CATALINA HOLDINGS UK LIMITED

Catalina Holdings UK Limited

Solvency Financial Condition Report (SFCR)
31 December 2018

Contents

Executive Summary

Catalina Holdings UK Limited, ("CHUK", "the Company") is an intermediate holding company within the Catalina Holdings (Bermuda) Ltd ("CHBL" or "Catalina") Group. The principal activity of the Company is as holding company of both insurance companies in run-off and service companies that support these run-off insurance companies and other companies in the CHBL Group. The Company is regulated by the Financial Conduct Authority ("FCA") and the Prudential Regulation Authority ("PRA").

The Solvency and Financial Condition Report ("SFCR") has been prepared in accordance with the requirements of the Commission Delegated Regulations (EU) 2015/35. It covers the Business and Performance of the consolidated CHUK Group, its System of Governance, Risk Profile, Valuation for Solvency Purposes and Capital Management.

The Group has obtained a supervisory waiver to prepare a single Group SFCR. As such this report also contains Solvency II information relating to the regulated solo entities Catalina Worthing Insurance Ltd ("CWIL"), AGF Insurance Ltd ("AGF") and Catalina London Ltd ("CLL"). The application of a consistent system of governance through a common operating model for all insurance companies makes a single SFCR more relevant and informative.

In accordance with the PRA policy statement 18/25, as the Catalina UK group is deemed a small group for external audit purposes, this SFCR is not subject to external audit.

It is recommended that this SFCR is read in conjunction with the respective SFCR sections of the insurance companies that form part of the CHUK Group and which can be found in Appendices 1 - 3 to this document.

Where necessary, comparatives in this document have been restated to conform to changes in presentation in the current year.

2018 Solvency and Financial Condition

Business and Performance

During the year the consolidated CHUK Group made a loss before tax of USD$4.4 million (2017: loss before tax USD$34.5 million). This comprised an underwriting loss of USD$6.4 million (2017: loss of USD$49.1 million), net investment loss of USD$7.6 million (2017: income of USD$15.5 million) and other income (including foreign exchange gains) of USD$9.6 million (2017: other expenses of USD$0.9 million).

The existing insurance operations within the CHUK Group continue to see a reduction of their remaining liability portfolios. Further anticipated acquisitions should continue the expansion of the Company's UK legacy business, providing opportunities for increased operational efficiency and the maintenance of high professional standards in all areas of the CHUK group's operation. The service and conduct obligations to our policyholders remain a high priority at all times.

Section A includes further details about the Company's consolidated financial performance in the year.

System of Governance

The Board is responsible for managing the overall direction and activities of the Company and for ensuring that an appropriate system of governance is in place throughout the Company. The significant changes to governance arrangements during the year were the introduction in 2018 of the general data protection regulations ("GPDR") and the Senior Managers and Certification Regime ("SM&CR") both of which have been incorporated into the system of governance.

Section B includes further details of the Company's system of governance.

Risk Profile

The Company performed an annual full Own-Risk and Solvency Assessment ("ORSA") during the second half of 2018 with the updated ORSA approved by the Board of Directors on 22 November 2018. The ORSA is an integral part of the business and is taken into account in the strategic decisions of the Company.

The types of risk to which the Company is exposed have not changed significantly over the year and remain reserving, market, credit, liquidity and operational risks. Section C includes further details of the risks to which the Company is exposed and the methods by which it manages and mitigates these risks.

Valuation for Solvency Purposes

Assets, technical provisions and other liabilities are valued in the Company's Solvency II Balance Sheet according to Solvency II regulations.

As at 31 December 2018 the CHUK Group Total Own funds of USD$162.5 million (2017: USD$197.5 million) were USD$74.5 million less than the consolidated net assets in the Company's Financial Statements under UK GAAP (2017: USD$82.4 million less). The difference is primarily due to the valuation of gross and reinsurance technical provisions. Section D provides further details of the different valuation bases used by Solvency II and UK GAAP for assets, technical provisions and other liabilities. There is a consistent application in the determination of these between 2018 and 2017.

Capital Management

This SFCR is prepared for the consolidated CHUK Group under the Solvency II regime where the emphasis is one of measuring and monitoring capital using the Group's risk-based approach. The Group currently uses the Standard Formula to calculate its Solvency Capital Requirement ("SCR"). As at 31 December 2018 there was a Solvency II surplus of USD$23.4million (2017: USD$52.9 million) and a Solvency II coverage ratio of 117% (2017: 137 %). Both metrics refer to the excess of the CHUK Group's total eligible own funds over the solvency capital requirement.

	Total 2018 USD'000	**Total 2017 USD'000**
Group Consolidated Own Funds	162,539	197,484
Group Consolidated Standard Formula Solvency Capital Requirement (SCR)	139,093	144,544
Surplus	**23,446**	**52,940**
Ratio of Eligible own funds to SCR	**117%**	**137%**

On the 28 March 2018 following PRA approval, the Company received a repayment of capital of £55.0 million (US$77.1 million) from CWIL. From this capital repayment, £35.0 million (US$49.1 million) was used to repay amounts due under the CHUK Revolving Credit Facility, and £17.5 million (US$22.2 million) as a capital repayment to Catalina Alpha Ltd, an intermediate holding company.

On 18 September 2018, KX Reinsurance Company Limited ("KX Re") and OX Reinsurance Company Limited ("OX Re"), both subsidiaries of CHUK, were dissolved. As part of the dissolution, on 1 March 2018 USD$16.3 million of capital was repaid to CHUK from KX Re and subsequently used by the Company to fund a USD$15.2 million (£11.0 million) repayment of the CHUK Revolving Credit Facility.

On 20 June 2018 there was a capital repayment of £0.9 million (USD$1.2 million) from Downlands Liability Management Limited ("DLML") to the Company.

Outlook

The CHUK Group is a growing UK legacy business which provides opportunities for increased operational efficiency and the maintenance of high professional standards in all areas of its operations. The service and conduct obligations to our policyholders will remain a high priority at all times.

No changes in the principal activity of the CHUK Group are anticipated in the foreseeable future. There will be a continued focused approach that ensures a proactive claims agreement process whilst continuing to manage investments within risk appetite and Prudent Person Principles. This enables compliance with the group's policy requiring very strict adherence to the FCA policy around the fair treatment of customers, while at the same time managing the Company's liabilities.

As part of the ongoing strategy the Company's management will continue to outsource elements of the portfolio to third parties. Sections of the Noise Induced Hearing Loss claims portfolio will continue to be outsourced to an FCA approved outsourced provider. Part of the US direct exposures are outsourced to the San Diego office of Catalina US Insurance Services in California. The Company maintains close control over the activities of its Third Party Administrators and legal panel.

Where appropriate and relevant, the CHUK Group seeks commutations on its inwards reinsurance liabilities in order to both realise value and to reduce portfolio volatility. Management will also pursue commutations of the remaining outwards reinsurance assets with external counterparties. On any commutation the Company will not enter into these where the return is not greater than or equal to the cost of capital.

Management will continue to review the Company's capital requirements in line with Solvency II requirements, with the intention of ultimately releasing any excess capital but only where it is not detrimental to policyholder interests. CHUK looks to utilise capital returns from its insurance company and insurance service company operations to either service the current debt in the Company, to facilitate the acquisition of further portfolios of run-off business or to release such capital to its ultimate holding company, CHBL.

In December 2018, the Catalina Group signed a definitive agreement with Zurich Insurance plc ('Zurich') which is expected to result in the transfer of USD$2 billion of UK employer's liability claims into CLL. While the transfer is subject to regulatory and court approvals and not anticipated before 31 December 2019, preparations are well progressed and will continue through 2019 up to the transfer. These include strengthening the management and control framework across the Catalina UK group of companies.

The transaction with Zurich will be completed in two stages. Initially a reinsurance of relevant policies from Zurich to Catalina General Insurance Ltd. ("CatGen"), the Catalina Group's Bermuda based reinsurance subsidiary, there will follow under an Irish High Court Section 13 decision, an insurance business transfer of liabilities from Zurich to CLL and simultaneous termination of Zurich's arrangement with CatGen. With the transfer into CLL, CLL will enter into a 50% outwards quota share retrocession agreement with Acra Re Ltd., a Class 3A Bermuda based reinsurance company. All transactions are subject to necessary regulatory approvals and the approval of the High Court in Ireland for the insurance business transfer. In April 2019 the Bermuda Monetary Authority ("BMA") provided its approval to the reinsurance arrangements of the first stage of the transaction involving CatGen. The transfer into CLL is not expected before December 2019. The modelling of this transaction including the expected capital impacts are included in the ORSA approved by the Board in November 2018.

Contingency and sensitivity planning on the implications of Brexit are that as the Group's insurance subsidiaries are in run-off, with predominantly all remaining claims in the United Kingdom and United States the Group is not fundamentally exposed to direct policyholders in the European Economic Area. Given the continuing uncertainty on the ultimate Brexit outcome, management will continue to closely monitor and manage any developing exposures including any impact on the agreement announced in December 2018 with Zurich.

Subsequent to 31 December 2018 there has been no material change in the business and performance, system of governance, risk profile, valuation for solvency purposes, and capital management for the Company. Further, other than mentioned above there is no known current acquisition activity which at this stage could directly impact the Company.

Statement of Directors' Responsibilities

We acknowledge our responsibility for preparing the SFCR in all material respects in accordance with the PRA Rules and the Solvency II Regulations.

We are satisfied that:

a) throughout the financial year ended 31 December 2018, the insurers have complied in all material respects with the requirements of the PRA Rules and the Solvency II Regulations as applicable to the insurers; and

b) it is reasonable to believe that the insurers have continued so to comply subsequently and will continue so to comply in future.

By Order of the Board

C J Fleming

Director

28 May 2019

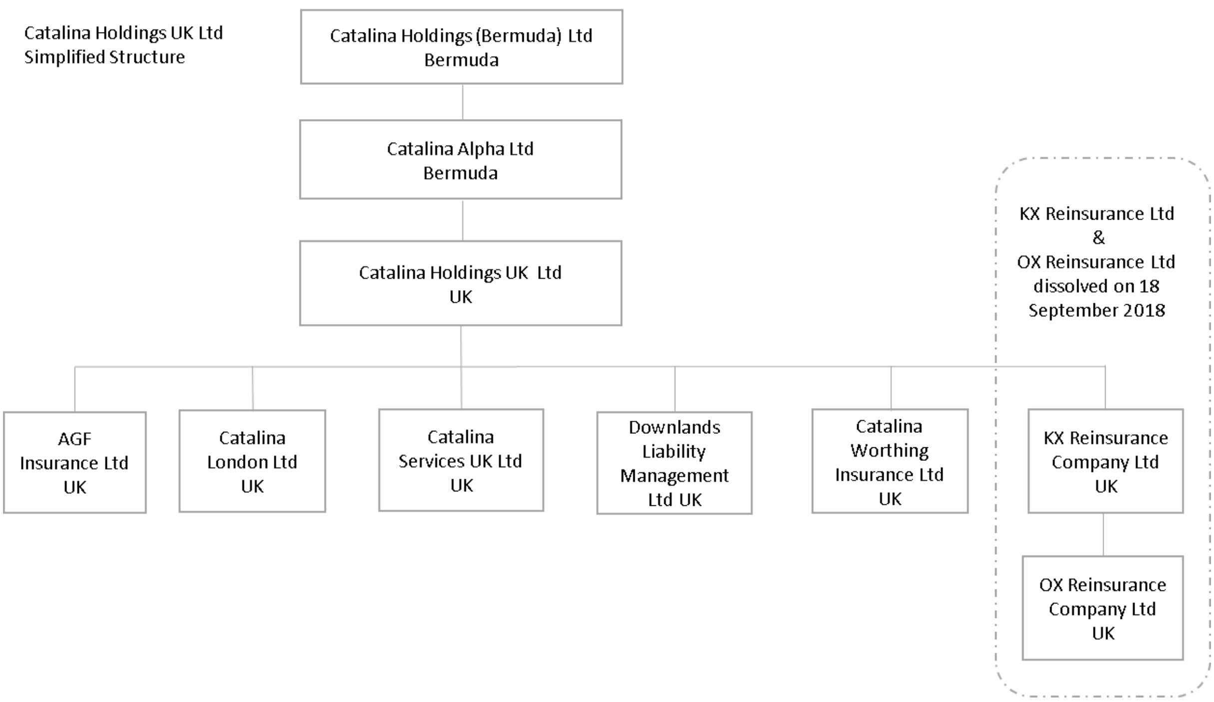
A. Business and Performance

A.1 Business and external environment

A.1.1 Undertaking, financial supervisory authority and external auditor

Name of the undertaking:	Catalina Holdings UK Limited
Address of its registered office:	1st Floor 1 Alie Street London E1 8DE
Legal status:	Private Limited Company
Company registration number:	03726869
Legal Entity Identifier (LEI):	549300TGWLOTZ6EKVQ66
Ultimate parent:	Catalina Holdings (Bermuda) Ltd.
Financial supervisory authority:	Prudential Regulation Authority ("PRA") Bank of England Threadneedle Street London EC2R 8AH

A simplified structure chart is laid out below outlining subsidiary companies, vertical structure and ultimate shareholder ownership. No director of the ultimate holding company sits on any of the UK Boards.



Prior to 10 October 2018 85% of the voting rights, in aggregate, of Catalina Holdings (Bermuda) Ltd. ("CHBL", or "the Group"), the ultimate parent entity, were held across three shareholders being, CDP VSI I Limited Partnership, 1397225 Ontario Limited and Apollo Rose L.P. On 10 October 2018 the affiliates (the "Apollo Funds") of Apollo Global Management, LLC (together with its consolidated subsidiaries, "Apollo") (NYSE: APO) became majority shareholders of Catalina, with RenaissanceRe Ventures Limited, a subsidiary of RenaissanceRe Holdings Limited (NYSE; RNR) becoming a minority shareholder alongside Catalina's management.

As part of the shareholder restructuring, the Apollo Funds have committed USD$835.0 million in new equity capital to fund Catalina's continued growth.

A.1.2 Material lines of business and geographical areas where the Company carries out business

CHBL is a specialist consolidator of non-life general insurance and reinsurance companies and portfolios in run-off. CHBL acquires and manages such portfolios in run-off with the purpose of achieving a competitive return on equity and consistent growth in net tangible assets. The Group is based in Bermuda and currently has other offices in the United Kingdom, the Republic of Ireland, the United States of America and Switzerland.

CHUK is the holding company for all of the Catalina UK insurance and insurance service companies. It is the vehicle that acquires all Catalina UK run-off portfolios. At 31 December 2018 CWIL, AGF and CLL are active run-off insurance companies. On 30 November 2017 the whole of the insurance business of subsidiaries, KX Re and OX Re transferred into CLL, under a High Court approved Part VII transfer. The Part 4A permissions for KX Re and OX Re were subsequently removed by the PRA on 22 February 2018. KX Re and OX Re were dissolved on 18 September 2018. Two insurance service companies, Catalina Services UK Limited ("CSUK") and DLML, form the rest of the CHUK Group. All UK staff are employed by CSUK.

The Company's insurance subsidiaries wrote business mostly in the UK and US, with AGF writing solely UK based business. The subsidiary distribution of reserves, including loss adjustment expenses on a Statutory Account valuation basis at 31 December 2018 was as follows in USD '000s equivalents:

CHUK Insurance Subsidiary	Total 2018 USD'000	US 2018 USD'000	GBP 2018 USD'000	Europe 2018 USD'000	Other 2018 USD'000
CWIL	563,131	326,566	210,077	24,250	2,238
AGF	184,801	-	184,801	-	-
CLL	59,182	39,288	14,335	3,657	1,902
Intergroup	(3,239)	-	(3,239)	-	-
Total Gross CHUK Reserves	**803,875**	**365,854**	**405,974**	**27,907**	**4,140**
	2017 USD'000	**2017 USD'000**	**2017 USD'000**	**2017 USD'000**	**2017 USD'000**
CWIL	665,068	381,200	238,307	39,208	6,353
AGF	223,977	89	223,888	-	-
CLL	75,292	50,995	16,579	5,146	2,572
Intergroup	(3,388)	-	(3,388)	-	-
Total Gross CHUK Reserves	**960,949**	**432,284**	**475,386**	**44,354**	**8,925**

Distribution by class of business across these companies across the direct and reinsurance portfolios is as follows:

Class of Business	2018 % of Reserves	2017 % of Reserves
Property	0.3%	0.5%
Liability	66.4%	65.2%
Marine, Aviation and Transport	5.0%	4.7%
Reinsurance – Casualty	0.1%	5.3%
Reinsurance – Marine, Aviation and Transport	27.6%	23.7%
Reinsurance - Property	0.6%	0.6%

The Company and CHUK Group's functional and presentational currency is the US Dollar, which is the same for CLL. The other CHUK Group companies are all GBP denominated. This reflects the historical distribution of each Company's geographical business mix.

A.2 Performance from underwriting activities

The table below shows the underwriting performance for the CHUK Group for the year end 31 December 2018, together with comparatives for the previous year. During 2018 the Group realised an underwriting loss of USD$6.4 million (2017: loss of USD$49.1 million).

	2018	**2017**
	USD'000	**USD'000**
Earned premiums, net of reinsurance	1,093	(624)
Claims incurred, net of reinsurance	5,259	(36,900)
Net operating expenses	(12,784)	(11,620)
Balance on the technical account	**(6,432)**	**(49,144)**
Claims incurred by class of business:		
Property	(4,140)	393
Liability	1,935	(1,573)
Marine, Aviation and Transport	4,344	481
Reinsurance – Casualty	2,412	(32,034)
Reinsurance – Marine, Aviation and Transport	210	77
Reinsurance – Property	498	(4,244)
Total claims incurred	**5,259**	**(36,900)**

The change in the CHUK technical account result in 2018 mostly arises on CWIL. In 2017 the net cost on 10 May 2017 of entering into the 100% quota share reinsurance arrangement with CatGen significantly affected the CWIL results. In 2018, with the quota share in place, the technical result was nil for CWIL. Within AGF there was positive claims development on deafness and abuse exposures. The CHUK Group continues to expect gains on the run-off of the account through advantageous commutations and reserve redundancy.

The increase in operating expenses is due to the full year results for CWIL being consolidated in 2018, whereas in 2017 only the post-acquisition results, after 10 May 2017, were consolidated.

A.3 Performance from investment activities

The table below shows the investment income for the CHUK Group for the year end 31 December 2018, together with comparatives for the previous year.

	Net investment income	**Net investment expense**	**Net realised gains and losses**	**Changes in fair value**	**Net investment result**
	USD'000	**USD'000**	**USD'000**	**USD'000**	**USD'000**
2018					
Financial assets:					
- measured at FVTPL	12,478	(879)	(5,824)	(13,429)	(7,654)
-measured at cost	537	-	-	-	537
- derivatives	-	-	-	(513)	(513)
	13,015	**(879)**	**(5,824)**	**(13,942)**	**(7,630)**
2017					
Financial assets:					
- measured at FVTPL	10,236	(502)	2,892	2,667	15,293
-measured at cost	266	(5)	-	-	261
- derivatives	-	-	-	(79)	(79)
	10,502	**(507)**	**2,892**	**2,588**	**15,475**

The decrease in total investment returns in 2018 to a loss of USD$7.6 million (2017: income of USD$15.5 million) reflects both a lower asset base following repayments under the revolving credit facility and remittance of capital to the ultimate parent. Furthermore, the impacts of uncertainties in global debt and equity markets, including on investments held in the United Kingdom the ongoing uncertainty over Brexit, have resulted in unrealised investment losses.

Net investment income includes USD$4.9 million (2017: USD$3.8 million) of interest expense on the CHUK Revolving Credit Facility Agreement used to finance the CWIL and AGF acquisitions. Under the agreement interest is chargeable on a margin above LIBOR. While amounts due under the facility decreased in the year to USD$107.1 million at 31 December 2018 (2017: USD$175.7 million), the increase in interest expense reflects both a full year of interest cost on amounts borrowed to fund CWIL on 10 May 2017 and an increase in LIBOR rates in 2018.

Projected investment performance is critically dependent on a number of factors, including; global economic performance, global changes in interest rates and credit spreads and the performance of global equity markets. The Chief Investment Officer Europe meets regularly with the Catalina Group Investment Committee to discuss risks and opportunities and proactively manage the portfolio as circumstances change.

A.4 Other operating income and expenses

The table below details any other material operating income and expenses not shown in A2 and A3 above.

	2018 USD'000	**2017 USD'000**
Write back of negative goodwill	1,588	6,434
Management fees	2,927	3,701
Administrative expenses	(2,802)	(3,189)
Foreign exchange gains / (losses)	7,997	(7,808)

On a UK GAAP basis negative goodwill arising on business combinations in respect of acquisitions is included on the Balance Sheet and released to the profit and loss account on a straight line basis during the period in which the goodwill is recovered. The decrease in negative goodwill in 2018 is due to the negative goodwill on KX Re of USD$4.9 million being written off in 2017 with the part VII transfer of assets and liabilities from KX Re to CLL in November 2017.

