		
N-7	R0180	24,254	5,161	15	20	2	-	-	-			
N-6	R0190	21,194	3,842	110	20	(23)	1	-				
N-5	R0200	21,005	3,976	92	13	4	-					
N-4	R0210	21,459	3,337	31	20	5						
N-3	R0220	22,192	5,139	79	1							
N-2	R0230	28,072	6,392	272								
N-1	R0240	31,352	6,663									
N	R0250	23,134										

		In Current year	Sum of years (cumulative)
		C0170	C0180
Prior	R0100	-	-
N-9	R0160	-	28,089
N-8	R0170	-	26,885
N-7	R0180	-	29,451
N-6	R0190	-	25,145
N-5	R0200	-	25,090
N-4	R0210	5	24,851
N-3	R0220	1	27,410
N-2	R0230	272	34,736
N-1	R0240	6,663	38,015
N	R0250	23,134	23,134
Total	R0260	30,075	282,805

Gross undiscounted Best Estimate Claims Provisions - Development year (absolute amount). Total Non-Life Business

AY	Z0020

		0	1	2	3	4	5	6	7	8	9	10 & +
		C0200	C0210	C0220	C0230	C0240	C0250	C0260	C0270	C0280	C0290	C0300
Prior	R0100											-
N-9	R0160	-	-	-	-	-	-	-	-	-	-	
N-8	R0170	-	-	-	-	-	-	-	-	-		
N-7	R0180	-	-	-	-	-	-	-	-			
N-6	R0190	-	-	-	-	-	-	-				
N-5	R0200	-	-	-	-	-	-					
N-4	R0210	-	-	-	-	-						
N-3	R0220	4,792	157	2	-							
N-2	R0230	4,816	174	19								
N-1	R0240	10,169	597									
N	R0250	5,815										

		Year end (discounted data)
		C0360
Prior	R0100	-
N-9	R0160	-
N-8	R0170	-
N-7	R0180	-
N-6	R0190	-
N-5	R0200	-
N-4	R0210	-
N-3	R0220	-
N-2	R0230	19
N-1	R0240	597
N	R0250	5,815
Total	R0260	6,431

Gross Claims Paid (non-cumulative) - Development year (absolute amount). Total Non-Life Business

UW	Z0020

		0	1	2	3	4	5	6	7	8	9	10 & +
		C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110
Prior	R0100											-
N-9	R0160	121	-	1,826	-	1,019	-	-	-	-	-	
N-8	R0170	-	2	-	-	-	-	-	-	-		
N-7	R0180	5	-	-	-	-	-	-	-			
N-6	R0190	-	-	-	577	27	-	-				
N-5	R0200	-	5,285	1,732	95	-	-					
N-4	R0210	15,855	61	131	-	-						
N-3	R0220	161	263	111	115							
N-2	R0230	4	-	-								
N-1	R0240	107	47									
N	R0250	-										

		In Current year	Sum of years (cumulative)
		C0170	C0180
Prior	R0100	-	-
N-9	R0160	-	2,966
N-8	R0170	-	2
N-7	R0180	-	5
N-6	R0190	-	603
N-5	R0200	-	7,112
N-4	R0210	-	16,046
N-3	R0220	115	650
N-2	R0230	-	4
N-1	R0240	47	155
N	R0250	-	-
Total	R0260	162	27,543

Gross undiscounted Best Estimate Claims Provisions - Development year (absolute amount). Total Non-Life Business

UW	Z0020

		0	1	2	3	4	5	6	7	8	9	10 & +
		C0200	C0210	C0220	C0230	C0240	C0250	C0260	C0270	C0280	C0290	C0300
Prior	R0100											-
N-9	R0160	-	-	-	-	5,401	41	-	-	-	-	
N-8	R0170	-	-	-	6,708	7,585	555	588	565	549		
N-7	R0180	-	-	8,687	9,458	6,972	196	188	183			
N-6	R0190	-	10,797	12,812	8,488	5,548	-	-				
N-5	R0200	19,729	15,404	10,935	6,988	7,382	10,676					
N-4	R0210	19,681	13,805	8,851	9,350	11,229						
N-3	R0220	17,068	21,703	21,924	19,519							
N-2	R0230	20,146	20,034	17,154								
N-1	R0240	6,525	4,619									
N	R0250	-										

		Year end (discounted data)
		C0360
Prior	R0100	-
N-9	R0160	-
N-8	R0170	547
N-7	R0180	182
N-6	R0190	-
N-5	R0200	10,648
N-4	R0210	11,212
N-3	R0220	19,505
N-2	R0230	17,149
N-1	R0240	4,618
N	R0250	-
Total	R0260	63,861