Management fees and administrative expenses include the expenses incurred within the CHUK Group on behalf of other CHBL companies. These expenses are recharged as management fees to the respective companies.

As a USD denominated group CHUK is exposed to currency fluctuations in the US Dollar against the Sterling and Euro. While companies within the Group manage these exposures by matching assets and liabilities by currency, reserve development can from time to time result in a net currency exposure. The foreign exchange gains for 2018 include a USD$7.6 million gain (2017: USD$8.5 million loss) on the GBP denominated debt of £84.0 million (2017: £130.0 million), being USD$107.1 million (2017: USD$175.7 million) in the CHUK company.

A.5 Any other disclosures

Not applicable.

B. System of Governance

B.1 General Governance arrangements

The governance arrangements of the CHUK Group are centred upon the individual operating companies and, specifically, those that carry insurance liabilities and are regulated by the PRA/FCA. This decision is based upon the fact that these companies carry almost the entirety of the risk to which the CHUK Group is exposed. The capital modelling for these companies include any risk that might otherwise accrue from other parts of the CHUK Group (for instance, operational risk arising from the service companies are specifically modelled into each insurance risk carrying entity). CHUK produces a CHUK Group ORSA which can be analysed at both the overall UK Group level and, in detail, at the regulated company level.

As the composition of the boards of the regulated companies are similar, although not identical, and the issues faced by each company are in large part common, the governance structures and policies are prepared so far as is practicable on a UK group wide basis. However as each of the insurance companies is a regulated entity, corporate structure and governance arrangements are made for each individual company.

With the introduction of the SM&CR in December 2018 the governance arrangements have been reviewed. At the regulated insurance company level within the CHUK Group each company operates under a board of directors which comprises of two independent non-executive directors, one of whom is Chair, two non-executive directors, Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO"). CWIL and AGF each have an additional executive director on the board. The Board operate under an agreed terms of reference

The Board has mandated a basis for effective risk management within each insurance company dictated by a clear system of governance that covers all significant aspects of the business, provides an open forum for challenge, and allocates clear responsibilities for both collective management committees and individuals. In addition, there are clear responsibilities within the Company for the four required key functions –

- risk management
- actuarial
- compliance and
- internal audit.

In addition to the required key functions the board has determined that claims, commutations, investment management and operations are key functions. The allocation of the senior manager functions and key function holders is set out in each company's management responsibilities map ("MRM"). All senior managers and key function holders are employed either by Catalina Services UK Limited or by another group company. The allocation of the prescribed responsibilities is also set out in the MRM.

Management Team

The Board has delegated the day to day running of each insurance company to the Legal Entity Chief Executive Officer ("CEO") with a Management Team to assist in these duties. A report on these activities is presented at each quarterly board meeting.

The following committees are committees of the Board and are comprised of executives from the company and wider group.

Board Risk Management Committee

Through 2018 the Board has acted as the Risk Committee, ("BRMC") with the responsibility of analysing and taking ownership of the fundamental risk management principles employed by each insurance company. Subsequent to 31 December 2018 a dedicated Board Risk Management Committee has been established to meet outside of the Board meeting which will be chaired by an INED and comprising of the directors of the regulated entities. The purpose is to have an enhanced focus on the risks faced by the insurance companies and the mitigation of those risks.

The Board has delegated the responsibility of oversight of the Group's risk management policy for each insurance company to the Group Chief Risk Officer ("CRO"). The Risk Management Policy defines the framework of the systems, controls, processes and procedures in place to identify, assess, mitigate and manage risk for each insurance company.

Each insurance company has determined its risk appetite and a number of risk tolerances that are measured on a quarterly basis. Quarterly reports during 2018 were included in the Board papers and discussed with the CRO at each Board meeting. The CRO instructs the investment manager to implement any remedial measures that the Board determines are appropriate.

Board Audit Committee

A principal objective of the Board Audit Committee is to evaluate and provide assurance that the risk management, control and governance systems of each insurance company are functioning as intended and will enable each insurance company's objectives and goals to be met. This includes the Board discharging its responsibilities for monitoring the integrity of the Company's financial statements and monitoring the effectiveness, performance and objectivity of the internal and external auditors. The audit committee is chaired by, and comprises of, a majority of INEDs.

The Board has delegated the responsibility of oversight of the Group's internal audit policy at each insurance company to the Group Head of Internal Audit. The Internal Audit Charter defines the framework of the systems, controls, processes and procedures in place to support the Board Audit Committee in its duties.

The following committees are not committees of the Board but are comprised of executives from the company and wider Catalina group.

Loss Reserving Committee

The Loss Reserving Committee ("LRC") is in place to review and challenge the output from internal actuarial reviews. It is responsible for reviewing the adequacy of, and approving, the reserves of each insurance company. Matters arising from this Committee are reported by the CEO to the Board.

Large Loss/Claims Committee

The Large Loss Committee is charged with the responsibility of overseeing the company's claims practices, processes and procedures and providing a further level of control and direction for very large losses. Matters arising from this Committee are reported by the CEO to the Board.

Commutations Committee

The Commutations Committee is charged with the responsibility of overseeing a company's commutation policy and approving all significant commutations. Matters arising from this Committee are reported by the CEO to the Board.

Finance Committee

The Finance Committee is charged with the responsibility of overseeing each insurance company's capital structure, financial condition and requirements for funds. Matters arising from this Committee are reported by the CEO to the Board.

Investments

The Board is responsible for the oversight of the Company and each insurance company's investments and has appointed the Chief Investment Officer, Europe (CIO) to manage its portfolio of investments on its behalf. As part of the group level management of investments the CIO consults with the Group Investment Committee ("IC") regarding overall investment strategy. The CIO provides a report to each Company Board meeting, which looks at the risk and objectives for the Company of the investment approach, as well as the relative performance. To increase the flow of information about the investments to the Board, monthly conference calls with the CIO have been established and the protocols for the approval of non-traditional and alternative investments have been significantly revised and improved.

Remuneration Policy

The Company does not have any direct employees, all services to the CHUK group are provided by CSUK. All CSUK employees are retained on a fixed basic salary, considered annually and determined in light of market best practice.

Each insurance company has applied the principle of proportionality to requirements regarding remuneration. None of the insurance companies has a remuneration committee, but each has a policy on remuneration.

The objectives of the Company's remuneration policy are to ensure that

- policy and practices are aligned with the Company's overall strategy, risk management strategy and risk appetite, objectives, values and long-term interests of the Company;
- the policy applies to the undertaking as a whole in a proportionate and risk focused way, taking into account the respective roles of the Company's employees;
- the policy does not foster practices adverse to policyholders' interests;
- the Company can attract and retain highly qualified employees with skills required to effectively manage the Company;
- employees are compensated appropriately for the services they provide the company; and
- employees are motivated to perform in the best interests of the Company and its stakeholders.

Discretionary performance related bonuses can be agreed subject to restrictions on quantum and deferral.

B.2 Fit and proper requirements

Management at CHUK Group and insurance entity level must ensure that key roles performed within their operations are identified, and filled by staff who are demonstrably qualified for the role. The business head is responsible for ensuring that activities are undertaken and managed by professionals with the appropriate experience, skill levels, and degrees of specialisation.

As part of the recruitment process references are taken up and qualifications checked with the relevant authority or issuer. For senior managers and certification roles criminal record checks and credit reference checks are undertaken. For existing staff these are retaken every 3 years.

For the purposes of carrying out the Company's day to day business, one of the regulators of all insurance companies within the CHUK Group is the FCA. Of particular importance is the close association that the FCA makes between business conduct and misconduct, and the culture, tone and oversight set by the Board and senior executive management. The FCA looks to firms' governing bodies to set, embed and maintain a firm-wide culture that supports good business conduct and an appropriate degree of protection for counterparties. That culture needs to take into account factors such as the firm's business plan, risk appetite, remuneration mechanisms and identified internal and external risks.

Solvency II requirements

Solvency II requires that for insurance companies within the CHUK Group "all persons who effectively run the undertaking or have other key functions are Fit and Proper at all times". 'Fit and proper' persons must have the appropriate professional qualifications, knowledge and experience to enable them to perform their duties and fulfil their obligations, as well as being of good repute and integrity. Key functions are defined as all functions considered important or critical in the system of governance, including at least the Risk Management Function, Compliance Function, Internal Audit Function and Actuarial Functions. The requirement for Fit and Proper extends to the Board, which collectively should contain the qualifications, knowledge and experience to be able to provide for the sound and prudent management of the business.

Regulatory Requirements

Under section 59 of the Financial Services and Markets Act 2000, authorised firms are required to ensure that individuals seeking to perform one or more of the PRA–designated Senior Management Functions seek PRA and FCA approval prior to taking up their position. Each Company manages these requirements in accordance with the SM&CR which has replaced the Senior Insurance Managers Regime ("SIMR").

Each company takes reasonable care to maintain a clear and appropriate apportionment of significant responsibilities among its directors and senior managers in such a way that:

- it is clear who has which of those responsibilities; and
- the business affairs of the firm can be adequately monitored and controlled by the directors and relevant senior managers and governing body of the firm.
- the prescribed responsibilities for each company are included in the MRM
- management responsibilities are shown in the management structure diagrams in the MRM
- each senior manager has a statement of responsibilities setting out those business areas for which they are directly responsible.

It also appropriately allocates to one or more individuals the functions of:

- dealing with the apportionment of responsibilities; and
- overseeing the establishment and maintenance of systems and controls.

The function of apportionment of responsibilities is allocated to the Company's CEO. They may carry out this function with the help of other board members and senior management but the function nevertheless is that of the CEO.

In addition each insurance company maintains a management responsibilities map to satisfy the requirements regarding apportionment and allocation of significant responsibilities and updates this quarterly or more frequently if there are any changes. All changes to the governance map are notified to the PRA.

The following table sets out the senior management functions and key function holders for each of the dual-regulated firms within the UK Group.

Senior Manager Role	SMF	CWIL	AGF	CLL
Chairman	SMF9	Timothy Cox	Rick Hudson	Timothy Cox
Chair Audit Committee	SMF11	Timothy Cox	Timothy Cox	Timothy Cox
CEO	SMF1	Roland Jackson	Philip Hernon	Philip Hernon
Head of Regulatory and Compliance Officer	Interim	Roland Jackson	Roland Jackson	Roland Jackson
Executive Director	SMF3	Philip Hernon	Steven Richardson	
Non-executive Director		Christopher Fleming; Gary Haase	Christopher Fleming; Gary Haase	Christopher Fleming; Gary Haase
Independent Non-executive Director		David O'Connor	Rick Hudson	Rick Hudson
Chief Financial Officer, Executive Director	SMF2	Graeme McAndrew	Graeme McAndrew	Graeme McAndrew
Chief Actuary	SMF20	James Upson	James Upson	James Upson
Chief Risk Officer	SMF4	Tim Walker	Tim Walker	Tim Walker
Head of Internal Audit	SMF5	Björn Hartvigsen	Björn Hartvigsen	Björn Hartvigsen
Money Laundering Reporting Officer	SMF17	Alexander Jenkins	Alexander Jenkins	Alexander Jenkins
Chief Operations	SMF24	Rhian Duff	Rhian Duff	Rhian Duff
Other overall responsibility:				
Chief Investment Officer	SMF18	Neil Taylor	Neil Taylor	Neil Taylor

For each insurance company within the CHUK Group, the Head of Regulatory and Compliance keeps the PRA informed of persons filling the designated roles and reviews that they meet the fitness and probity requirement on an ongoing basis. A person filling a controlled function must be:

- competent and capable;
- honest, ethical and act with integrity;
- financially sound.

These checks are conducted independently to any checks performed by the PRA under its own fit and proper review. These include a number of checks; criminal record, credit, evidence of professional qualification and ongoing continuing professional development and reference.

Across the CHUK Group each company maintains an ongoing Board education programme from which the SMFs also receive the benefit.

In addition, the PRA have been notified of the following Key Functions and the relevant documentation outlining the fitness and probity of the specific key function holders ("KFHs") has been provided to them. These individuals fall within the certification regime under SM&CR.

Key Function	Holder in all regulated subsidiaries
Claims	Allan Archer
Commutations	Lee Payne
Technical Operations	Darren Rowswell
Information Technology	Rhian Duff

B.3 Risk management system

CHBL's enterprise risk management function is coordinated by the Chief Risk Officer, who works under the authority of the BRMC. In line with the internal risk management policies of the Group, management at each Company, acting as the 'first line of defence' are primarily responsible for the running of the business and the operation of controls within their own areas as well as the management of the business' risk profile, in line with Board expectations. However, acting as part of the 'second line of defence', the Risk Management Function is responsible for the ongoing monitoring of business operations and the effectiveness and integrity of the risk management framework.

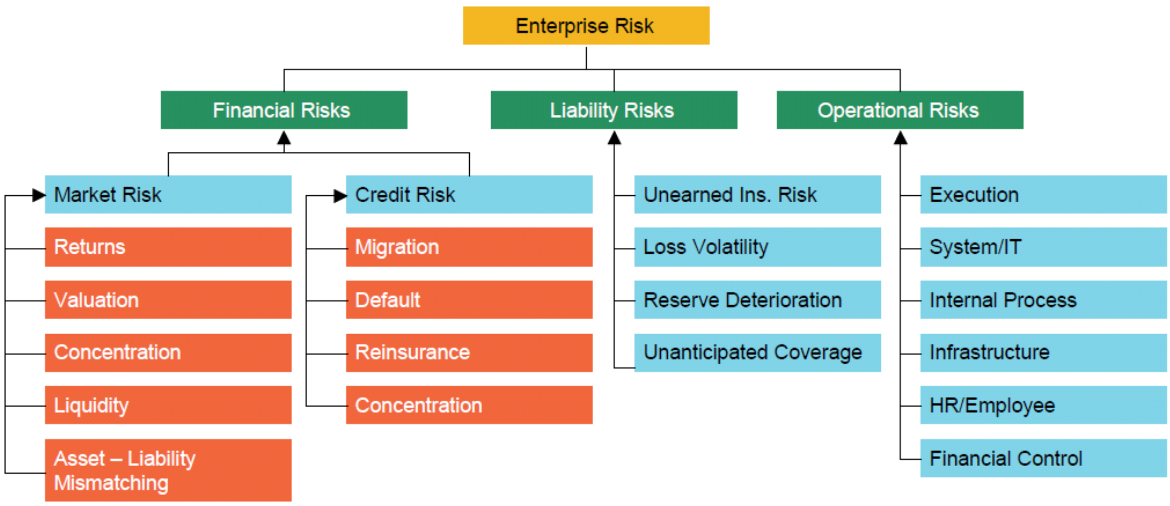
The overall risk management strategy is to ensure that a proper balance is struck between:

- The risks that are economically attractive to take. These must be properly modelled, measured and priced; and
- The risks that are economically unattractive to take. These should be avoided, identified, managed, mitigated and reduced where it is efficient to do so.

Within the Risk Management framework there are measures in place to ensure:

- Appropriate risk tolerances are in place to govern risk taking activities;
- An appropriate risk culture and risk appetite forms an essential part of its strategic decision making;
- Measurement and monitoring of risk and reporting key risk metrics to senior management and the Board; and
- Appropriate business planning and capital planning processes are in place to support the risk taking activities.

The risk management framework is intended to reduce, but cannot eliminate, the range of possibilities which might cause detriment. Similarly, the risk management framework cannot provide protection with certainty against any failure to meet business objectives, or guard against material errors, losses, fraud, or breaches of law and regulations. The risk management framework is intended to provide reasonable assurance and that business will be conducted in an orderly manner that reasonable foreseeable circumstances will not prevent or limit the achievement of business objectives.



Own Risk and Solvency Assessment

The Own Risk and Solvency Assessment documents the output of CHUK's Enterprise Risk Management process. The purpose of the ORSA is principally to support the Board of Directors and Company management to actively manage the economic risk and capital requirements and allow a strategic, forward-looking discussion of future risks and capital needs.

The Board and senior management's involvement are integrated in the ORSA and they are engaged to challenge, discuss and debate the process. The ORSA process allows management and the Board to review the risk and capital requirements and take a strategic, forward-looking view of future risks and capital needs. The ORSA process includes a detailed three year capital management plan for the CHUK Group and regulated entities within. The ORSA process is used to highlight key issues to management, and allows management to confirm that:

a) The current risk profile is understood and appropriate for the nature of a legacy portfolio and within the risk appetite of the firm

b) Capital requirements during the reporting period have continuously been met (or if not corrective action was taken)

c) Each insurance company's current capital and solvency position is appropriate

d) The Standard Formula model has been used appropriately for strategic decisions throughout the period

e) The risks to the enterprise that could likely change the risk profile are understood

f) Plans to cover the solvency position and planned capital distributions over the required period are appropriate.

The ORSA is produced by Management in conjunction with the Actuarial and Risk Management functions. The ORSA is presented to the Board for challenge, comment and review annually with the most recent review being November 2018. The result of the Board's review forms the basis for the future strategy of the business and for the following year's ORSA.

It is axiomatic that the majority of risk lies in the individual regulated insurance entities owned by CHUK rather than the Company or Services Companies within the Group. The capital requirements for the insurance companies have already been calculated separately on a standalone basis. When combined, a diversification benefit results to the Group.

For each of the regulated insurance companies within the CHUK Group they were all within stated risk appetite and tolerances for the key indicators of solvency, reserving sufficiency, investment compliance and operational risk.

B.4 Internal control system

For insurance companies within the CHUK Group internal control systems provides assurance that their operations are effectively controlled, they are compliant with applicable laws and regulations and its financial reporting is reliable. Each Board is ultimately responsible for overseeing and maintaining the adequacy and effectiveness of the risk management and internal control systems. The oversight and management of these systems necessarily involves participation of the Board, the Board Audit Committee, the Board Risk Management Committee, senior management, Finance, Legal and Internal Audit. Responsibility for ensuring day-to-day oversight of the internal control system lies with each insurance company's Controlled Function holders and Key Function holders.

For all companies within the CHUK Group the importance of appropriate internal controls is promoted. All employees are aware of the importance of risk management and are reminded to consider the risks they encounter as they go about their day to day work. Risk awareness is promulgated through the organisation, and both senior management and the risk management function are pro-active at keeping risk awareness to the forefront of daily operations by: i) ensuring that all employees are aware of their role in the internal control system as per the Fit and Proper Policy; ii) ensuring consistent communication and implementation of the internal control systems; iii) establishing monitoring and reporting mechanisms to review and report the decision making processes; and iv) providing appropriate training to all employees.

Compliance Function

The UK Head of Compliance and Regulatory ("HCR") is a director of a CHUK Group company. All actual or potential breaches of regulation are immediately referred to the HCR.

Line managers have a responsibility to implement all compliance policies locally mitigating compliance risk in liaison with the HCR, ensuring adequate compliance resources and training, fostering a compliance culture and optimising relations with regulators. The role of the Compliance function is to provide advice and support to line management in this regard. The HCR has unfettered access to line management and also to the Board of Directors.

The HCR is expected to act on the policies and practices by which the Group expects compliance and reputational risk to be managed and controlled, and covers a number of specific issues such as money laundering, insider dealing, takeovers and mergers, maintaining relations with the regulator and participating on regulatory solvency related projects.

The compliance function reports to the Board and is subject to oversight by the CEO. The Board is ultimately responsible that the Company and each company within the CHUK Group remains compliant, where applicable, with the requirements of the 'PRA and FCA Handbooks of rules and guidance'.

The role of Compliance is to support Management in its duty to control compliance risk. At the operational level, the HCR will:

- Compile and maintain Compliance Charts and/or Compliance Risk Assessments
- Devise annual Compliance Plans to record risk-based activity for the coming year
- Undertake regular monitoring and ad-hoc reviews as may be necessary to verify that controls remain robust and understanding of / adherence to procedures is maintained.
- Report compliance control failures, or incidents which may indicate a need to review Compliance Risk Assessments or mitigating procedures.

The Company and each insurance company within the CHUK Group maintains regulatory and compliance calendars in order to ensure that all external and internal deadlines are met.

The Key Risk Dashboard referred to in Section B.3 Risk Management System provides the Board with details of the Company's compliance with its key risk target indicators: target capital ratio, best estimate reserving, investment policy compliance, counterparty credit risk, commutation targets and operational risk.

The Company and each insurance company within the CHUK Group runs all payments and any potential new business arrangements through an Anti-Money Laundering ("AML"), Anti Bribery and Corruption and Sanctions ("ABC") on line tool in accordance with its Counterparty Due Diligence Policy, providing the Board with a quarterly report of all significant activity. Annual staff training on AML and ABC is undertaken.

Across the Catalina UK companies controls were enhanced to ensure compliance following the introduction of GDPR on 25 May 2018. The increased obligations for companies and staff required the implementation of measures including; the improvement of security, staff training for all employees, detailed assessments of third party service providers with variations to service level agreements and establishment of breach notification procedures.

The Board is advised quarterly of the status of all open claims complaints.

B.5 Internal audit function

The mission of the Internal Audit function ("IA") is to enhance and protect organisational value by providing risk-based, independent and objective assurance, advice, and insight. IA is an independent assurance function within CHUK's third line of defence, providing the Board, Board Audit Committee

("AC") and Management with independent and objective assurance and value adding insight on the effectiveness and efficiency of governance, risk management, and internal control processes.

IA applies a risk-based approach, performing its own risk assessment as well as making use of risk assessments performed by CHUK's Enterprise Risk Management and other assurance functions. Based on the results of the risk assessment, IA produces an annual Audit Plan for review and approval by the Board Audit Committee. The Audit Plan is updated on a regular basis according to CHUK's evolving risk landscape and needs. IA regularly provides formal updates on its activities to the individual Board Audit Committees, which include audit results, the status of management actions required, the appropriateness of the resources and skills of IA and any changes in the tools and methodologies it uses.

The Head of Internal Audit ("HIA") also meets privately with the Board Audit Committee immediately reporting any issue which could have a potentially material impact on the business of CHUK Group to the Chairperson of the Board Audit Committee. The Head of IA and IA staff are authorised to review all areas of CHUK Group and to have full, free and unrestricted access to all of its activities, records, property and personnel necessary to complete their work. IA is authorised to allocate resources, determine frequency of reviews, select areas, determine audit scopes and apply audit tools and techniques, and to obtain the necessary assistance and specialised services within or outside the Group to accomplish the audit objectives.

IA staff are governed by following the Code of Ethics issued by the Institute of Internal Auditors ("IIA"). The operating guidance for the department constitute the IIA's International Standards for the Professional Practice of Internal Auditing as well as the International Professional Practices Framework ("IPPF") which include both mandatory and recommended guidance. Except for pure administrative matters, the Head of IA and any IA staff do not report to any member of management and neither do they have any operational responsibilities within the group outside what forms part of the IA mandate.

B.6 Actuarial function

The Actuarial function is made up of an in house actuarial team, based in the UK, with support from other actuaries across the Group, and as appropriate, external firms of consulting actuaries.

Under the leadership of the Company's Head of Actuarial Function, the UK team:

- Co-ordinates the GAAP reserving for the insurance companies within the CHUK Group
- Adjusts the GAAP reserves to Solvency II Best Estimate of Liabilities ("BEL")
- Uses the BEL and audited balance sheet to develop the Standard Formula SCRs, MCRs, Risk Margins and Own Funds.
- Project the capital level and capital requirements over the planning period for the ORSA, including the modelling of stresses, scenarios, and reverse stress tests.
- Opines on levels of reserve adequacy, reinsurance arrangements and underwriting policy
- Assesses the impact of any material change to the CHUK Group or insurance company in terms of its capital position, such as a material change in its reinsurance arrangements
- Evaluates and advises on the impact, on request, for changes in (for example) investments.

Each of these activities is undertaken at least annually, but also on an "as and when required" basis to support the business and its decision making processes.

B.7 Outsourcing

Outsourcing is the delegation of a process, service or activity to a service provider. Each operating company has an outsource service agreement with CSUK for the provision of staff and services. All Catalina UK employees are employed by CSUK.

The CHUK Group's core strategy is to utilise and enhance key and distinguishing in-house competences in areas required to manage and extract value from books of business under its control; such competences include claims adjustment, commutation negotiation, reinsurance collections, actuarial evaluation, capital modelling and developing and implementing the most effective and efficient exit strategies, whilst at all times properly meeting the rights and requirements of policyholders, reinsurers, regulators, capital providers and other stakeholders.

When considering whether to outsource any process, service or activity to an external provider the Company will take account of:

- its own resource levels and availability
- its own internal capabilities and cost structures
- the timing and extent of any requirements in comparison with the capabilities
- costings and security of an outsource service provider

The overarching principle will be that whereas processes, services or activities may be delegated to an outsource service provider, ultimate responsibility for those processes, services and activities will remain with the Company undertaking the outsourcing. Outsourcing arrangements have been established in locations that are a best fit for the underlying service, namely the United States and United Kingdom.

The CHUK Group has an outsourcing policy, the purpose of which is to establish the requirements for identifying, justifying, and implementing outsourcing arrangements for its critical or important operational functions or activities. The objective of the outsourcing policy is to ensure that the outsourcing of critical or important operational functions or activities does not lead to:

- Reduction in the Board's responsibility for, or influence over key functions
- Material impairment of the quality of the system of Governance
- Non-adherence to approved policies and procedures
- Undue increases in operational risk or cost
- Material impairment to fulfil obligations to stakeholders, nor impede effective supervision by regulators
- Conflicts of interest
- Breach of data protection obligations

The Board is ultimately responsible for the approval and termination of all outsourcing arrangements of critical or important functions or activities. Critical or important functions or activities include key functions of the system of governance and all functions that are fundamental to carry out its core business.

Within the CHUK Group, outsourcing occurs primarily for claims handling and investment management activities with both these activities undertaken in the United Kingdom and United States of America.

B.8 Assessment of Governance

The company has assessed its system of governance 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.

C. Risk Profile

The risk profile of CHUK is a reflection of those of its subsidiary companies where most of the risk lies. All insurance companies are in run-off and have broadly similar risk profiles. There are differences in the type of liabilities at each insurance company which will impact the level of reserving risk. Similarly, the distribution of investment type at each company will cause market risk and credit risk to vary. Each insurance company has its own separate reinsurance programme with a different credit rating distribution that will further impact counter party credit risk. Operational risk is largely consistent across all companies. The UK Group's staffing structure is not based on individual subsidiary companies but across the UK operation as a whole.

Risks within the standalone Company are limited to the carrying value of its investment in subsidiaries and the ability to service any debt. The risks within subsidiaries are determined largely by the risk profile within the individual insurance entities. The ability of the Company to service its debt is also dependent on the risks within the insurance companies for these determine the ability to upstream capital to service the debt.

As service companies, CSUK and DLML carry no reserve risk, have no market risk since their surplus is kept in cash, and in addition carry no significant counterparty credit risk. Additional operational risk through the service companies arising out of potential employee litigation and payroll fraud is considered. However, the Company's HR processes mitigates the former risk and finance processes and sign offs for CSUK and DLML, where applicable, are the same as for the regulated companies and cover the latter risk. Any counterparty credit risk arising out of non-payment by debtors is minimal as the debtors are other CHBL companies and are settled on a quarterly basis.

The analysis below outlines, in general, the nature of the risk that affects CHUK's subsidiary companies.

C.1 Underwriting (Liability) Risk

C.1.1 Risk exposure

CWIL has been in run-off since 2012 (with the vast majority of the book having been in run off since 1992), AGF since 1999, and CLL since 2005. With all subsidiary companies in run-off for a number of years there are no unexpired Insurance Risk exposures from in-force policies.

Underwriting or insurance risk is concerned with fluctuations in the timing, frequency and severity of insured events, relative to expectations at the time of underwriting. Given the companies' run-off status the principal insurance risk they are subject to is reserve risk whereby there is potential for future claims to deteriorate beyond the actuarial best estimates. This is influenced by the frequency of claims, severity of claims, actual claims paid and subsequent development of long-term claims.

Actual underwriting results are monitored against budgeted results on a quarterly basis, although for meaningful variances the underwriting reserves, gross and net, are reviewed actuarially bi-annually and compared to the business plan. Reinsurance recoveries, notified claims and reserves are compared to plan. The policy incorporates identification, measurement and explanation of variances which are reported to senior management. Given the insurance companies' run-off status, management focuses primarily on variances in claims reserves. Therefore, the primary objective of the companies is to ensure that sufficient reserves are available to cover these liabilities.

C.1.2 Underwriting (Liability) Risk Exposures, Concentrations, Mitigations and Sensitivities

Within CWIL most of the remaining gross exposures relates to asbestos, and hearing impairment claims, arising from employer's liability business in the UK and asbestos, pollution and health hazard losses arising from direct and treaty involvements in the US.

At AGF, most of the remaining exposure relates to asbestos and hearing impairment claims in the UK, arising from employers' liability business, together with a modest amount of motor claims.

At CLL, the insurance book of construction defect claims and North American asbestos exposures are the greatest level of uncertainties regarding future loss development.

Liability risk exposures are mitigated by diversification across a portfolio of insurance contracts and geographical areas. Furthermore, strict claim review policies are in place to assess all new and ongoing claims, regular detailed review of claims handling procedures and frequent review of all claims are the key policies and procedures put in place to reduce the risk exposure of the companies. The companies further enforce a policy of actively managing and promptly pursuing claims, in order to reduce their exposure to unpredictable future developments that can negatively impact the business. Inflation risk is mitigated by taking expected inflation into account when estimating insurance contract liabilities.

Reserves are relatively insensitive, due to the events which caused the claim occurring many years ago. Nevertheless, reserve sensitivity is modelled in both the ORSA and in the Solvency II SCR. Risk sensitivity is further reduced by the insurance companies having reinsurance. In particular for CWIL a 100% quota reinsurance arrangement with CatGen, a Bermuda based reinsurer which is part of the Catalina Group, reduces the net exposure to nil. Consideration is given to the potential to purchase further reinsurance, to further reduce risk sensitivity either on an intragroup basis or externally.

There has been no change in the reserve risk profile over the last few years nor is it expected to change significantly over the three year planning horizon.

C.2 Market Risk

C.2.1 Risk exposure

Market risk is the risk of adverse financial impact as a consequence of market movements such as currency exchange rates, interest rates and other price changes. Market risk arises due to fluctuations in both the value of assets held and the value of liabilities.

All investments are made having given due consideration to the Prudent Person Principle (“PPP”) as set out in Article 132 of the Solvency II directive. The PPP requires companies to only invest in assets and instruments ;

- whose risks can be properly identified, measured, monitored, managed, controlled and reported;
- that ensure the security, quality, liquidity and profitability of the portfolio as a whole;
- that are appropriate to the nature and duration of insurance and reinsurance liabilities; and
- in the best interest of policyholders and beneficiaries

Each insurance company seeks to maximise investment returns within its Board approved Risk Appetite Statement and Investment Policy, both of which reflect the PPP. The investment management philosophy is implemented through both internal investment management decisions and the assistance of external investment managers to best achieve the objectives of the Investment policy. While neither the PPP nor Company Risk Appetite Statements preclude investments ordinarily considered to have a higher degree of risk and for which a higher return would be expected, these are only done so in the context of a balanced investment portfolio that accords with the agreed Risk Appetite Statement and resulting Investment policy comprising limits on asset allocations and counterparty exposures. The Investment policy is approved by the Boards and is applied by the Chief Investment Officer, Europe, who is responsible for making and implementing investment decisions on behalf of the Companies in line with the Investment policy and risk appetite statements approved by the Boards.

Each insurance company’s investment policy and related guidelines have been formulated to ensure that they are in accordance with all aspects of the Prudent Person Principle. The investment goals in order of relative importance are:

i. To preserve invested capital;
ii. To maintain the ability to meet liability payoff obligations and operating expenses as they become due;
iii. To always manage the portfolios in conformity to the regulatory framework and agreed investment guidelines;
iv. Simultaneously with the goals set out above, to earn the best possible risk adjusted total return on invested capital;

Interest rate risk

Interest rate risk is the risk that the value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Each insurance company is exposed to interest rate risk as it invests in long term investments at both fixed and floating interest rates. The risk is managed by maintaining an appropriate mix between fixed and floating rate investments.

The sensitivity analyses below have been determined based on the exposure to interest rates for investments held at the balance sheet date. A 1% increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

	Pre-tax profit		**Shareholders' equity**	
	2018	**2017**	**2018**	**2017**
	USD'000	**USD'000**	**USD'000**	**USD'000**
1% increase	(9,299)	(22,539)	(9,299)	(22,539)
1% decrease	9,299	22,539	9,299	22,539

Interest rate changes affect the valuations of the assets (in respect of fixed interest bonds, for example, although not for many other asset classes such as cash, equities and property). While for UK GAAP purposes, the value of liabilities is unaffected by interest rate changes, for Solvency II purposes, the technical provisions are also affected, as they are discounted in line with risk free interest rates. An increase in interest rates reduces the value of both interest rate-sensitive assets and the value of Solvency II technical provisions. This provides a natural offsetting effect, as the net impact is reduced compared to the monetary amount of the change for the assets or liabilities alone. An interest rate risk charge is modelled as part of the solvency capital requirement, to ensure sufficient capital with a probability of 99.5% over a twelve month period.

Foreign exchange risk

All companies within the CHUK Group undertake certain transactions denominated in foreign currencies. Hence, exposures to exchange rate fluctuations arise. The risk of exposing the assets or liabilities to exchange rate fluctuations is managed by broadly matching liabilities with assets in the same currencies.

Assets and liabilities by currency are reviewed each quarter to ensure they are matched where possible and that cash is available to discharge liabilities in their respective currencies. From time to time, each company may utilise foreign currency forward contracts as part of its overall foreign currency risk management strategy or to obtain exposure to a particular financial market. These derivatives are not designated as hedging investments.

The sensitivity analyses below have been determined based on the exposure to currency movements against risk exposures at 31 December 2018. A 10% increase or decrease is used when reporting foreign exchange risk internally to key management personnel and represents management's assessment of the reasonably possible change in currency rates.

Pre-Tax Profit Impact	2018 USD'000	2017 USD'000
USD / GBP		
10% increase in USD/GBP exchange rate	(15,819)	(15,820)
10% decrease in USD/GBP exchange rate	15,819	15,820
USD / EUR		
10% increase in USD/EUR exchange rate	(134)	(524)
10% decrease in USD/EUR exchange rate	134	524

Other price risk

Each insurance company is exposed to price risk arising from fluctuations in the value of financial instruments as a result of changes in the market prices and the risks inherent in all investments. The companies have no significant concentration of price risk. The risk is managed by maintaining an appropriate mix of investment instruments, including those with floating rate characteristics.

The CHUK Group's sensitivity to a 1% increase and decrease in market prices is as follows:

	2018 USD'000	2017 USD'000
1% increase		
Movement in fair value of share and other variable securities in unit trusts	74	181
Movement in fair value of debt securities and other fixed income securities	2,686	4,233
1% decrease		
Movement in fair value of share and other variable securities in unit trusts	(74)	(181)
Movement in fair value of debt securities and other fixed income securities	(2,686)	(4,233)

C.2.2 Market Risk Exposures, Concentrations, Mitigations and Sensitivities

Each company manages investment risk through extensive use of portfolio management analysis software and the appointment of specialist third party asset managers, who have demonstrated an extensive and successful track record of managing assets on behalf of insurance and reinsurance company clients. Mandates assigned to asset managers clearly stipulate the terms on which investments may be made. Documented mandates are referred to as Investment Policy Statements.

Regular oversight of all investment decisions, their compliance with regulations and our own guidelines by the Chief Investment Officer, coupled with regular convening of the Group Investment Committee and clear reporting lines from this committee, ensures that the regulated entities are not exposed to threatening levels of market or credit risk.

Each insurance company carries out quarterly scenario testing based on various past market distress events to understand the implication of changes in asset mix, duration and currency. Asset Liability Management is carried out by currency. For the management of interest rate risk this takes the form of matching asset cashflow duration with maturities of liabilities in order to maintain adequate positive net cash flow and ascertain any duration imbalance.

Where appropriate and cost efficient, hedging strategies may be pursued to protect the strength and ensure the stability of each company's asset base.

With respect to undertaking stress testing the following scenarios have been considered with respect to Market Risk;

Historic Stress Tests:

1987 Market Crash, 1994 Peso Crisis, 1997 Asian Financial Crisis, 1998 Russian Crisis, 1998 LTCM Collapse, 2000 Dot-com Slowdown, 2001 Russian Crisis, 2007-2008 Oil Price Run-up, 2007-2009 Credit Crisis, Sep-Oct 2008 Post Lehman, Euro Sovereign Crisis, Taper Tantrum

Scenarios:

USD Yield Curve Level +100bps, US Equity Market -20%, Recession (US bond rate higher by 1.4%), USD Corporate Spreads Double

In relation to major sources of equity, foreign exchange, and real estate risk, we have allocations to publicly-traded equities in both the US and the UK. Bonds are owned in several currencies, but almost all holdings are held in currencies for which each company has significant insurance liabilities. Equity and currency exposures are tracked carefully, and are included in the Value at Risk ("VaR") type analyses. Our historic stress tests are essentially historic simulation models. In 2018 there was no option exposure.

Market risk is tracked in various ways, including rate and spread durations, asset liability management and historic stress tests. Risk adjusted return is calculated periodically using the Sortino ratio (a derivative of the Sharpe ratio). The company is comfortable that assets and liabilities are well matched against liquidity and currency risk. There is a comprehensive set of investment checks and balances which define in detail our risk appetite with regard to individual and sector concentration, effective duration, credit quality, and exposure to emerging markets and high yield instruments. Our compliance within these guidelines is regularly reported to the respective Board by the CIO. The metrics are currently all within ranges that our management and Board have designated through the Investment Committee and BRMC.

C.3 Credit Risk

C.3 Credit Risk

C.3.1 Risk exposure

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the companies. The key areas of exposure to credit risk for each Company are in relation to its investment portfolio, reinsurance programme and to a lesser extent amounts due from intermediaries. The objective of each Company in the CHUK Group in managing its credit risk is to ensure risk is managed in line with the respective Company's risk appetite. Each company has established policies and procedures in order to manage credit risk and methods to measure it.

The companies within the CHUK Group monitor the credit risk in relation to their investment portfolio and reinsurance programme by monitoring external credit ratings for the investments and reinsurance assets held by each company on a regular basis. The following table shows aggregated credit risk exposure for assets with external credit ratings. The table also shows the carrying value of assets that are neither past due nor impaired, the ageing of assets that are past due but not impaired and assets that have been impaired. The factors considered in determining whether the value of an asset is impaired are: analysis of impairment, ageing of balances, past loss experience, current economic conditions and other relevant circumstances.

	2018 USD'000	**2017 USD'000**
By class of asset:		
Financial investments	7,370	18,177
Debt securities and other fixed income securities	268,573	423,352
Other investments	147,677	123,387
Investments in group undertakings and participating interests	22,852	-
Assets arising from reinsurance contracts held	612,474	757,397
Cash and cash equivalents	129,179	170,915
Other assets	99,943	73,336
Total assets bearing credit risk	**1,288,068**	**1,566,564**

	2018 USD'000	2017 USD'000
By credit rating:		
AAA	174,250	217,609
AA	129,810	197,866
A	174,028	219,005
BBB	97,113	164,308
Below BBB or not rated	712,867	767,376
Total assets bearing credit risk	**1,288,068**	**1,566,564**
Financial assets past due or impaired		
Neither past due nor impaired	75,453	64,129
Past due less than 30 days	60	3,698
Past due 31 to 60 days	1,713	296
Past due 61 to 90 days	207	443
Past due more than 90 days	3,941	8,998
Total financial assets past due or impaired	**81,374**	**77,564**

Within the total financial assets past due or impaired, is a total impairment against insurance and reinsurance operations at 31 December 2018 of USD$24.3 million (2017 USD$37.1 million).

C.3.2 Credit Risk Exposures, Concentrations, Mitigations and Sensitivities

Credit risk relates to the possibility that the companies become exposed to losses occurring as a result of third parties and counterparties failing to fulfil their obligations. Credit risk on receivables is minimised by pursuing early commutation where possible.

The Companies are also exposed to credit risk via their investment portfolio. Our Investment Guidelines stipulate that credit quality may not fall below a weighted average of A- across the portfolio. Regular oversight of all investment decisions by the Chief Investment Officer, coupled with regular convening of the advisory Group Investment Committee ensures that stated standards are adhered to. For example, there are specific concentration limits with regard to both sector level investment and individual obligors. The Chief Investment Officer is responsible for credit risk compliance reporting to the Boards and the BRMC documentation independently exhibits this.

Credit risk is measured in several ways. CHBL assesses credit ratings, issuers and domicile concentrations. We also carefully track our spread duration based on security level modelling. A third way we measure credit risk is by performing historic stress tests for key events, like the Lehman Brothers default, and by doing a VaR like analysis of worst month performance over the last year.

Selected credit risk metrics including any non-compliance with the Investment Guidelines are reported to the Legal Entity Board of Directors which, while keeping abreast of developments within the capital markets, should ensure that these entities are never knowingly exposed to threatening levels of counterparty or investment credit risk.

The stress testing and sensitivity results above cover both market and credit risks.