F.7.S.23.01.01 OWN FUNDS

Own Funds		Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
		C0010	C0020	C0030	C0040	C0050
Basic own funds before deduction for participations in other financial sector as foreseen in article 68 of Delegated Regulation 2015/35						
Ordinary share capital (gross of own shares)	R0010	100,231	100,231		-	
Share premium account related to ordinary share capital	R0030	-	-		-	
Initial funds, members' contributions or the equivalent basic own - fund item for mutual and mutual-type undertakings	R0040	-	-		-	
Subordinated mutual member accounts	R0050	-		-	-	-
Surplus funds	R0070	-	-			
Preference shares	R0090	-		-	-	-
Share premium account related to preference shares	R0110	-		-	-	-
Reconciliation reserve	R0130	215,403	215,403			
Subordinated liabilities	R0140	-		-	-	-
An amount equal to the value of net deferred tax assets	R0160	-				-
Other own fund items approved by the supervisory authority as basic own funds not specified above	R0180	-	-	-	-	-
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	-				
Deductions						
Deductions for participations in financial and credit institutions	R0230	-	-	-	-	-
Total basic own funds after deductions	R0290	315,634	315,634	-	-	-

Ancillary own funds						
Unpaid and uncalled ordinary share capital callable on demand	R0300	-				
Unpaid and uncalled initial funds, members' contributions or the equivalent basic own fund item for mutual and mutual - type undertakings, callable on demand	R0310	-			-	
Unpaid and uncalled preference shares callable on demand	R0320	-			-	-
A legally binding commitment to subscribe and pay for subordinated liabilities on demand	R0330	-			-	-
Letters of credit and guarantees under Article 96(2) of the Directive 2009/138/EC	R0340	-			-	
Letters of credit and guarantees other than under Article 96(2) of the Directive 2009/138/EC	R0350	-			-	
Supplementary members calls under first subparagraph of Article 96(3) of the Directive 2009/138/EC	R0360	-			-	
Supplementary members calls - other than under first subparagraph of Article 96(3) of the Directive 2009/138/EC	R0370	-			-	-
Other ancillary own funds	R0390	-			-	-
Total ancillary own funds	R0400	-			-	-
Available and eligible own funds						
Total available own funds to meet the SCR	R0500	315,634	315,634	-	-	-
Total available own funds to meet the MCR	R0510	315,634	315,634	-	-	
Total eligible own funds to meet the SCR	R0540	315,634	315,634	-	-	-
Total eligible own funds to meet the MCR	R0550	315,634	315,634	-	-	
SCR	R0580	173,911				
MCR	R0600	20,926				
Ratio of Eligible own funds to SCR	R0620	181%				
Ratio of Eligible own funds to MCR	R0640	1508%				

Reconciliation reserve

		C0060
Reconciliation reserve		
Excess of assets over liabilities	R0700	331,465
Own shares (held directly and indirectly)	R0710	-
Foreseeable dividends, distributions and charges	R0720	-
Other basic own fund items	R0730	100,231
Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	R0740	15,831
Reconciliation reserve	R0760	215,403
Expected profits		
Expected profits included in future premiums (EPIFP) - Life business	R0770	-
Expected profits included in future premiums (EPIFP) - Non-life business	R0780	-
Total Expected profits included in future premiums (EPIFP)	R0790	-

F.8.S.25.01.21 SOLVENCY CAPITAL REQUIREMENT – STANDARD FORMULA

Basic Solvency Capital Requirement		Gross solvency capital requirement	Simplifications
		C0110	C0120
Market risk	R0010	115,225	-
Counterparty default risk	R0020	6,565	
Life underwriting risk	R0030	83,149	-
Health underwriting risk	R0040	17,904	-
Non-life underwriting risk	R0050	18,558	-
Diversification	R0060	(68,444)	
Intangible asset risk	R0070	-	
Basic Solvency Capital Requirement	R0100	**172,957**	

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Calculation of Solvency Capital Requirement

		Value
		C0100
Operational risk	R0130	9,413
Loss-absorbing capacity of technical provisions	R0140	-
Loss-absorbing capacity of deferred taxes	R0150	(8,459)
Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC	R0160	-
Solvency Capital Requirement excluding capital add-on	R0200	173,911
Capital add-on already set	R0210	-
Solvency capital requirement	R0220	173,911
Other information on SCR		
Capital requirement for duration-based equity risk sub-module	R0400	-
Total amount of Notional Solvency Capital Requirements for remaining part	R0410	163,444
Total amount of Notional Solvency Capital Requirements for ring fenced funds	R0420	10,466
Total amount of Notional Solvency Capital Requirements for matching adjustment portfolios	R0430	-
Diversification effects due to RFF nSCR aggregation for article 304	R0440	-

Approach to tax rate		Yes/No
		C0109
Approach based on average tax rate	R0590	1 - Yes

Calculation of loss absorbing capacity of deferred taxes		LAC DT
		C0130
LAC DT	R0640	(8,459)
LAC DT justified by reversion of deferred tax liabilities	R0650	(8,459)
LAC DT justified by reference to probable future taxable economic profit	R0660	-
LAC DT justified by carry back, current year	R0670	-
LAC DT justified by carry back, future years	R0680	-
Maximum LAC DT	R0690	(8,575)

F.9.S.28.02.01 LINEAR FORMULA COMPONENT FOR NON-LIFE AND LIFE INSURANCE AND REINSURANCE OBLIGATIONS

Guernsey MCR components

Life net provision	484,238
Life net provision 2.5% charge	12,106
Life capital floor	250
Life MCR	12,106
Non-Life net premium	8,982
Non-Life net premium 12% charge	1,078
Non-Life net provision	73,501
Non-Life net provision 12% charge	8,820
Non-Life capital floor	100
Non-Life MCR	8,820
Guernsey MCR	**20,926**