C.4 Liquidity Risk

C.4.1 Risk exposure

Liquidity risk is the risk that the companies within the CHUK Group cannot meet their obligations associated with financial liabilities as they fall due. Each company manages liquidity risk by monitoring forecast and actual cash flows. Liquidity management ensures that each company has sufficient access to funds necessary to cover insurance claims. Most of the companies' assets are marketable securities which could be converted into cash when required.

C.4.2 Liquidity Risk Exposures, Concentrations, Mitigations and Sensitivities

Each company manages liquidity risk through regular forecasting of expected cash flows. Considerations for liquidity management include analysis of asset and liability mean terms and durations as well as the negotiation and implementation, where applicable, of revolving credit facilities.

Regular oversight of each company's relative liquidity is conducted by the Chief Financial Officer, Group Treasurer and/or Chief Investment Officer in conjunction with other individuals within the companies who are informed with respect to the key drivers of that company's cash flows. Regular reporting of company assets encumbered by Letter of Credit or Trusts is supplied to the Boards. In addition, a quarterly analysis of estimated time to liquidate assets from the portfolio is presented during the BRMC to establish our exposure to illiquid positions.

Each insurance company within the CHUK Group holds significant amounts of liquid investments and cash. Liquidity stress testing and sensitivity analysis is not undertaken here given the considerable cash and cash equivalents held compared against the duration of liabilities. Within the parent Company, servicing the interest on debt at 31 December 2018 of USD$107.2 million (2017 : USD$175.6 million) is driven by both liquid reserves held by the Company itself and upstreaming of any excess subsidiary capital, the latter being firstly subject to PRA approval.

The following table shows details of the expected maturity profile of the Group's undiscounted obligations with respect to its financial liabilities and estimated cash flows of recognised insurance liabilities.

	Less than 1 year	**1 – 5 years**	**5+ years**	**Total**
2018	**2018**	**2018**	**2018**	**2018**
	USD'000	**USD'000**	**USD'000**	**USD'000**
Financial liabilities and claims outstanding				
Claims outstanding	84,208	261,002	458,665	803,875
Other provisions	255	-	-	255
Deposits received from reinsurers	10,388	34,328	63,460	108,176
Creditors arising out of reinsurance operations	20,146	-	-	20,146
Creditors arising out of insurance operations	443	-	-	443
Other creditors including taxation and social security	1,075	-	-	1,075
Bank Loan	-	107,159	-	107,159
Accruals and deferred income	5,433	110	-	5,543
	121,948	**402,599**	**522,125**	**1,046,672**
2017	**2017**	**2017**	**2017**	**2017**
Financial liabilities and claims outstanding				
Claims outstanding	110,545	318,229	532,175	960,949
Other provisions	1,241	270	-	1,511
Deposits received from reinsurers	12,621	37,178	71,027	120,826
Creditors arising out of reinsurance operations	11,797	-	-	11,797
Creditors arising out of insurance operations	539	-	-	539
Other creditors including taxation and social security	866	-	-	866
Bank Loan	-	175,656	-	175,656
Accruals and deferred income	8,657	-	-	8,657
	146,266	**531,333**	**603,202**	**1,280,801**

C.5 Operational Risk

C.5.1 Risk exposure

Operational risk relates to the possibility that the companies become exposed to losses occurring as a result of failures within their internal systems and processes.

Management adopt an approach to operational risk in proportion to the size of each company and its operations. As the Group acquires more businesses, there is more scope to deal with 'key staff' operational risks associated with individuals and offices, as there is increased scope to use other Group staff and/or offices which will help to mitigate those risks. Management believes strongly in setting performance precedents for their staff, and ensuring as far as practicable the maintenance of our business systems.

Close collaboration with Human Resources ("HR") and Information Technology ("IT") will allow the CRO and the local executive team to identify any vulnerabilities before they are able to adversely affect business process or maintenance of accounts. Processes and procedures are regularly enhanced.

Organisational Risk

Organisational risk is the possibility that the companies are adversely affected by the failure of the execution processes employed and relative effectiveness of the Group employees supporting the regulated entities. On a daily basis, the ability of the companies' employees to manage projects (prioritisation, resource planning and subsequent monitoring) will ensure that the companies' staff find themselves in a productive environment in which all members of the firm are confident and clear about the role they play within the corporate structure.

Management are aware that as the Group grows in presence and employee numbers, effective management of reporting lines, divisional responsibilities and governance are paramount.

Through the various Board and local entity Committees, senior management delegate responsibility for effective corporate governance across both the Group and regulated entity level.

C.6 Other Material Risks

There are no other material risks.

D. Valuation for Solvency Purposes

This section provides a description of the bases, methods and other assumptions used in the valuation of assets, technical provisions and other liabilities on the Solvency II balance sheet. Their valuation is determined in line with the Solvency II regulations. The value of each material class of Solvency II assets and liabilities are set out together with the equivalent company Financial Statements valuation. Details of the Solvency II valuation basis can be found in the notes in sections D.1, D.2 and D.3. Any alternative methods for valuation are found in D.4.

D.1 Assets

Assets have been recognised in line with the requirements of Solvency II valuation regulations, the basis of which is the amount for which they could be exchanged between knowledgeable willing parties in an arm's length transaction.

Solvency II Classification	Solvency II Value 2018 USD'000	Valuation Differences 2018 USD'000	Reclassified UK GAAP 2018 USD'000	Statutory Accounts Value 2018 USD'000	Note
Goodwill	-	(4,319)	-	(4,319)	1
Deferred Tax Assets	-	2,274	-	2,274	2
Property Plant and Equipment Held for Own Use	262	-	-	262	3
Holdings in Related Undertakings Incl Participations	-	-	22,852	22,852	4
Equities Listed	4,381	-	770	5,151	5
Equities Unlisted	28,982	-	(26,763)	2,219	6
Government Bonds	89,525	-	(1,579)	87,946	7
Corporate Bonds	146,126	-	(1,080)	145,046	8
Collateralised Securities	35,626	-	(45)	35,580	9
Collective Investments Undertakings	46,754	1	3,909	50,664	10
Derivatives	155	-	-	155	11
Deposits Other than Cash Equivalents	70,002	-	(2,238)	67,764	12
Loans and Mortgages	98,170	-	(1,311)	96,859	13
Reinsurance Recoverables from Non-Life	538,005	74,468	1	612,474	14
Deposits to Cedants	11,092	-	-	11,092	15
Insurance and Intermediaries Receivables	5,910	-	-	5,910	16
Reinsurance Receivables	40,274	1,317	(2)	41,589	17
Receivables – Trade not Insurance	28,896	3,807	-	32,703	18
Cash and Cash Equivalents	59,232	25	2,157	61,415	19
Other Assets	2,120	663	3,330	6,113	20
Total Assets	**1,205,512**	**78,236**	**1**	**1,283,749**	

Solvency II Classification	Solvency II Value	Valuation Differences	Reclassified UK GAAP	Statutory Accounts Value	Note
	2017	2017	2017	2017	
	USD'000	USD'000	USD'000	USD'000	
Goodwill	-	(5,877)	-	(5,877)	1
Deferred Tax Assets	-	1,263	-	1,263	2
Property Plant and Equipment Held for Own Use	186	-	-	186	3
Equities Listed	12,717	-	3,148	15,865	5
Equities Unlisted	2,686	-	(374)	2,312	6
Government Bonds	172,659	-	(21,624)	151,035	7
Corporate Bonds	208,066	-	(5,568)	202,498	8
Collateralised Securities	80,150	-	(10,330)	69,820	9
Collective Investments Undertakings	48,294	-	374	48,668	10
Derivatives	690	-	(44)	646	11
Deposits Other than Cash Equivalents	33,944	-	66,140	100,084	12
Loans and Mortgages	64,983	-	9,090	74,073	13
Reinsurance Recoverables from Non-Life	626,990	97,960	-	724,950	14
Deposits to Cedants	18,483	-	(1)	18,482	15
Insurance and Intermediaries Receivables	3,722	-	-	3,722	16
Reinsurance Receivables	30,181	2,266	-	32,447	17
Receivables – Trade not Insurance	50,415	(9,020)	-	41,395	18
Cash and Cash Equivalents	116,534	-	(45,703)	70,831	19
Other Assets	2,697	742	4,848	8,287	20
Total Assets	**1,473,397**	**87,334**	**(44)**	**1,560,687**	

Basis of Preparation

All companies in the CHUK Group that are controlled by the Company are considered to be (i) insurance or reinsurance undertakings; (ii) insurance holding companies; or (iii) ancillary services undertakings. Therefore all companies are fully consolidated.

Notes to Asset Valuation Basis

Where financial assets are valued using active markets, an active market means quoted prices are readily and regularly available and those prices represent actual and regularly occurring market transactions on an arm's length basis.

1. Goodwill

   Goodwill arising through business combinations is valued at nil for Solvency II purposes. For reporting in the CHUK Statutory Accounts goodwill is recognised as the fair value of consideration transferred, less the fair value of identifiable assets and liabilities assumed.

2. Deferred Tax Assets

   For Solvency II purposes, deferred tax balances are only recognised in relation to all assets and liabilities that are recognised for solvency or tax and also only where it is probable that future taxable profits will lead to the realisation of the asset. The deferred tax asset recognised within the CHUK Annual Financial Statements arises on capital allowances in excess of depreciation and the discounting of insurance technical provisions of an insurance subsidiary. As these differences are not a recognised asset or liability for Solvency II purposes, no corresponding deferred tax asset or liability is recognised.

3. Property Plant and Equipment

Tangible fixed assets are stated at realisable value where this is determined as depreciated cost less impairments. Realisable value is considered to materially reflect fair value. There is no valuation or reclassification adjustment between Solvency II and the CHUK Annual Financial Statements.

4. Investments in Group Undertakings and Participating Interests

Investments in group undertakings and participating Interests represents a 49.494% holding in a private company incorporated in Bermuda that invests in commercial real estate properties spread across the UK.

For CHUK financial statement purposes there is USD$22,852k (2017: nil) reported as "Holdings in Related Undertakings Incl. Participations" which, for the purposes of Solvency II disclosure, has been reported as Equities Unlisted.

5. Equities Listed

All listed equities are based on quoted prices in active markets that are readily and regularly available. The fair value of these instruments does not entail a significant degree of judgement. The valuation basis for Solvency II is consistent with the CHUK Financial Statements basis.

For CHUK financial statement purposes these listed equities are disclosed within the "Shares and Other Variable Yield Securities and Holdings in Collective Investment Schemes" the total which is USD$7,370k (2017: USD$18,177k).

For CHUK financial statement purposes there is USD$770k (2017: USD$3,148k) reported as "Shares and Other Variable Yield Securities and Holdings in Collective Investment Schemes" which, for the purposes of Solvency II disclosure, has been reported as Corporate Bonds.

6. Equities - Unlisted

Equities unlisted include USD$22,852k (2017: USD$2,312k) which represents a holding in a non-listed legal entity that invests in commercial real estate. As the entity investing in commercial real estate is not listed on a recognised exchange, fair value has been determined by reference to the net asset value of the entity itself. The net asset value is largely determined using either; acquisition price where there is reasonable proximity between acquisition and reporting date or by commercial real estate valuations performed by Chartered Surveyors (members of the Royal Institution of Chartered Surveyors). The valuations are prepared by considering the aggregate for the net annual rents receivable and where relevant, associated costs. For CHUK financial statement purposes this balance is reported as "Investments in Group Undertakings and Participating Interests".

Equities unlisted also include USD$3,909k of private equity investments in funds that acquire limited partner interests in the secondary markets (2017: USD$374k). The valuation is based on the quarterly net asset value submitted by the fund. For CHUK financial statement purposes these are reported as "Collective Investment Undertakings ".

7. Government Bonds

Government Bonds are valued using prices provided by external pricing vendors where these valuations are mostly based on quoted prices in active markets that are readily and regularly available. Where not readily available pricing vendors will often determine prices by consolidating prices of recent trades for identical or similar securities obtained from a panel of market makers into a composite price. The pricing service may make adjustments for the elapsed time from a trade date to the valuation date to take into account available market information. Lacking recently reported trades, pricing vendors will use modelling techniques to determine a security price. The valuation basis for Solvency II is consistent with the CHUK Financial Statements basis.

For Solvency II purposes there are USD$1,228k of Government Bonds (2017: nil) which are investments in state owned companies. These are disclosed within the CHUK Statutory Accounts as Corporate bonds.

For Solvency II purposes within “Government Bonds” the Solvency II valuation includes Accrued interest of USD$351k (2017: USD$1,180k). For CHUK Statutory Accounts purposes, Accrued Interest forms part of Prepayments and Accrued Income within Other Assets.

At 31 December 2017 there was USD$20,440k of Government Bonds which mature within three months from their acquisition date which are disclosed within the CHUK Statutory Accounts as Cash and Cash Equivalents (2018: nil).

8. Corporate Bonds

Corporate Bonds are valued using prices provided by external pricing vendors where these valuations are mostly based on quoted prices in active markets that are readily and regularly available. Where not readily available pricing vendors will often determine prices by consolidating prices of recent trades for identical or similar securities obtained from a panel of market makers into a composite price. The pricing service may make adjustments for the elapsed time from a trade date to the valuation date to take into account available market information. Lacking recently reported trades, pricing vendors will use modelling techniques to determine a security price. The valuation basis for Solvency II is consistent with the Company Financial Statements basis.

Within Corporate Bonds for Solvency II purposes there is USD$770k (2017: USD$3,143k) which for CHUK Statutory Account purposes is disclosed as "Shares and Other Variable Yield Securities and Holdings in Collective Investment Schemes". The valuation of these instruments is via direct or indirect observable data which is generally recent transactions in the same or similar instruments.

For Solvency II purposes there are USD$1,228k of Government Bonds (2017: nil) which are investments in state owned companies. These are disclosed within the CHUK Statutory Accounts as Corporate bonds.

The Solvency II valuation includes Accrued interest of USD$1,538k (2017: USD$2,319k). For CHUK Statutory Accounts purposes, Accrued Interest forms part of Prepayments and Accrued Income within Other Assets.

9. Collateralised Securities

Representing residential and commercial backed mortgages and asset backed securities, the fair value is determined based on either quoted prices in active markets for similar assets or liabilities, or quoted prices in markets that are not active or for which all significant inputs are observable, directly or indirectly. The valuation basis for Solvency II is consistent with the Company Financial Statements basis.

The Solvency II valuation includes Accrued interest of USD$46k (2017: USD$333k). For CHUK Statutory Accounts purposes, Accrued Interest forms part of Prepayments and Accrued Income.

At 31 December 2017 through a single party there are loans of USD$10,000k (2018: USD$10,000k) for which there is no observable market price disclosed in collateralised securities. In 2018, these balances were disclosed in other Loans and Mortgages for both Company Annual Financial Statements and Solvency II purposes.

10. Collective Investment Undertakings

Collective investments undertakings represent holdings in non-listed third party investment vehicles. These are not listed on a recognised exchange hence fair value is determined via direct or indirect observable data which is generally recent transactions in the same or similar instruments. This is considered to represent fair value for Solvency II and CHUK Statutory Accounts purposes.

For CHUK financial statement purposes there is USD$3,909k (2017: USD$374k) reported as "Collective Investment Undertakings" which, for the purposes of Solvency II disclosure, has been reported as Equities Unlisted.

11. Derivatives

The Company and companies within the CHUK Group have assets and liabilities denominated in multiple currencies. From time to time currency forwards are entered to eliminate or mitigate currency risk. The fair value of derivatives for both Solvency II and Annual Financial Statements purposes is determined using readily available foreign currency exchange rates to value the open contracts at the reporting date. The difference in value between the reporting date and contract maturity date is recognised as either an asset or liability.

The valuation basis for Solvency II is consistent with the CHUK Statutory Accounts basis.

12. Deposits Other than Cash Equivalents

Deposits Other than Cash Equivalents are deposits with credit institutions which are not readily convertible to cash, i.e. are not accessible in under 24 hours. For both Solvency II and Company Annual Financial Statements purposes fair value is the value of the deposit holding.

There are USD$2,238k (2017: USD$66,140k) of deposits with maturities less than three months which are unrestricted which are reported as Cash and Cash Equivalents for Solvency II but reported as Deposits with Credit Institutions within Investments for CHUK Statutory Accounts purposes.

13. Loans and Mortgages

Loans and Mortgages include loans of USD$8,449k (2017: USD$52,077k) to a single non listed third party that invests in commercial real estate and for which there is no observable market price. The best estimate of fair value of these loans, at 31 December 2018, is the actual value of the debt provided. This valuation takes into account recent valuations of the underlying property as well as, stability in underlying market conditions and the ongoing servicing of the debt. For CHUK Statutory Accounts purposes this investment is disclosed as Other Financial Investments – Other Loans.

For Solvency II purposes, Loans and Mortgages also include direct commercial loans of USD$89,721k (2017: USD$11,996K) where the actual value of the loan provided is considered the best indicator of fair value at 31 December 2018. In the absence of an active market or recent transaction price for this investment, this valuation considers the proximity of the debt commencement date to 31 December 2018, stability in underlying market conditions, the ongoing servicing of the debt and historic experience with similar investments.

The valuation for Solvency II purposes includes Accrued Interest of USD$1,313k (2017: USD$911k). For Company Annual Financial Statements purposes Accrued Interest forms part of Prepayments and Accrued Income.

14. Reinsurance Recoverables from Non-Life and Life

For Solvency II purposes, the fair value of reinsurers' share of technical provisions is determined after applying discounting whereas for the CHUK Group Financial Statements purposes the gross technical provisions and related reinsurers' share of technical provisions are undiscounted. Discounting for fair value purposes uses the relevant risk free yield curves for each currency. For a fuller explanation of the impact of the USD$74,468k (2017: USD$97,960k), refer Section D.2 Technical Provisions.

15. Deposits to Cedants

Deposits to cedants are a requirement of certain reinsurance contracts. These amounts are provided as cash and considered to represent fair value. Determination of fair value for deposits with cedants for Solvency II and CHUK Statutory Accounts is after consideration of impairment of any amounts receivable. The valuation basis for Solvency II is consistent with the CHUK Statutory Accounts basis.

16. Insurance and Intermediaries Receivables

Insurance and intermediaries receivables of USD$5,910k (2017: USD$3,722k) are measured at amortised cost for Company Annual Financial Statements purposes. For Solvency II purposes, given that the level of discount or premium held against the principal receivable is immaterial, amortised cost is considered to materially reflect fair value.

17. Reinsurance Receivables

Within reinsurance receivables is a receivable due beyond twelve months where fair value is determined after applying a discounting rate that reflects the relevant risk free yield curve. The total impact of discounting is to reduce the value of Reinsurance Receivables by USD$1,317k (2017: USD$2,266k). The valuation basis for this receivable within the CHUK Statutory Accounts is undiscounted. Determination of fair value for Reinsurance Receivables for Solvency II and Annual Financial Statements is after consideration of impairment of any amounts receivable.

18. Receivables – trade not insurance

For Solvency II purposes the fair value of receivables – trade not insurance are the amounts due after consideration of any impairment. The valuation basis for Solvency II is consistent with the CHUK Statutory Accounts basis.

Receivables – trade not insurance, comprise an inter-company debt representing future administration fees recoverable from CatGen, a Catalina group undertaking. These amounts are in addition to the terms of the 100% reinsurance protection afforded under the quota share arrangement. This amount is due over a period that matches the run-off of technical provisions. For Solvency II purposes fair value of the receivable has been discounted at the risk free rate. For CHUK Statutory Accounts purposes the valuation of USD$32,703k (2017: USD$41,395k) is based on the equivalent quota share premium paid to CatGen at the outset of the contract.

For CHUK Statutory Accounts purposes this asset is disclosed within Debtors as “Amounts owed by other group undertakings”.

19. Cash and Cash Equivalents

Cash and cash equivalents comprise cash balances and call deposits and are readily accessible i.e. within 24 hours. There are no restrictions on accessing cash or cash equivalents, hence fair value under Solvency II is the value of the cash holding. The valuation basis for Solvency II is consistent with the CHUK Financial Statements basis. Cash and Cash equivalents include USD$2,238k (2017: USD$45,703k) which for CHUK Statutory Accounts purposes is treated as Deposits with Credit Institutions and reported within Investments.

The valuation for Solvency II purposes includes Accrued Interest of USD$80k (2017: nil). For Company Annual Financial Statements purposes Accrued Interest forms part of Prepayments and Accrued Income.

20. Other Assets

Prepayments of USD$663k (2017: USD$734k) are deemed to have a fair value of nil for Solvency II purposes. Accrued interest of USD$3,330k (2017: USD$4,850k) has been reclassified to Investments (Government Bonds, Corporate Bonds & Collateralised securities and Loans and Mortgages).

D.2 Technical provisions

The technical provisions comprise the best estimate of liabilities and risk margin according to Articles 75 to 86 of the Solvency II regulations. The best estimate technical provision is the sum of the claims provision and the premium provision.

Best Estimate Liabilities is the sum of the claims provision and the premium provision.

- The claims provision is the discounted best estimate of future cashflows relating to events prior to the valuation date, including claims which have not yet been reported. The cash flows include net claims, future expenses incurred to settle these claims and future premiums receivable in relation to the past exposure. The corresponding reinsurers' share of gross claims technical provisions, disclosed as Reinsurance Recoverable from Non Life in Section D.1, is valued using the same techniques as the gross claims technical provisions.
- The premium provision is the discounted best estimate of future cashflows relating to claim events that have not yet occurred but that are covered by contracts in existence at the valuation date. The cash flows include net claims, future expenses incurred to settle these claims and future premiums receivable in relation to future claims events. The run-off nature of the Company means that there are no future exposures at the valuation date and therefore no premium provision.

The Risk Margin is an estimate of the amount that a third party taking on the insurance obligations of the Company would require over and above Best Estimate Liabilities. The Risk Margin is calculated using a cost of capital approach.

The following table quantifies the total gross technical provisions on a Solvency II basis at 31 December 2018. The lines of business can represent direct, proportional reinsurance or non-proportional reinsurance liabilities.

	Gross Best Estimate	**Risk Margin**	**Total Solvency II Provisions**	**Total Statutory Account Value**
	2018	**2018**	**2018**	**2018**
	USD'000	**USD'000**	**USD'000**	**USD'000**
By material line of business:				
Liability	674,289	50,724	725,013	726,206
Motor	15	2	17	16
Property	13,042	559	13,601	13,959
Marine, Aviation and Transport	43,108	1,616	44,724	46,347
Other	418	42	460	427
Insurance Annuities	16,402	518	16,920	16,920
	747,273	**53,461**	**800,734**	**803,875**
	2017	**2017**	**2017**	**2017**
	USD'000	**USD'000**	**USD'000**	**USD'000**
By material line of business:				
Liability	839,338	47,531	886,869	865,652
Motor	353	31	384	372
Property	15,633	554	16,187	21,396
Marine, Aviation and Transport	36,319	1,401	37,720	56,954
Other	412	36	448	434
Insurance Annuities	15,868	274	16,142	16,142
	907,923	**49,827**	**957,750**	**960,949**

The Company has adopted a deterministic approach to estimating the Best Estimate Liabilities by making the following adjustments to the GAAP reserves in the Company's statutory accounts:

Solvency II Liability Adjustments Increase /(decrease)	**2018 USD'000**	**2017 USD'000**
Event Not In Data (ENID) included in Solvency II Balance Sheet	18,272	18,259
Expense Provision increase included in Solvency II Balance Sheet	42,478	53,815
Discounting at the Risk Free Rate	(117,352)	(125,098)
Risk Margin	53,461	49,825
Total Solvency II Liability Adjustments	**(3,141)**	**(3,199)**

The total of the Solvency II Liability adjustments above result in the gross Best Estimate Liabilities on the Solvency II balance sheet being USD$3.1 million lower (USD$3.2 million lower in 2017) than the gross technical provisions of USD$803.9 million (USD$960.9 million in 2017) in the Company Financial Statements.

The main risks and uncertainties associated with the technical provisions relate to the following:

- Claims provisions: there is an inherent uncertainty in estimating claims provisions for the eventual outcome of outstanding notified claims as well as estimating the value of claims yet to be reported.
- Event Not In Data ("ENID"): this is an adjustment to technical provisions which is designed to capture potential future claims that do not exist in the historical data used for GAAP reserves calculation. These claims are typically low frequency and high severity impact.
- Expense provisions: the estimation of the future costs of claims management involves uncertainty over factors such as number of claims and staff costs.
- Risk free rates: these rates are prescribed and provided by European Insurance and Occupational Pensions Authority ("EIOPA") to ensure consistent calculations across Europe but are volatile over time.

The Company's business model is to actively manage claims, including the closure of remaining claims portfolios through commutations. This results in a tendency for actual technical provisions to reduce more quickly than the estimates used in Best Estimate Liabilities. The investment portfolio will continue to be managed in a way that supports this approach.

D.3 Other liabilities

For the consolidated CHUK Group the value of each material class of Solvency II liabilities other than Technical Provisions is provided in the table below followed by commentary on the determination of the Solvency II valuation basis. It further compares this value against the equivalent value and disclosure as per the CHUK Annual Financial Statements at 31 December 2018.

Solvency II Classification	**Solvency II Value**	**Valuation Differences**	**Reclassification Differences**	**Statutory Accounts Value**	**Note**
2018	**2018 USD'000**	**2018 USD'000**	**2018 USD'000**	**2018 USD'000**	
Provisions other than Technical Provisions	-	-	255	255	1
Deposits from Reinsurers	108,176	-	-	108,176	2
Derivatives	573	-	-	573	3
Debts Owed to Credit Institutions	107,159	**-**	**-**	107,159	4
Insurance and Intermediaries Payable	443	-	-	443	5
Reinsurance Payables	19,589	557	-	20,146	5
Payables – Trade not Insurance	6,300	-	(255)	6,045	5
	242,240	**557**	**-**	**242,797**	

2017	Solvency II Value 2017 USD'000	Valuation Differences 2017 USD'000	Reclassification Differences 2017 USD'000	Statutory Accounts Value 2017 USD'000	Note
Provisions other than Technical Provisions	-	-	1,511	1,511	1
Deposits from Reinsurers	120,496	330	-	120,826	2
Derivatives	154	-	(44)	110	3
Debts Owed to Credit Institutions	175,656	-	-	175,656	4
Insurance and Intermediaries Payable	539	-	-	539	5
Reinsurance Payables	10,474	1,323	-	11,797	5
Payables – Trade not Insurance	10,844	80	(1,511)	9,413	5
Total Other Liabilities	**318,163**	**1,733**	**(44)**	**319,852**	

1. Provisions other than Technical Provisions

   Representing staff provisions of USD$255k (2017: USD$1,511k). For Solvency II purposes this balance has been reclassified to Payable – Trade not Insurance.

2. Deposits from Reinsurers

   For Company Annual Financial Statements purposes, deposits from reinsurers are measured at amortised cost of USD$108,176k (2017: USD$120,826k). There was no discounting adjustment applied in 2018 (2017: USD$330k).

3. Derivatives

   The Company and companies within the CHUK Group have assets and liabilities denominated in multiple currencies. From time to time currency forwards are entered to eliminate or mitigate currency risk. Derivative financial assets or liabilities are financial contracts whose fair value is determined on a market basis by reference to underlying interest rate, foreign exchange rate, equity or commodity instrument or indices. The derivatives are split out across assets and liabilities in both the CHUK Annual Financial and for Solvency II purposes. The valuation basis for Solvency II is consistent with the CHUK Financial Statements basis.

4. Debts Owed to Credit Institutions

   Debts owed to credit institutions represent credit facility drawdowns with a variable rate of interest based on LIBOR and determined by reference to the total CHBL level of gearing and variable repayment terms. The valuation basis for Solvency II is materially consistent with the CHUK Financial Statements valuation.

5. Insurance and Intermediaries Payable, Reinsurance Payables and Payables – Trade not Insurance

   These amounts representing liabilities are not subject to valuation adjustment between Annual Financial Statements and Solvency II. With these liabilities expected to be settled during 2018, in a time of relative benign interest rate volatility, any fair value adjustment is not material. The valuation basis for Solvency II is consistent with the CHUK Financial Statements basis.

   A staff provisions of USD$255k (2017: USD$1,511k) was reported as Provisions other than Technical Provisions in the CHUK Financial Statements.

   For Solvency II a discounting provision of USD$557k has been applied (2017: USD$1,323k)

   For Solvency II purposes, Reinsurance Payables are reported net of a recoverable balance of USD$0.6 million (2017: USD$ nil) whereas Reinsurance Payables in the Company Financial Statements are reported gross of the recoverable amount.

D.4 Alternative methods for valuation

Unless otherwise explained in Sections D1-D3, no other alternative methods for valuation are used.

D.5 Any other information

There are no material differences in the valuation bases, methods and assumptions between the Group Solvency II Balance Sheet and the individual group subsidiary Solvency II Balance Sheets.

The Group operates a defined contribution plan for some of its employees. A defined contribution plan is a pension plan under which the company pays fixed contributions into an entity outside the CHUK Group. Once contributions have been paid the Group has no further payment obligations. The assets of the plan are held separately from the Group in independently administered funds. For these reasons there is no pension liability under either a Solvency II or Financial Statements basis.

E. Capital Management

Capital management refers to the implementation of measures to maintain sufficient capital and to assess the internal capital adequacy of the CHUK Group and Company in order that they can meet their obligations. The CHUK Group and Company manage capital to ensure a prudent level of Own Funds to protect the CHUK Group's and Company's economic viability, finance new growth opportunities and meet the requirements of its stakeholders and regulator. The CHUK Group and regulated companies within have a standalone Capital Management Plan, which forms part of the ORSA and which demonstrates capital adequacy is expected throughout the three year planning horizon. No material changes to the objectives, policies or processes for managing Own Funds were made over the period.

The CHUK Group, and the insurance companies within, were in compliance with the solvency capital requirements of the PRA throughout the year.

E.1 Own funds

Own funds represent Ordinary Share Capital and Reconciliation Reserve. With respect to the Ordinary Share Capital there is a single class of share which is unrestricted i.e. dividends can be cancelled after they have been declared and also there are no restrictions on the repayment of capital, other than being subject to ongoing regulatory approval. For this reason Own Funds are Tier 1. With respect to insurance and other subsidiaries within the CHUK Group, all Own Funds are similarly categorised as Tier 1.

Own funds are determined having taken into account the elimination of any intra CHUK group transactions and balances.

On 28 March 2018 CWIL made a £55.0 million (USD$77.1 million) capital distribution to the CHUK parent. The proceeds from this capital distribution were then subsequently used by the Company to pay down debt on the CHUK Revolving Credit Facility (£35.0 million being USD$ 49.1 million) and make a capital distribution to the CHBL parent of USD$24.6 million (2017: USD$139.2 million contribution to own funds from CHBL to support the Company's acquisition of CWIL).

On 18 September 2018, as a result of the Part VII transfer into CLL there was, a subsidiary release of capital of USD$16.3 million that was used by the Company to fund an £11.0 million reduction in the CHUK Revolving Credit Facility.

	Tier 1 2018 USD'000	**Tier 2 2018 USD'000**	**Tier 3 2018 USD'000**	**Total 2018 USD'000**
Basic own funds				
Ordinary Share Capital	1,000	-	-	1,000
Reconciliation Reserve	161,539	-	-	161,539
Total basic own funds	**162,539**	**-**	**-**	**162,539**
	2017 USD'000	**2017 USD'000**	**2017 USD'000**	**2017 USD'000**
Basic own funds				
Ordinary Share Capital	1,000	-	-	1,000
Reconciliation Reserve	196,484	**-**	-	196,484
Total basic own funds	**197,484**	**-**	**-**	**197,484**

The following shows the movement in the year in Own Funds:

Reconciliation between Opening and Closing own funds	**2018 USD'000**	**2017 USD'000**
Opening own funds	**197,484**	**132,722**
Movement Statutory Account Capital Reserve	(22,207)	139,213
Movement Statutory Account Retained Deficit	(3,363)	(34,631)
Movement Statutory Account Currency Translation Reserve	(17,240)	21,440
Movement Solvency II Asset Valuation differences – refer Section D.1 Assets	9,054	(92,831)
Movement Solvency II Liability Valuation differences – refer Section D.2 Liabilities	(58)	29,323
Movement Solvency II Liability Valuation differences – refer Section D.3 Liabilities	(1,131)	2,248
Closing Own Funds	**162,539**	**197,484**

Within Own Funds, the Reconciliation Reserve represents the retained earnings and capital reserve as reported in the Company Financial Statements less differences in valuations between Solvency II and Company Financial Statements valuations for assets and liabilities. The components of the Reconciliation Reserve at 31 December are;

Reconciliation Reserve Components	**2018 USD'000**	**2017 USD'000**
Statutory Account Capital Reserve	272,690	294,896
Statutory Account Retained Deficit	(40,580)	(37,217)
Statutory Account Currency Translation Reserve	3,967	21,207
Solvency II Asset Valuation differences – refer Section D.1 Assets	(78,236)	(87,290)
Solvency II Technical Provision Valuation differences – refer Section D.2 Liabilities	3,141	3,199
Solvency II Other Liability Valuation differences – refer Section D.3 Other Liabilities	557	1,688
Total Solvency II Excess of Assets over Liabilities	**161,539**	**196,484**

The eligibility of tiered Capital to cover the SCR and Minimum Consolidated Group Capital Requirement ("MCR") depends on the tiering levels of the Company's Own Funds. The Company's Own Funds are all Tier 1 and comply with the Solvency II Regulations that:

- Eligible tier 1 items shall be at least 50% of the SCR; and
- Eligible tier 1 items shall be at least 80% of the MCR

Available and eligible own funds	**Tier 1 2018 USD'000**	**Tier 2 2018 USD'000**	**Tier 3 2018 USD'000**	**Total 2018 USD'000**
Total available own funds to meet the SCR	162,539	-	-	162,539
Total available own funds to meet the MCR	162,539	-	-	162,539
Total eligible own funds to meet the SCR	162,539	-	-	162,539
Total eligible own funds to meet the MCR	162,539	-	-	162,539
SCR				**139,093**
MCR				**35,609**
Ratio of Eligible own funds to SCR				**117%**
Ratio of Eligible own funds to MCR				**456%**

Available and eligible own funds	**Tier 1 2017 USD'000**	**Tier 2 2017 USD'000**	**Tier 3 2017 USD'000**	**Total 2017 USD'000**
Total available own funds to meet the SCR	197,484	-	-	197,484
Total available own funds to meet the MCR	197,484	-	-	197,484
Total eligible own funds to meet the SCR	197,484	-	-	197,484
Total eligible own funds to meet the MCR	197,484	-	-	**197,484**
SCR				**144,544**
MCR				**42,223**
Ratio of Eligible own funds to SCR				**137%**
Ratio of Eligible own funds to MCR				**468%**

E.2 Solvency Capital Requirement and Minimum Consolidated Group SCR

The Group currently uses the Standard Formula to calculate its Solvency Capital Requirement ("SCR").

	2018 USD'000	**2017 USD'000**
By risk module		
Market risk	61,822	82,149
Default risk	26,950	13,071
Non-life risk	66,748	71,847
Health risk	568	585
Life risk	-	891
Basic SCR before diversification	**156,088**	**168,542**
Diversification Benefits	(38,937)	(39,779)
Basic SCR	**117,151**	**128,763**
Operational risk	21,942	26,833
Loss absorbing capacity of deferred taxes	-	(11,052)
SCR	**139,093**	**144,544**
Minimum Consolidated Group SCR	**35,609**	**42,223**

Market risk, counterparty default risk, non-life premium and reserve risk and operational risk all contribute to the SCR, although the main drivers of the SCR are the market risk and reserve risk. These modules are discussed in more detail in Section C.

The main diversification in calculating the SCR is between market risk and reserve risk, as these are by far the largest risk charges.

The consolidation method (also known as Method 1) has been used to calculate the Group SCR. In this method, the SCR for CHUK is calculated as though it, and its subsidiaries, were one company (the alternative is the aggregation and deduction method, which in the context of the Company would involve adding up the SCRs of the insurance subsidiaries).

In calculating the Group SCR, there are no capital requirements for the financial participations (for instance, credit institutions and financial institutions), no SCRs from the related insurance entities (e.g. JV's and associates), as there are no financial participations nor any related insurance entities. Although there were two service companies (CSUK and DLML) in the Group at year end 2018, they do not have an SCR and so did not contribute to the Group SCR.

The Minimum Consolidated Group SCR was calculated as the sum of the Minimum Capital Requirements of the insurance subsidiaries of the Group as follows:

Minimum Consolidated Group SCR Composition	**2018 USD'000**	**2017 USD'000**
Catalina Worthing Insurance Limited	13,932	11,780
AGF Insurance Limited	16,787	20,900
Catalina London Limited	4,890	5,237
KX Reinsurance Limited (incorporating OX Reinsurance) *	-	4,306
Total Minimum Consolidated Group SCR	**35,609**	**42,223**

* KX Reinsurance Limited and OX Reinsurance Limited dissolved on 1 March 2018

CHUK does not contain any financial participations (for instance; credit institutions and financial institutions), nor related insurance entities, so none are included in the above Minimum Consolidated Group SCR calculation.

E.3 Use of the duration-based equity risk sub-module in the calculation of the SCR

The Company has not used the duration-based equity risk sub-module in the calculation of the SCR.

E.4 Internal model

The Company calculates the SCR using the standard formula. No internal or partial internal model is used in the calculation of the SCR.

E.5 Non-compliance with the MCR and significant non-compliance with the SCR

There has not been any non-compliance with the SCR or the MCR over the year nor is there expected to be any non-compliance with the SCR and MCR in the business planning period.

E.6 Any other information

With the exception of the Company, on a standalone entity basis there are no companies within the CHUK Group, with material own funds issued, that are not insurance entities. While for the CHUK Group the consolidated position on Own Funds is considered in Section E1, for the stand-alone Company, which is not an insurance entity and hence own funds are not separately determined, the equity shareholder's funds per the CHUK Statutory Accounts are USD$218,598k (2017: USD$233,021k). For similar reasons as described in Section E1 these funds would be all considered Tier 1.

Under Solvency II as part of the assessment of group solvency, groups must undertake an assessment of whether any of their entities are reliant upon capital held in another entity to cover their capital requirements. Where this is the case it must assess whether the capital in the other entity could in practice be made available. Within the CHUK group capital is deemed to be fully transferrable. In such circumstances where capital is needed from one insurance subsidiary to support a legal entity elsewhere in the CHUK Group, it will be repatriated. As all insurance companies in the CHUK Group are UK regulated companies such capital movements would firstly require the approval of the PRA.

Appendix 1: Catalina Worthing Insurance Ltd solo SFCR sections

Executive Summary

Catalina Worthing Insurance Limited has been in run-off since 2012. Its principal activities are therefore the efficient and proper run-off of its claims portfolio, the management of its cash and investments, and the timely collection of its reinsurance assets and other debts. The acquisition of CWIL by the Catalina Group in 2017, and the subsequent 100% quota share arrangement entered into are explained in the main body of the report.

The Group SFCR meets the regulatory requirement for public disclosure in respect of CWIL, AGF and CLL. As mentioned in the introduction in the main body of the report, CWIL, AGF and CLL are legal entities meeting all regulatory and governance requirements and their individual risk profile and capital requirements are monitored to ensure ongoing regulatory compliance. However, the Group does not manage each entity as an individual business and does not set individual business strategies. In light of this, it is important for the reader to understand that the focus of the Group SFCR is the activities of the Catalina UK Group as a whole.

A. Business and Performance

A.1 Business and external environment

A.1.1 Undertaking, financial supervisory authority and external auditor

Name of the undertaking:	Catalina Worthing Limited
Address of its registered office:	DLM House, Downlands Business Park, Lyons Way, Worthing, West Sussex, BN14 9RX, England
Legal status:	Private Limited Company
Company registration number:	05965916
Legal Entity Identifier (LEI):	213800JEV93JTFJ41Q27
Ultimate parent:	Catalina Holdings (Bermuda) Ltd.
Financial supervisory authority:	Prudential Regulation Authority : Bank of England, Threadneedle Street, London, EC2R 8AH, England

A simplified group structure chart is included in section A.1.1 of the main body of the report.

A.1.2 Material lines of business and geographical areas where the Company carries out business

CWIL was purchased by CHUK on 10th May 2017 when 100% of CWIL's share capital was purchased from Nutmeg Insurance Company, part of The Hartford Financial Services Group, Inc. The ultimate parent of CHUK is CHBL. CHBL is a specialist consolidator of non-life general insurance and reinsurance companies and portfolios in run-off. CHBL acquires and manages portfolios in run-off with the purpose of achieving a competitive return on equity and consistent growth in net tangible assets. The Group is based in Bermuda and currently has offices in Bermuda, the United Kingdom, the Republic of Ireland, the United States of America and Switzerland.

The Company was initially established by The Hartford as a specialist Directors and Officers ("D&O") writer in the London market where it wrote business from 2007 until July 2012 when it was placed into run off. In October 2015, the insurance business of Excess Insurance Company Limited ("Excess"), Hart Re (the trading name of the London branch of Hartford Fire Insurance Company Limited) and a portfolio of business originally written by London & Edinburgh Insurance Company ("L&E") was transferred into the company by order of the High Court pursuant to Part VII of the Financial Services and Markets Act 2000. These transfers were part of The Hartford's rationalisation of its UK run offs.

The business transferred in from Excess has been in run off since 1993 and represents the bulk of the Company's business. The Company's principal activities are the efficient and proper run off of its claims portfolio, the management of its cash and investments, and the timely collection of its reinsurance assets and other debts.

The company's portfolio comprises:

- Original D&O business written 2007 -2012;
- Business of Excess written prior to 1992; which mainly comprise US direct and treaty business Asbestos, Pollution and Health ("APH") and UK Employers Liability business;
- Business of Hart Re, a pure reinsurer of European insurers which wrote business from 1993 to 2002, remaining risks being UK and European motor (including Periodic Payment Orders ("PPO"'s)) and some pharmaceutical losses;
- Portfolio of L&E business almost entirely being US direct and treaty APH written through pools including Old Tower, Tower X, HS Weavers and B D Cooke.

There were no significant changes to CWIL during the reporting period.

As mentioned in section A.1.2 of the main body of the report, the functional and presentational currency of CWIL is GBP.

A.2 Performance from underwriting activities

The table below shows the underwriting performance for the year end 31 December 2018, together with comparatives for the previous year.

	2018	**2017**
	GBP'000	**GBP'000**
Earned premiums, net of reinsurance	-	(6)
Claims incurred, net of reinsurance	-	(35,634)
Net operating expenses	(4,359)	(8,363)
Balance on the technical account	**(4,359)**	**(44,003)**
By class of business:		
Direct Insurance		
Marine, aviation and transport	(25)	(3,334)
Property	(171)	(224)
Casualty	(3,396)	(27,406)
Reinsurance		
Casualty	(284)	(12,471)
Marine/Aviation	(307)	(589)
Property	(176)	21
Balance on the technical account	**(4,359)**	**(44,003)**

A comparison between the current year and prior year performance can be found in section A.2 of the main body of the report.

A.3 Performance from investment activities

The table below shows the investment income performance for the year ended 31 December 2018, together with comparatives for the previous year.

	Net investment income	**Net investment expense**	**Net realised gains and losses**	**Changes in fair value**	**Net investment result**
	2018 GBP'000	**2018 GBP'000**	**2018 GBP'000**	**2018 GBP'000**	**2018 GBP'000**
Investments:					
- measured at FVTPL	4,333	(70)	(2,305)	(4,429)	(2,471)
- measured at cost	303	-	-	-	303
- derivative assets	-	-	-	(638)	(638)
	4,636	**(70)**	**(2,305)**	**(5,067)**	**(2,806)**
	2017 GBP'000	**2017 GBP'000**	**2017 GBP'000**	**2017 GBP'000**	**2017 GBP'000**
Investments:					
- measured at FVTPL	7,985	(150)	422	(1,020)	7,237
- measured at cost	266	(5)	-	-	261
- derivative assets	-	-	-	(79)	(79)
	8,251	**(155)**	**422**	**(1,099)**	**7,419**

A comparison between the current year and prior year performance can be found in section A.2 of the main body of the report.

A.4 Other operating income and expenses

The table below details any other material operating income and expenses not shown in A.2 and A.3 above.

	2018 GBP'000	**2017 GBP'000**
Foreign exchange gains / (losses)	2,510	(167)
Tax on profit on ordinary activities	838	(8,577)

A.5 Any other disclosures

Not applicable.

B. System of Governance

The system of governance for CWIL is identical to that of the Group and is described in Section B in the main body of the report

C. Risk Profile

Catalina Worthing Insurance Limited's risks are managed in the same way as the risks of the Catalina UK Group, the details of which are included in section C of the main body of the report. The risk sensitivities of Catalina Worthing Insurance Limited are detailed below.

C.1 Underwriting (Liability) Risk

Catalina Worthing Insurance Limited's risks are managed in the same way as the risks of the Catalina UK Group, the details of which are included in section C of the main body of the report.

C.2 Market Risk

Catalina Worthing Insurance Limited's sensitivities to interest rate, foreign exchange and other price risks are detailed below.

Interest rate risk	**Pre-tax profit**		**Shareholder's equity**	
	2018 GBP'000	**2017 GBP'000**	**2018 GBP'000**	**2017 GBP'000**
1% increase	(2,399)	(10,099)	(2,399)	(10,099)
1% decrease	2,399	10,099	2,399	10,099

Foreign exchange risk	**Pre-tax profit**		**Shareholders' equity**	
	2018 GBP'000	**2017 GBP'000**	**2018 GBP'000**	**2017 GBP'000**
GBP / USD				
10% increase in USD/GBP exchange rate	(1,918)	(2,814)	(1,918)	(2,814)
10% decrease in USD/GBP exchange rate	1,918	2,814	1,918	2,814
GBP / EUR				
10% increase in USD/EUR exchange rate	(84)	(344)	84	(344)
10% decrease in USD/EUR exchange rate	84	344	84	344

Other price risk	**Pre-tax profit**		**Shareholders' equity**	
	2018 GBP'000	**2017 GBP'000**	**2018 GBP'000**	**2017 GBP'000**
1% increase				
Movement in fair value of share and other variable securities in unit trusts	13	34	13	34
Movement in fair value of debt securities and other fixed income securities	711	1,658	711	1,658
Movement in fair value of other financial investments	306	160	306	160
1% decrease				
Movement in fair value of share and other variable securities in unit trusts	(13)	(34)	(13)	(34)
Movement in fair value of debt securities and other fixed income securities	(711)	(1,658)	(711)	(1,658)
Movement in fair value of other financial investments	(306)	(160)	(306)	(160)

C.3 Credit Risk

Catalina Worthing Insurance Limited's risks are managed in the same way as the risks of the Catalina UK Group, the details of which are included in section C of the main body of the report.

The split of assets by credit rating is detailed in the table below.

	2018 GBP'000	**2017 GBP'000**
By class of asset:		
Financial investments	13,369	3,413
Debt securities and other fixed income securities	71,126	165,802
Other Financial Investments	66,325	27,144
Assets arising from reinsurance contracts held	488,329	530,595
Assets arising from insurance contracts held	3,567	893
Cash and cash equivalents	18,954	44,020
Other assets	788	1,326
Total assets bearing credit risk	**662,458**	**773,193**

	2018 GBP'000	2017 GBP'000
By credit rating:		
AAA	58,163	101,495
AA	57,150	96,610
A	64,820	84,272
BBB	6,132	14,452
Below BBB or not rated	476,193	476,364
Total assets bearing credit risk	**662,458**	**773,193**
By past due ageing of debtors:		
Neither past due nor impaired	47,822	34,018
Past due less than 30 days	47	575
Past due 31-60 days	1,343	193
Past due 61 – 90 days	59	79
Past due more than 90 days	1,196	4,417
Total financial assets past due or impaired	**50,467**	**39,282**

C.4 Liquidity Risk

Catalina Worthing Insurance Limited's risks are managed in the same way as the risks of the Catalina UK Group, the details of which are included in section C of the main body of the report

The following table shows details of the expected maturity profile of the Group's undiscounted obligations with respect to its financial liabilities and estimated cash flows of recognised insurance liabilities.

	Less than 1 year 2018 £'000	1 – 5 years 2018 £'000	5+ years 2018 £'000	Total 2018 £'000
Financial liabilities and claims outstanding				
Claims outstanding	36,906	147,490	257,033	441,429
Other provisions	200	-	-	200
Deposits received from reinsurers	7,090	28,332	49,375	84,797
Creditors arising out of reinsurance operations	11,630	-	-	11,630
Other creditors including taxation and social security	602	-	-	602
Accruals and deferred income	229	-	-	229
	56,657	**175,822**	**306,408**	**538,887**

	2017 £'000	2017 £'000	2017 £'000	2017 £'000
Financial liabilities and claims outstanding				
Claims outstanding	51,409	151,455	289,342	492,206
Other provisions	918	200	-	1,118
Deposits received from reinsurers	9,340	27,515	52,566	89,421
Creditors arising out of reinsurance operations	5,264	-	-	5,264
Other creditors including taxation and social security	1,693	-	-	1,693
Accruals and deferred income	1,103	-	-	1,103
	69,727	**179,170**	**341,908**	**590,805**

C.5 Operational Risk

Catalina Worthing Insurance Limited's risks are managed in the same way as the risks of the Catalina UK Group, the details of which are included in section C of the main body of the report

C.6 Other Material Risks

Catalina Worthing Insurance Limited's risks are managed in the same way as the risks of the Catalina UK Group, the details of which are included in section C of the main body of the report.

D. Valuation for Solvency Purposes

D.1 Assets

Assets have been recognised in line with the requirements of Solvency II valuation regulations, the basis of which is the amount for which they could be exchanged between knowledgeable willing parties in an arm's length transaction.

	Solvency II Value 2018 GBP'000	Reclassified UK GAAP 2018 GBP'000	Valuation Differences 2018 GBP'000	Statutory Accounts Value 2018 GBP'000
Equities Listed	2,235	-	-	2,235
Equities Unlisted	12,340	(1,206)	-	11,134
Government Bonds	37,701	(129)	-	37,572
Corporate Bonds	15,726	(41)	-	15,685
Collateralised Securities	17,897	(27)	-	17,870
Collective Investment Undertakings	4,849	1,206	-	6,055
Derivatives	8	-	-	8
Loans and mortgages	25,033	(527)	-	24,506
Deposits Other than Cash Equivalents	43,844	(8,089)	-	35,755
Reinsurance Recoverable from Non Life	385,957	-	55,472	441,429
Deposits to Cedants	7,918	-	-	7,918
Insurance and Intermediaries Receivables	3,567	-	-	3,567
Reinsurance Receivables	20,346	-	-	20,346
Cash and Cash Equivalents	3,006	8,030	-	11,036
Receivables – trade not insurance	23,570	-	2,984	26,554
Other Assets	-	783	5	788
Total Assets	**603,997**	**-**	**58,461**	**662,458**

	2017 GBP'000	2017 GBP'000	2017 GBP'000	2017 GBP'000
Equities Listed	-	1,702	-	1,702
Equities Unlisted	1,711	-	-	1,711
Government Bonds	95,454	(15,852)	-	79,602
Corporate Bonds	37,664	(1,993)	-	35,671
Collateralised Securities	50,717	(188)	-	50,529
Collective Investment Undertakings	5,074	-	-	5,074
Loans and mortgages	11,033	(109)	-	10,924
Deposits Other than Cash Equivalents	13,635	(2,489)	-	11,146
Reinsurance Recoverable from Non Life	421,415	-	70,791	492,206
Deposits to Cedants	12,787	-	-	12,787
Insurance and Intermediaries Receivables	893	-	-	893
Reinsurance Receivables	7,324	-	429	7,753
Receivables – trade not insurance	37,312	-	(6,676)	30,636
Cash and Cash Equivalents	13,616	17,617	-	31,233
Other Assets	7	1,319	-	1,326
Total Assets	**708,642**	**7**	**64,544**	**773,193**

The bases, methods and assumptions used to value the above assets are consistent across the Catalina UK Group, and are detailed in Section D of the main body of the report. Similarly, any difference between the company Financial Statements and Solvency II valuations are consistent across the Catalina UK Group, and are also detailed in Section D of the main body of the report.

D.2 Technical provisions

The following table quantifies the total gross technical provisions on a Solvency II basis at 31 December 2018. The lines of business can represent direct, proportional reinsurance or non-proportional reinsurance liabilities.

2018	**Gross Best Estimate 2018 GBP'000**	**Risk Margin 2018 GBP'000**	**Total Solvency II Gross Provisions Value 2018 GBP'000**	**Total Financial Statements Value 2018 GBP'000**
By material line of business:				
Direct Insurance				
Marine, aviation and transport	28,936	913	29,849	31,260
Fire and other damage to property	964	30	994	1,041
General liability	243,510	7,687	251,197	263,069
Proportional and Non-proportional Reinsurance				
Casualty	112,811	3,561	116,372	122,499
Marine, aviation and transport	1,957	62	2,019	2,115
Property	7,573	239	7,812	8,181
Annuities relating to insurance obligation other than health insurance obligations	12,857	407	13,264	13,264
Total 2018	**408,608**	**12,899**	**421,507**	**441,429**

2017	**2017 GBP'000**	**2017 GBP'000**	**2017 GBP'000**	**2017 GBP'000**
By material line of business:				
Direct Insurance				
Marine, aviation and transport	15,361	330	15,691	32,323
Fire and other damage to property	1,114	25	1,139	3,404
General liability	246,948	4,840	251,788	269,954
Proportional and Non-proportional Reinsurance				
Casualty	174,508	3,779	178,287	162,214
Marine, aviation and transport	4,707	116	4,823	2,387
Property	8,225	191	8,416	9,977
Annuities relating to insurance obligation other than health insurance obligations	11,744	203	11,947	11,947
Total 2017	**462,607**	**9,484**	**472,091**	**492,206**

The bases, methods and assumptions used to value the above technical provisions are consistent across the Catalina UK Group, and are detailed in Section D of the main body of the report.

The Company has adopted a deterministic approach to estimating Best Estimate Liabilities by making the following adjustments to the GAAP reserves in the Company's Financial Statements:

Solvency II Liability Adjustments Increase /(decrease)	**2018 GBP'000**	**2017 GBP'000**
Event Not In Data (ENID) included in Solvency II Balance Sheet	10,190	9,570
Expense Provision increase included in Solvency II Balance Sheet	25,636	32,868
Discounting at the Risk Free Rate	(68,647)	(72,036)
Risk Margin	12,899	9,482
Total Solvency II Liability Adjustments	**(19,922)**	**(20,116)**

The differences between the company Financial Statements and Solvency II valuations are consistent across the Catalina UK Group, and are detailed in Section D of the main body of the report.

D.3 Other liabilities

The table below shows for Catalina Worthing Insurance Limited the value of each material class of Solvency II liabilities other than Technical Provisions.

Solvency II Classification	**Solvency II Value**	**Valuation Differences**	**Reclassification Differences**	**Statutory Accounts Value**
	2018 GBP'000	**2018 GBP'000**	**2018 GBP'000**	**2018 GBP'000**
Other Provisions	200	-	-	200
Deposits received from Reinsurers	84,797	-	-	84,797
Derivatives	90	-	-	90
Creditors arising out of reinsurance operations	11,630	-	-	11,630
Payables (trade, not insurance)	512	-	-	512
Any other liabilities no elsewhere shown	228	-	-	228
Total Other Liabilities	**97,457**	**-**	**-**	**97,457**
	2017 GBP'000	**2017 GBP'000**	**2017 GBP'000**	**2017 GBP'000**
Other Provisions	-	-	1,118	1,118
Deposits received from Reinsurers	89,177	244	-	89,421
Derivatives	79	-	-	79
Creditors arising out of reinsurance operations	4,286	978	-	5,264
Payables (trade, not insurance)	1,555	62	-	1,617
Any other liabilities no elsewhere shown	2,220	-	(1,118)	1,102
Total Other Liabilities	**97,317**	**1,284**	-	**98,601**

The bases, methods and assumptions used to value the above liabilities are consistent across the Catalina UK Group, and are detailed in Section D of the main body of the report.

D.4 Alternative methods for valuation

No other alternative methods for valuation are used.

D.5 Any other information

Not applicable.

E. Capital Management

The objectives, policies and processes used to manage capital are consistent across the Catalina UK Group, and are detailed in Section E of the main body of the report.

E.1 Own Funds

Own funds represent Ordinary Share Capital and Reconciliation Reserve. The explanation for their categorisation as Tier 1 is included in section E.1 of the main body of the report.

Basic Own Funds	Tier 1 GBP'000 2018	Tier 2 GBP'000 2018	Tier 3 GBP'000 2018	Total GBP'000 2018
Ordinary Share Capital	158,000	-	-	158,000
Reconciliation Reserve	(72,968)			(72,968)
Total basic Own Funds	**85,032**	**-**	**-**	**85,032**
	2017 GBP'000	**2017 GBP'000**	**2017 GBP'000**	**2017 GBP'000**
Basic Own Funds				
Ordinary Share Capital	158,000	-	-	158,000
Reconciliation Reserve	(18,764)	-	-	(18,764)
Total basic Own Funds	**139,236**	**-**	**-**	**139,236**

The following shows the movement in Own Funds:

	2018 GBP'000	2017 GBP'000
Opening own funds	**139,236**	**135,424**
Movement Statutory Account Retained Deficit	(3,817)	(45,328)
Movement Statutory Account Capital Reserve	(55,000)	-
Movement Solvency II Asset Valuation differences – refer Section D.1 Assets	6,090	(25,700)
Movement Solvency II Liability Valuation differences – refer Section D.2 Technical Provisions	(193)	74,676
Movement Solvency II Liability Valuation differences – refer Sections D.3 Other Liabilities	(1,284)	164
Closing Own Funds	**85,032**	**139,236**

Within Own Funds, the Reconciliation Reserve represents the retained earnings and capital reserve as reported in the Company Financial Statements less differences in valuations between Solvency II and Company Financial Statements valuations for assets and liabilities. The components of the Reconciliation Reserve at 31 December are:

Reconciliation Reserve Components	2018 GBP'000	2017 GBP'000	Movement GBP'000
Financial Statements Capital Reserve	(54,349)	(50,532)	(3,817)
Financial Statements Retained Deficit	19,920	74,920	(55,000)
Solvency II Asset Valuation differences – refer Section D.1 Assets	(58,461)	(64,551)	6,090
Solvency II Liability Valuation differences – refer Section D.2 Technical Provisions	19,922	20,115	(193)
Solvency II Liability Valuation differences – refer Section D.3 Other Liabilities	-	1,284	(1,284)
Total Reconciliation Reserve	**(72,968)**	**(18,764)**	**(54,085)**

The eligibility of tiered Capital to cover the SCR and Minimum Capital requirement ("MCR") depends on the tiering levels of the Company's Own Funds. The Company's Own Funds are all Tier 1 and comply with the Solvency II Regulations that:

- Eligible tier 1 items shall be at least 50% of the SCR; and
- Eligible tier 1 items shall be at least 80% of the MCR

Available and eligible own funds	**Tier 1 2018 GBP'000**	**Tier 2 2018 GBP'000**	**Tier 3 2018 GBP'000**	**Total 2018 GBP'000**
Total available own funds to meet the SCR	85,032	-	-	85,032
Total available own funds to meet the MCR	85,032	-	-	85,032
Total eligible own funds to meet the SCR	85,032	-	-	85,032
Total eligible own funds to meet the MCR	85,032	-	-	85,032
SCR				**43,684**
MCR				**10,921**
Ratio of Eligible own funds to SCR				**195%**
Ratio of Eligible own funds to MCR				**779%**

Available and eligible own funds	**Tier 1 2017 GBP'000**	**Tier 2 2017 GBP'000**	**Tier 3 2017 GBP'000**	**Total 2017 GBP'000**
Total available own funds to meet the SCR	139,236	-	-	139,236
Total available own funds to meet the MCR	139,236	-	-	139,236
Total eligible own funds to meet the SCR	139,236	-	-	139,236
Total eligible own funds to meet the MCR	139,236	-	-	139,236
SCR				**34,871**
MCR				**8,718**
Ratio of Eligible own funds to SCR				**399%**
Ratio of Eligible own funds to MCR				**1,597%**

E.2 Solvency Capital Requirement and Minimum Capital Requirement

CWIL, in line with the Catalina UK Group, currently uses the Standard Formula to calculate its Solvency Capital Requirement ("SCR").

	2018 GBP'000	**2017 GBP'000**
By risk module		
Market risk	22,465	31,702
Default risk	14,565	3,118
Non-life risk	7,475	1,029
Life reserve risk	1	659
Basic SCR before diversification	**44,506**	**36,508**
Diversification Benefits	(10,903)	(3,392)
Basic SCR	**33,603**	**33,116**
Operational risk	10,081	9,935
Adjustment for loss absorbing capacity of deferred taxes	-	(8,180)
SCR	**43,684**	**34,871**
MCR	**10,921**	**8,718**

Market risk, counterparty default risk, non-life premium and reserve risk and operational risk all contribute to the SCR, although the main drivers of the SCR are the market risk and non-life premium and reserve risk. These modules are discussed in more detail in Section C.

E.3 Use of the duration-based equity risk sub-module in the calculation of the SCR

The Company has not used the duration-based equity risk sub-module in the calculation of the SCR.

E.4 Internal model

The Company calculates the SCR using the standard formula. No internal or partial internal model is used in the calculation of the SCR.

E.5 Non-compliance with the MCR and significant non-compliance with the SCR

There has not been any non-compliance with the SCR or the MCR over the financial year nor is there expected to be any non-compliance with the SCR and MCR in the business planning period.

E.6 Any other information

Not applicable

Appendix 2: AGF Insurance Ltd solo SFCR sections

Executive Summary

AGF Insurance Limited has been in run-off since 1999. Its principal activities are therefore the efficient and proper run-off of its claims portfolio, the management of its cash and investments, and the timely collection of its reinsurance assets and other debts.

The Group SFCR meets the regulatory requirement for public disclosure in respect of AGF. As mentioned in the introduction in the main body of the report, CWIL, AGF and CLL are legal entities meeting all regulatory and governance requirements and their individual risk profile and capital requirements are monitored to ensure ongoing regulatory compliance. However, the Group does not manage each entity as an individual business and does not set individual business strategies. In light of this, it is important for the reader to understand that the focus of the Group SFCR is the activities of the Catalina UK Group as a whole.

A. Business and Performance

A.1 Business and external environment

A.1.1 Undertaking, financial supervisory authority and external auditor

Name of the undertaking:	AGF Insurance Limited
Address of its registered office:	1 Alie Street, London, E1 8DE, England
Legal status:	Private Limited Company
Company registration number:	0661294
Legal Entity Identifier (LEI):	213800RACE2PXX1QU17
Ultimate parent:	Catalina Holdings (Bermuda) Ltd.
Financial supervisory authority:	Prudential Regulation Authority : Bank of England, Threadneedle Street, London, EC2R 8AH, England

A simplified group structure chart is included in section A.1.1 of the main body of the report.

A.1.2 Material lines of business and geographical areas where the Company carries out business

The ultimate parent of AGF is CHBL. CHBL is a specialist consolidator of non-life general insurance and reinsurance companies and portfolios in run-off. CHBL acquires and manages portfolios in run-off with the purpose of achieving a competitive return on equity and consistent growth in net tangible assets. The Group is based in Bermuda and currently has offices in Bermuda, the United Kingdom, the Republic of Ireland, the United States of America and Switzerland.

AGF was part of the Allianz SE Group, and was incorporated in 1960 under the name Employers' Mutual Insurance Association Limited. AGF wrote predominately direct Employers' Liability and Public Liability insurance within the UK. It ceased writing new business in 1999 and has since been in run-off. AGF has exposure pre-1960 as a result of its acquisition of NEM Insurance Co in 1989. An approximate breakdown of the claims outstanding by number of claims are: 65% Noise Induced Hearing Loss, 12% Mesothelioma, 7% Asbestosis and 16% Other.

Liabilities are classed as "General Liability" and are based in the UK. The Company's functional and presentational currency GBP, reflecting the historical distribution of the Company's geographical business mix.

There were no significant changes to AGF during the reporting period.

A.2 Performance from underwriting activities

The table below shows the underwriting performance for the year end 31 December 2018, together with comparatives for the previous year.

	2018 GBP'000	2017 GBP'000
Earned premiums, net of reinsurance	-	-
Claims incurred, net of reinsurance	6,087	(4,349)
Net operating expenses	(2,506)	(2,285)
Balance on the technical account	**3,581**	**(6,634)**
By class of business:		
General Liability	3,581	(6,634)
Balance on the technical account	**3,581**	**(6,634)**

A comparison between the current year and prior year performance can be found in section A.2 of the main body of the report.

A.3 Performance from investment activities

The table below shows the investment income performance for the year ended 31 December 2018, together with comparatives for the previous year.

	Net investment income 2018 GBP'000	Net investment expense 2018 GBP'000	Net realised gains and losses 2018 GBP'000	Changes in fair value 2018 GBP'000	Net investment result 2018 GBP'000
Investments:					
- measured at FVTPL	7,672	(527)	(1,754)	(5,089)	302
- measured at cost	1	-	-	-	1
- derivatives	-	-	-	565	565
	7,673	**(527)**	**(1,754)**	**(4,524)**	**868**
	2017 GBP'000	**2017 GBP'000**	**2017 GBP'000**	**2017 GBP'000**	**2017 GBP'000**
Investments:					
- measured at FVTPL	7,135	(308)	459	2,232	9,518
- measured at cost	-	-	-	-	-
- derivatives	-	-	-	-	-
	7,135	**(308)**	**459**	**2,232**	**9,518**

A comparison between the current year and prior year performance can be found in section A.2 of the main body of the report.

A.4 Other operating income and expenses

The table below details any other material operating income and expenses not shown in A.2 and A.3 above.

	2018 GBP'000	2017 GBP'000
Foreign exchange loss	(45)	(539)

A.5 Any other disclosures

Not applicable.

B. System of Governance

The system of governance for AGF is identical to that of the Group and is described in Section B in the main body of the report

C. Risk Profile

AGF Insurance Limited's risks are managed in the same way as the risks of the Catalina UK Group, the details of which are included in section C of the main body of the report. The risk sensitivities of AGF Insurance Limited are detailed below.

C.1 Underwriting (Liability) Risk

AGF Insurance Limited's risks are managed in the same way as the risks of the Catalina UK Group, the details of which are included in section C of the main body of the report.

C.2 Market Risk

AGF Insurance Limited's sensitivities to interest rate, foreign exchange and other price risks are detailed below.

Interest rate risk	**Pre-tax profit**		**Shareholder's equity**	
	2018	**2017**	**2018**	**2017**
	GBP'000	**GBP'000**	**GBP'000**	**GBP'000**
1% increase	(3,783)	(6,730)	(3,065)	(6,279)
1% decrease	3,783	6,730	3,065	5,435

Foreign exchange risk	**Pre-tax profit**		**Shareholders' equity**	
	2018	**2017**	**2018**	**2017**
	GBP'000	**GBP'000**	**GBP'000**	**GBP'000**
GBP / USD				
10% increase in USD/GBP exchange rate	(23)	(777)	(18)	(629)
10% decrease in USD/GBP exchange rate	23	777	18	629
GBP / EUR				
10% increase in USD/EUR exchange rate	(4)	-	(3)	-
10% decrease in USD/EUR exchange rate	4	-	3	-

Other price risk	**Pre-tax profit**		**Shareholders' equity**	
	2018	**2017**	**2018**	**2017**
	GBP'000	**GBP'000**	**GBP'000**	**GBP'000**
1% increase				
Movement in fair value of share and other variable securities in unit trusts	55	81	45	66
Movement in fair value of debt securities and other fixed income securities	1,195	1,265	968	1,025
Movement in fair value of other financial investments	776	630	628	510
1% decrease				
Movement in fair value of share and other variable securities in unit trusts	(55)	(81)	(45)	(66)
Movement in fair value of debt securities and other fixed income securities	(1,195)	(1,265)	(968)	(1,025)
Movement in fair value of other financial investments	(776)	(630)	(628)	(510)

C.3 Credit Risk

AGF Insurance Limited's risks are managed in the same way as the risks of the Catalina UK Group, the details of which are included in section C of the main body of the report.

The split of assets by credit rating is detailed in the table below.

	2018 GBP'000	2017 GBP'000
By class of asset:		
Financial investments	5,519	8,095
Debt securities and other fixed income securities	119,511	126,481
Other Financial Investments	77,644	62,969
Assets arising from reinsurance contracts held	16,182	47,477
Assets arising from insurance contracts held	372	21,230
Cash and cash equivalents	30,920	2,855
Other assets	2,502	1,622
Total assets bearing credit risk	**252,650**	**270,729**
By credit rating:		
AAA	57,873	53,662
AA	30,818	31,283
A	56,799	39,945
BBB	53,780	84,049
Below BBB or not rated	55,380	61,790
Total assets bearing credit risk	**252,650**	**270,729**
By past due ageing of debtors:		
Neither past due nor impaired	372	1,122
Past less than 30 days	-	2,162
Past due 31-60 days	-	26
Past due 61 – 90 days	103	249
Past due more than 90 days	1,085	219
Total financial assets past due or impaired	**1,560**	**3,778**

The total allowance for the impairment of debtors arising out of direct insurance and reinsurance operations at 31 December 2018 is £0.1 million (2017: £0.2 million).

C.4 Liquidity Risk

AGF Insurance Limited's risks are managed in the same way as the risks of the Catalina UK Group, the details of which are included in section C of the main body of the report.

The following table shows details of the expected maturity profile of the Group's obligations with respect to its financial liabilities and estimated cash flows of recognised insurance liabilities.

2018	Less than 1 year £'000	1 – 5 years £'000	5+ years £'000	Total £'000
Financial liabilities and claims outstanding				
Claims outstanding	14,174	38,489	60,983	113,646
Creditors arising out of insurance operations	347	-	-	347
Other creditors including taxation and social security	1,902	-	-	1,902
Accruals and deferred income	246	86	-	332
	16,669	38,575	60,983	116,227

2017	Less than 1 year £'000	1 – 5 years £'000	5+ years £'000	Total £'000
Financial liabilities and claims outstanding				
Claims outstanding	18,573	52,211	64,977	135,761
Creditors arising out of insurance operations	399	-	-	399
Other creditors including taxation and social security	1,679	-	-	1,679
Accruals and deferred income	42	-	-	42
	20,693	52,211	64,977	137,881

C.5 Operational Risk

AGF Insurance Limited's risks are managed in the same way as the risks of the Catalina UK Group, the details of which are included in section C of the main body of the report.

C.6 Other Material Risks

AGF Insurance Limited's risks are managed in the same way as the risks of the Catalina UK Group, the details of which are included in section C of the main body of the report.

D. Valuation for Solvency Purposes

D.1 Assets

Assets have been recognised in line with the requirements of Solvency II valuation regulations, the basis of which is the amount for which they could be exchanged between knowledgeable willing parties in an arm's length transaction.

Solvency II Classification	Solvency II Value 2018 GBP'000	Reclassified UK GAAP 2018 GBP'000	Valuation Differences 2018 GBP'000	Financial Statements Value 2018 GBP'000
Equities Unlisted	7,378	-	-	7,378
Government Bonds	30,146	(1,090)	-	29,056
Corporate Bonds	81,135	(105)	-	81,029
Collateralised Securities	9,433	(7)	-	9,426
Collective Investment Undertakings	19,331	4,934	1	24,266
Derivatives	100	-	-	100
Loans and mortgages	51,921	(502)	-	51,419
Other investments	4,934	(4,934)	-	-
Reinsurance Recoverable from Non Life	16,027	-	(1,033)	14,994
Insurance and intermediaries receivables	372	-	-	372
Reinsurance Receivables	1,188	-	-	1,188
Cash and Cash Equivalents	30,919	-	1	30,920
Other Assets	785	1,704	13	2,502
Total Assets	**253,669**	**-**	**(1,018)**	**252,650**

	2017 GBP'000	2017 GBP'000	2017 GBP'000	2017 GBP'000
Equities Listed	8,095	-	-	8,095
Equities Unlisted	277	(277)	-	-
Government Bonds	27,370	(141)	-	27,229
Corporate Bonds	100,222	(1,396)	-	98,826
Collateralised Securities	7,883	(7,457)	-	426
Collective Investment Undertakings	23,240	277	-	23,517
Derivatives	510	(32)	-	478
Loans and mortgages	32,037	(9,342)	-	22,695
Deposits Other than Cash Equivalents	-	47,477	-	22,695
Other Investments	-	16,279	-	16,279
Reinsurance Recoverable from Non Life	19,458	-	(2,006)	17,452
Insurance and intermediaries receivables	1,122	-	-	1,122
Reinsurance Receivables	2,656	-	-	2,656
Cash and Cash Equivalents	49,099	(47,477)	-	1,622
Other Assets	789	2,055	11	2,855
Total Assets	**272,758**	**(34)**	**(1,995)**	**270,729**

The bases, methods and assumptions used to value the above assets are consistent across the Catalina UK Group, and are detailed in Section D of the main body of the report. Similarly, any difference between the company Financial Statements and Solvency II valuations are consistent across the Catalina UK Group, and are also detailed in Section D of the main body of the report.

D.2 Technical provisions

The following table quantifies the total gross technical provisions on a Solvency II basis at 31 December 2018. The lines of business can represent direct, proportional reinsurance or non-proportional reinsurance liabilities.

	Gross Best Estimate GBP'000	Risk Margin GBP'000	Solvency II Gross Provisions Value GBP'000	Financial Statements Value GBP'000
2018				
By material line of business:				
Liability	135,386	23,935	159,321	113,646
	135,386	**23,935**	**159,321**	**113,646**
2017				
By material line of business:				
Liability	159,429	22,845	182,274	135,761
	159,429	**22,845**	**182,274**	**135,761**

The bases, methods and assumptions used to value the above technical provisions are consistent across the Catalina UK Group, and are detailed in Section D of the main body of the report.

The Company has adopted a deterministic approach to estimating Best Estimate Liabilities by making the following adjustments to the GAAP reserves in the Company's Financial Statements:

Solvency II Liability Adjustments Increase /(decrease)	2018 GBP'000	2017 GBP'000
Removal of 3% discount per GAAP accounts	31,217	30,001
Event Not In Data (ENID) included in Solvency II Balance Sheet	2,952	2,722
Expense Provision increase included in Solvency II Balance Sheet	4,700	4,700
Discounting at the Risk Free Rate	(17,129)	(13,755)
Risk Margin	23,935	22,845
Total Solvency II Liability Adjustments	**45,675**	**46,513**

The differences between the company Financial Statements and Solvency II valuations are consistent across the Catalina UK Group, and are detailed in Section D of the main body of the report.

D.3 Other liabilities

The table below shows for AGF Insurance Limited the value of each material class of Solvency II liabilities other than Technical Provisions.

Solvency II Classification	Solvency II Value 2018 GBP'000	Valuation Differences 2018 GBP'000	Reclassification Differences 2018 GBP'000	Financial Statements Value 2018 GBP'000
Creditors arising out of insurance operations	347	-	-	347
Derivatives	359			359
Payables (trade, not insurance)	1,876	-	-	1,876
Total Other Liabilities	**2,582**	-	**-**	**2,582**

	Solvency II Value	Valuation Differences	Reclassification Differences	Financial Statements Value
	2017 GBP'000	**2017 GBP'000**	**2017 GBP'000**	**2017 GBP'000**
Creditors arising out of insurance operations	399	-	-	399
Derivatives	33		(33)	-
Payables (trade, not insurance)	1,721	-	-	1,721
Total Other Liabilities	**2,153**	-	**(33)**	**2,120**

The bases, methods and assumptions used to value the above liabilities are consistent across the Catalina UK Group, and are detailed in Section D of the main body of the report.

D.4 Alternative methods for valuation

No other alternative methods for valuation are used.

D.5 Any other information

Not applicable.

E. Capital Management

The objectives, policies and processes used to manage capital are consistent across the Catalina UK Group, and are detailed in Section E of the main body of the report.

E.1 Own Funds

Own funds represent Ordinary Share Capital and Reconciliation Reserve. The explanation for their categorisation as Tier 1 is included in section E.1 of the main body of the report.

2018	**Tier 1 GBP'000**	**Tier 2 GBP'000**	**Tier 3 GBP'000**	**Total GBP'000**
Basic Own Funds				
Ordinary Share Capital	210,485	-	-	210,485
Reconciliation Reserve	(118,719)	-	-	(118,719)
Total basic Own Funds	**91,766**	**-**	**-**	**91,766**
2017				
Basic Own Funds				
Ordinary Share Capital	210,485	-	-	210,485
Reconciliation Reserve	(122,155)	-	-	(122,155)
Total basic Own Funds	**88,330**	**-**	**-**	**88,330**

The following shows the movement in Own Funds:

	2018 GBP'000	**2017 GBP'000**
Opening own funds	**88,330**	**78,008**
Movement Statutory Account Retained Deficit	3,575	1,897
Movement Solvency II Asset Valuation differences – refer Section D.1 Assets	(977)	(516)
Movement Solvency II Liability Valuation differences – refer Section D.2 Technical Provisions	838	8,941
Closing Own Funds	**91,766**	**88,330**

Within Own Funds, the Reconciliation Reserve represents the retained earnings and capital reserve as reported in the Company Financial Statements less differences in valuations between Solvency II and Company Financial Statements valuations for assets and liabilities. The components of the Reconciliation Reserve at 31 December are:

Reconciliation Reserve Components	**2018 GBP'000**	**2017 GBP'000**	**Movement GBP'000**
Financial Statements Capital Reserve	15,000	15,000	-
Financial Statements Retained Deficit	(159,905)	(163,480)	3,575
Financial Statements Other Non-Distributable Reserves	70,843	70,843	-
Solvency II Asset Valuation differences – refer Section D.1 Assets	1,018	1,995	(977)
Solvency II Liability Valuation differences – refer Section D.2 Technical Provisions	(45,675)	(46,513)	838
Total Reconciliation Reserve	**(118,719)**	**(122,155)**	**3,436**

The eligibility of tiered Capital to cover the SCR and Minimum Capital requirement ("MCR") depends on the tiering levels of the Company's Own Funds. The Company's Own Funds are all Tier 1 and comply with the Solvency II Regulations that:

- Eligible tier 1 items shall be at least 50% of the SCR; and
- Eligible tier 1 items shall be at least 80% of the MCR

Available and eligible own funds	**Tier 1 2018 GBP'000**	**Tier 2 2018 GBP'000**	**Tier 3 2018 GBP'000**	**Total 2018 GBP'000**
Total available own funds to meet the SCR	91,766	-	-	91,766
Total available own funds to meet the MCR	91,766	-	-	91,766
Total eligible own funds to meet the SCR	91,766	-	-	91,766
Total eligible own funds to meet the MCR	91,766	-	-	91,766
SCR				**52,637**
MCR				**13,159**
Ratio of Eligible own funds to SCR				**174%**
Ratio of Eligible own funds to MCR				**697%**

Available and eligible own funds	**Tier 1 2017 GBP'000**	**Tier 2 2017 GBP'000**	**Tier 3 2017 GBP'000**	**Total 2017 GBP'000**
Total available own funds to meet the SCR	88,330	-	-	88,330
Total available own funds to meet the MCR	88,330	-	-	88,330
Total eligible own funds to meet the SCR	88,330	-	-	88,330
Total eligible own funds to meet the MCR	88,330	-	-	88,330
SCR				**61,872**
MCR				**15,468**
Ratio of Eligible own funds to SCR				**143%**
Ratio of Eligible own funds to MCR				**571%**

E.2 Solvency Capital Requirement and Minimum Capital Requirement

AGF, in line with the Catalina UK Group, currently uses the Standard Formula to calculate its Solvency Capital Requirement ("SCR").

	2018 GBP'000	**2017 GBP'000**
By risk module		
Market risk	17,055	20,027
Default risk	3,525	4,329
Non-life risk	39,389	46,190
Basic SCR before diversification	**59,969**	**70,546**
Diversification Benefits	(11,394)	(13,457)
Basic SCR	**48,575**	**57,089**
Operational risk	4,062	4,783
SCR	**52,637**	**61,872**
MCR	**13,159**	**15,468**

Market risk, counterparty default risk, non-life premium and reserve risk and operational risk all contribute to the SCR, although the main drivers of the SCR are the market risk and non-life premium and reserve risk. These modules are discussed in more detail in Section C.

E.3 Use of the duration-based equity risk sub-module in the calculation of the SCR

The Company has not used the duration-based equity risk sub-module in the calculation of the SCR.

E.4 Internal model

The Company calculates the SCR using the standard formula. No internal or partial internal model is used in the calculation of the SCR.

E.5 Non-compliance with the MCR and significant non-compliance with the SCR

There has not been any non-compliance with the SCR or the MCR over the financial year nor is there expected to be any non-compliance with the SCR and MCR in the business planning period.

E.6 Any other information

Not applicable.

Appendix 3: Catalina London Ltd solo SFCR sections

Executive Summary

Catalina London Limited has been in run-off since 2005. Its principal activities are therefore the efficient and proper run-off of its claims portfolio, the management of its cash and investments, and the timely collection of its reinsurance assets and other debts. The Part VII transfer in November 2017 of the KX Re and OX Re business into Catalina London Limited is explained in the main body of the report.

The Group SFCR meets the regulatory requirement for public disclosure in respect of CWIL, AGF and CLL. As mentioned in the introduction in the main body of the report, CWIL, AGF and CLL are legal entities meeting all regulatory and governance requirements and their individual risk profile and capital requirements are monitored to ensure ongoing regulatory compliance. However, the Group does not manage each entity as an individual business and does not set individual business strategies. In light of this, it is important for the reader to understand that the focus of the Group SFCR is the activities of the Catalina UK Group as a whole.

A. Business and Performance

A.1 Business and external environment

A.1.1 Undertaking, financial supervisory authority and external auditor

Name of the undertaking:	Catalina London Limited
Address of its registered office:	1 Alie Street, London, E1 8DE, England
Legal status:	Private Limited Company
Company registration number:	01531718
Legal Entity Identifier (LEI):	5493009IUEXJFUIM2W86
Ultimate parent:	Catalina Holdings (Bermuda) Ltd.
Financial supervisory authority:	Prudential Regulation Authority : Bank of England, Threadneedle Street, London, EC2R 8AH, England

A simplified group structure chart is included in section A.1.1 of the main body of the report.

A.1.2 Material lines of business and geographical areas where the Company carries out business

CLL, formerly “Alea London Limited” (“ALL”), was purchased by CHBL in October 2009. CHBL is a specialist consolidator of non-life general insurance and reinsurance companies and portfolios in run-off. CHBL acquires and manages such portfolios in run-off with the purpose of achieving a competitive return on equity and consistent growth in net tangible assets. The Group is based in Bermuda and currently has other offices in the United Kingdom, the Republic of Ireland, the United States of America and Switzerland.

ALL was created following the acquisition of The Imperial Fire and Marine Re-Insurance Company by the Alea Group in July 2000. ALL wrote general insurance and reinsurance business from 2000 until 5th December 2005 when it announced its intention to place its operations into run- off. In May 2009, the Alea Group took the strategic decision to sell ALL and commenced a sales process in order to do so. Catalina emerged as the successful bidder.

On 30 November 2017, by way of a Part VII Transfer, the whole of the insurance business of KX Re and OX Re, both Catalina owned UK companies, was transferred to CLL.

KX Re was formerly a UK regulated subsidiary of CNA Financial Corporation, part of the Loews Corporation, and wrote direct and reinsurance business principally in the London Insurance Market between 1951 and 1992 when it was closed to new business. After ceasing to write new business in 1992, KX Re entered into a number of inwards transfer agreements. Under these agreements certain UK portfolios of fellow group UK subsidiaries were transferred to KX Re. The portfolios transferred cover a wide range of insurance and reinsurance risks including aviation, marine, personal lines (including motor, yacht, personal accident, etc.) and London Market amongst others. Following the Part VII transfer to CLL, KX Re was dissolved in September 2018.

OX Re was a member of a pool of reinsurers which reinsured property and casualty risks written by Community Re between 1979 and 1983. The vast majority of OX Re's reserves have been paid out via various Schemes of Arrangement and the book now consists of its membership of the Community Re pool which is 100% reinsured and very limited UK Employers' Liability exposures from the WFUM pool which were not subject to a Scheme of Arrangement. On behalf of CLL, the business is managed and administered by Hampden plc. Following the Part VII transfer to CLL, OX Re was dissolved in September 2018.

There were no significant changes to CLL during the reporting period.

A.2 Performance from underwriting activities

The table below shows the underwriting performance for the year end 31 December 2018, together with comparatives for the previous year.

	2018 **USD'000**	**2017** **USD'000**
Earned premiums, net of reinsurance	1,092	(625)
Claims incurred, net of reinsurance	(866)	1,391
Net operating expenses	(3,653)	(3,005)
Balance on the technical account	**(3,427)**	**(2,239)**
By class of business:		
Direct Insurance		
Property	913	(34)
Casualty	(4,491)	(1,081)
Reinsurance		
Casualty	(320)	(1,076)
Marine/Aviation	133	(49)
Property	338	1
Balance on the technical account	**(3,427)**	**(2,239)**

Commentary on the current year and prior year performance, can be found in section A.2 of the main body of the report.

A.3 Performance from investment activities

The table below shows the investment income performance for the year ended 31 December 2018, together with comparatives for the previous year.

	Net investment income **2018** **USD'000**	**Net investment expense** **2018** **USD'000**	**Net realised gains and losses** **2018** **USD'000**	**Changes in fair value** **2018** **USD'000**	**Net investment result** **2018** **USD'000**
Investments:					
- measured at FVTPL	1,471	(85)	(58)	(830)	498
- measured at cost	126	-	-	-	126
- derivatives	-	-	-	(421)	(421)
	1,597	**(85)**	**(58)**	**(1,251)**	**203**

	Net investment income	Net investment expense	Net realised gains and losses	Changes in fair value	Net investment result
	2017	2017	2017	2017	2017
	USD'000	USD'000	USD'000	USD'000	USD'000
Investments:					
- measured at FVTPL	1,016	(50)	154	388	1,508
- measured at cost	-	-	-	-	-
- derivatives	-	-	-	-	-
	1,016	**(50)**	**154**	**388**	**1,508**

Commentary on the current year and prior year performance, can be found in section A.2 of the main body of the report.

A.4 Other operating income and expenses

The table below details any other material operating income and expenses not shown in A.2 and A.3 above.

	2018	2017
	USD'000	USD'000
Foreign exchange gain	383	270

A.5 Any other disclosures

Not applicable.

B. System of Governance

The system of governance for CLL is identical to that of the Group and is described in Section B in the main body of the report

C. Risk Profile

Catalina London Limited's risks are managed in the same way as the risks of the Catalina UK Group, the details of which are included in section C of the main body of the report. The risk sensitivities of Catalina London Limited are detailed below.

C.1 Underwriting (Liability) Risk

Catalina London Limited's risks are managed in the same way as the risks of the Catalina UK Group, the details of which are included in section C of the main body of the report.

C.2 Market Risk

Catalina London Limited's sensitivities to interest rate, foreign exchange and other price risks are detailed below.

Interest rate risk	Pre-tax profit		Shareholder's equity	
	2018	2017	2018	2017
	USD'000	USD'000	USD'000	USD'000
1% increase	(1,144)	(1,724)	(1,144)	(1,724)
1% decrease	1,144	1,724	1,144	1,724

Foreign exchange risk	Pre-tax profit 2018 USD'000	Pre-tax profit 2017 USD'000	Shareholders' equity 2018 USD'000	Shareholders' equity 2017 USD'000
USD / GBP				
10% increase in USD/GBP exchange rate	120	(242)	120	(242)
10% decrease in USD/GBP exchange rate	(120)	242	(120)	242
USD / EUR				
10% increase in USD/EUR exchange rate	(22)	45	(22)	45
10% decrease in USD/EUR exchange rate	22	(45)	22	(45)

Other price risk	Pre-tax profit 2018 USD'000	Pre-tax profit 2017 USD'000	Shareholders' equity 2018 USD'000	Shareholders' equity 2017 USD'000
1% increase				
Movement in fair value of share and other variable securities in unit trusts	61	26	61	26
Movement in fair value of debt securities and other fixed income securities	254	284	254	284
Movement in fair value of other financial investments	96	167	96	167
1% decrease				
Movement in fair value of share and other variable securities in unit trusts	(61)	(26)	(61)	(26)
Movement in fair value of debt securities and other fixed income securities	(254)	(284)	(254)	(284)
Movement in fair value of other financial investments	(96)	(167)	(96)	(167)

C.3 Credit Risk

Catalina London Limited’s risks are managed in the same way as the risks of the Catalina UK Group, the details of which are included in section C of the main body of the report.

The split of assets by credit rating is detailed in the table below.

	2018 USD'000	2017 USD'000
By class of asset:		
Financial investments	6,127	2,627
Debt securities and other fixed income securities	25,377	28,418
Other Financial Investments	9,629	16,688
Assets arising from reinsurance contracts held	44,772	53,597
Assets arising from insurance contracts held	884	999
Cash and cash equivalents	23,620	22,836
Other assets	897	3,375
Total assets bearing credit risk	**111,306**	**128,540**
By credit rating:		
AAA	26,222	7,961
AA	14,255	21,798
A	17,827	44,749
BBB	13,917	11,450
Below BBB or not rated	39,085	42,582
Total assets bearing credit risk	**111,306**	**128,540**
Financial assets past due or impaired		
Neither past due nor impaired	13,971	16,648
Past due more than 90 days	2,032	2,732
Total financial assets past due or impaired	**16,003**	**19,380**

The total allowance for the impairment of debtors arising out of direct insurance and reinsurance operations at 31 December 2018 is USD$10.9 million (2017:USD$10.6 million).

C.4 Liquidity Risk

Catalina London Limited's risks are managed in the same way as the risks of the Catalina UK Group, the details of which are included in section C of the main body of the report

The following table shows details of the expected maturity profile of the Group's undiscounted obligations with respect to its financial liabilities and estimated cash flows of recognised insurance liabilities.

2018	**Less than 1 year $'000**	**1 – 5 years $'000**	**5+ years $'000**	**Total $'000**
Financial liabilities and claims outstanding				
Claims outstanding	7,458	20,792	30,932	59,182
Creditors arising out of reinsurance operations	6,308	-	-	6,308
Other creditors including taxation and social security	194	-	-	194
Accruals and deferred income	202	-	-	202
	14,162	20,792	30,932	65,886
2017				
Financial liabilities and claims outstanding				
Claims outstanding	10,904	28,749	35,639	75,292
Creditors arising out of reinsurance operations	4,684	-	-	4,684
Other creditors including taxation and social security	4	-	-	4
Accruals and deferred income	214	-	-	214
	15,806	28,749	35,639	80,194

C.5 Operational Risk

Catalina London Limited's risks are managed in the same way as the risks of the Catalina UK Group, the details of which are included in section C of the main body of the report

C.6 Other Material Risks

Catalina London Limited's risks are managed in the same way as the risks of the Catalina UK Group, the details of which are included in section C of the main body of the report

D. Valuation for Solvency Purposes

D.1 Assets

Assets have been recognised in line with the requirements of Solvency II valuation regulations, the basis of which is the amount for which they could be exchanged between knowledgeable willing parties in an arm's length transaction.

Solvency II Classification	Solvency II Value 2018 USD'000	Reclassified UK GAAP 2018 USD'000	Valuation Differences 2018 USD'000	Financial Statements Value 2018 USD'000
Equities Listed	1,530	770	-	2,300
Equities Unlisted	3,827	-	-	3,827
Government Bonds	2,973	(23)	-	2,950
Corporate Bonds	22,561	(893)	-	21,668
Collateralised Securities	762	(3)	-	759
Collective Investment Undertakings	9,612	-	-	9,612
Derivatives	17	-	-	17
Deposits Other than Cash Equivalents	14,070	8,081	-	22,151
Reinsurance Recoverable from Non Life	28,459	-	1,194	29,653
Deposits to Cedants	991	-	-	991
Insurance and intermediaries receivables	884	-	-	884
Reinsurance Receivables	13,802	-	1,317	15,119
Cash and Cash Equivalents	8,538	(8,084)	24	478
Other Assets	907	152	(162)	897
Total Assets	**108,932**	-	**2,373**	**111,306**
	2017 USD'000	**2017 USD'000**	**2017 USD'000**	**2017 USD'000**
Equities Listed	1,779	848		2,627
Government Bonds	6,699	(14)		6,685
Corporate Bonds	21,756	(991)		20,765
Collateralised Securities	969	(1)		968
Collective Investment Undertakings	10,036	-	-	10,036
Loans and mortgages	6,786	(134)	-	6,652
Deposits Other than Cash Equivalents	15,520	5,353	-	20,873
Reinsurance Recoverable from Non Life	34,671	-	545	35,216
Deposits to Cedants	1,204	-	-	1,204
Insurance and intermediaries receivables	999	-	-	999
Reinsurance Receivables	16,695	-	1,686	18,381
Cash and Cash Equivalents	6,118	(5,359)	-	759
Other Assets	2,928	300	147	3,375
Total Assets	**126,162**	-	**2,378**	**128,540**

The bases, methods and assumptions used to value the above assets are consistent across the Catalina UK Group, and are detailed in Section D of the main body of the report. Similarly, any difference between the company's Financial Statement and Solvency II valuations are consistent across the Catalina UK Group, and are also detailed in Section D of the main body of the report.

D.2 Technical provisions

The following table quantifies the total gross technical provisions on a Solvency II basis at 31 December 2018. The lines of business can represent direct, proportional reinsurance or non-proportional reinsurance liabilities.

2018	**Gross Best Estimate 2018 USD'000**	**Risk Margin 2018 USD'000**	**Total Solvency II Gross Provisions Value 2018 USD'000**	**Total Financial Statements Value 2018 USD'000**
By material line of business:				
Liability	48,748	5,577	54,325	51,005
Motor	19	2	21	20
Property	2,156	247	2,403	2,256
Marine, Aviation and Transport	3,698	423	4,121	3,869
Workers Compensation	1,524	174	1,698	1,594
Other	418	48	466	438
	56,563	**6,471**	**63,034**	**59,182**
2017	**2017 USD'000**	**2017 USD'000**	**2017 USD'000**	**2017 USD'000**
By material line of business:				
Liability	56,232	4,878	61,110	59,665
Motor	353	31	384	378
Property	3,014	262	3,276	3,229
Marine, Aviation and Transport	9,203	798	10,001	9,861
Workers Compensation	1,603	139	1,742	1,718
Other	412	36	448	441
	70,817	**6,144**	**76,961**	**75,292**

The bases, methods and assumptions used to value the above technical provisions are consistent across the Catalina UK Group, and are detailed in Section D of the main body of the report.

The Company has adopted a deterministic approach to estimating Best Estimate Liabilities by making the following adjustments to the GAAP reserves in the Company's Financial Statements:

Solvency II Liability Adjustments Increase /(decrease)	**2018 USD'000**	**2017 USD'000**
Event Not In Data (ENID) included in Solvency II Balance Sheet	1,507	1,587
Expense Provision increase included in Solvency II Balance Sheet	3,778	3,054
Discounting at the Risk Free Rate	(7,904)	(9,116)
Risk Margin	6,471	6,144
Total Solvency II Liability Adjustments	**3,852**	**1,669**

The differences between the company Financial Statements and Solvency II valuations are consistent across the Catalina UK Group, and are detailed in Section D of the main body of the report.

D.3 Other liabilities

The table below shows for Catalina London Limited the value of each material class of Solvency II liabilities other than Technical Provisions.

Solvency II Classification	**Solvency II Value 2018 USD'000**	**Valuation Differences 2018 USD'000**	**Reclassification Differences 2018 USD'000**	**Statutory Accounts Value 2018 USD'000**
Creditors arising out of reinsurance operations	5,751	557	-	6,308
Payables (trade, not insurance)	396	-	-	396
Total Other Liabilities	**6,147**	**557**	**-**	**6,704**
	2017 USD'000	**2017 USD'000**	**2017 USD'000**	**2017 USD'000**
Creditors arising out of reinsurance operations	4,684	-	-	4,684
Payables (trade, not insurance)	218	-	-	218
Total Other Liabilities	**4,902**	-	-	**4,902**

The bases, methods and assumptions used to value the above liabilities are consistent across the Catalina UK Group, and are detailed in Section D of the main body of the report.

D.4 Alternative methods for valuation

No other alternative methods for valuation are used.

D.5 Any other information

Not applicable.

E. Capital Management

The objectives, policies and processes used to manage capital are consistent across the Catalina UK Group, and are detailed in Section E of the main body of the report.

E.1 Own Funds

Own funds represent Ordinary Share Capital and Reconciliation Reserve. The explanation for their categorisation as Tier 1 is included in section E.1 of the main body of the report.

	Tier 1 2018 USD'000	**Tier 2 2018 USD'000**	**Tier 3 2018 USD'000**	**Total 2018 USD'000**
Basic Own Funds				
Ordinary Share Capital	1,000	-	-	1,000
Reconciliation Reserve	38,752	-	-	38,752
Total basic Own Funds	**39,752**	**-**	**-**	**39,752**
	2017 USD'000	**2017 USD'000**	**2017 USD'000**	**2017 USD'000**
Basic Own Funds				
Ordinary Share Capital	1,000	-	-	1,000
Reconciliation Reserve	43,298	-	-	43,298
Total basic Own Funds	**44,298**	**-**	**-**	**44,298**

The following shows the movement in Own Funds:

	2018 USD'000	2017 USD'000
Opening own funds	**44,298**	**19,766**
Movement Statutory Account Retained Deficit	(2,926)	67
Movement Statutory Account Capital Reserve	-	25,390
Movement Solvency II Asset Valuation differences – refer Section D.1 Assets	5	(424)
Movement Solvency II Liability Valuation differences – refer Section D.2 Technical Provisions	(2,182)	(501)
Movement Solvency II Liability Valuation differences – refer Section D.3 Other Liabilities	557	-
Closing Own Funds	**39,752**	**44,298**

Within Own Funds, the Reconciliation Reserve represents the retained earnings and capital reserve as reported in the Company Financial Statements less differences in valuations between Solvency II and Company Financial Statements valuations for assets and liabilities. The components of the Reconciliation Reserve at 31 December are:

Reconciliation Reserve Components	2018 USD'000	2017 USD'000	Movement USD'000
Financial Statements Capital Reserve	51,643	51,643	-
Financial Statements Retained Deficit	(7,223)	(4,297)	(2,926)
Solvency II Asset Valuation differences – refer Section D.1 Assets	(2,373)	(2,378)	5
Solvency II Liability Valuation differences – refer Sections D.2 Technical Provisions	(3,852)	(1,670)	(2,182)
Solvency II Liability Valuation differences – refer Sections D.3 Other Liabilities	557	-	557
Total Reconciliation Reserve	**38,752**	**43,298**	**(4,546)**

The eligibility of tiered Capital to cover the SCR and Minimum Capital requirement (“MCR”) depends on the tiering levels of the Company’s Own Funds. The Company’s Own Funds are all Tier 1 and comply with the Solvency II Regulations that:

- Eligible tier 1 items shall be at least 50% of the SCR; and
- Eligible tier 1 items shall be at least 80% of the MCR

Available and eligible own funds	Tier 1 2018 USD'000	Tier 2 2018 USD'000	Tier 3 2018 USD'000	Total 2018 USD'000
Total available own funds to meet the SCR	39,752	-	-	39,752
Total available own funds to meet the MCR	39,752	-	-	39,752
Total eligible own funds to meet the SCR	39,752	-	-	39,752
Total eligible own funds to meet the MCR	39,752	-	-	39,752
SCR				**19,561**
MCR				**4,890**
Ratio of Eligible own funds to SCR				**203%**
Ratio of Eligible own funds to MCR				**813%**

Available and eligible own funds	Tier 1 2017 USD'000	Tier 2 2017 USD'000	Tier 3 2017 USD'000	Total 2017 USD'000
Total available own funds to meet the SCR	44,298	-	-	44,298
Total available own funds to meet the MCR	44,298	-	-	44,298
Total eligible own funds to meet the SCR	44,298	-	-	44,298
Total eligible own funds to meet the MCR	44,298	-	-	44,298
SCR				**18,338**
MCR				**5,237**
Ratio of Eligible own funds to SCR				**242%**
Ratio of Eligible own funds to MCR				**846%**

E.2 Solvency Capital Requirement and Minimum Capital Requirement

CLL, in line with the Catalina UK Group, currently uses the Standard Formula to calculate its Solvency Capital Requirement (“SCR”).

	2018 USD'000	2017 USD'000
By risk module		
Market risk	4,735	4,021
Default risk	7,228	3,773
Non-life risk	11,475	12,879
Basic SCR before diversification	**23,438**	**20,673**
Diversification Benefits	(5,574)	(4,460)
Basic SCR	**17,864**	**16,213**
Operational risk	1,697	2,125
SCR	**19,561**	**18,338**
MCR	**4,890**	**5,237**

Market risk, counterparty default risk, non-life premium and reserve risk and operational risk all contribute to the SCR, although the main drivers of the SCR are the market risk and non-life premium and reserve risk. These modules are discussed in more detail in Section C.

E.3 Use of the duration-based equity risk sub-module in the calculation of the SCR

The Company has not used the duration-based equity risk sub-module in the calculation of the SCR.

E.4 Internal model

The Company calculates the SCR using the standard formula. No internal or partial internal model is used in the calculation of the SCR.

E.5 Non-compliance with the MCR and significant non-compliance with the SCR

There has not been any non-compliance with the SCR or the MCR over the financial year nor is there expected to be any non-compliance with the SCR and MCR in the business planning period.

E.6 Any other information

Not applicable.

Appendix 4: Reporting templates

The quantitative reporting templates which form part of the Annual Regulatory Templates listed below are required to be published alongside the SFCR.

Catalina Holdings UK Limited	
S.02.01.02	Balance Sheet Information
S.05.01.02	Information on Premiums, Claims and Expenses, applying the valuation and recognition principles used in the company's financial statements.
S.23.01.22	Information on Own funds
S.25.01.22	Information on the SCR using the Standard Formula
S.32.01.22	Undertakings in the scope of the Group

Catalina Worthing Insurance Limited	
S.02.01.02	Balance Sheet Information
S.05.01.02	Information on Premiums, Claims and Expenses, applying the valuation and recognition principles used in the company's financial statements.
S.05.02.01	Information on Premiums, Claims and Expenses - by Country, applying the valuation and recognition principles used in the company's financial statements.
S.12.01.02	Life and Health SLT Technical Provisions
S.17.01.02	Information on non-life technical provisions by LOB
S.19.01.21	Information on non-life insurance claims by LOB in the format of development triangles.
S.23.01.01	Information on Own funds
S.25.01.21	Information on the SCR using the Standard Formula
S.28.01.01	Minimum Capital Requirement for the Entity

AGF Insurance Limited	
S.02.01.02	Balance Sheet Information
S.05.01.02	Information on Premiums, Claims and Expenses, applying the valuation and recognition principles used in the company's financial statements.
S.17.01.02	Information on non-life technical provisions by LOB
S.19.01.21	Information on non-life insurance claims by LOB in the format of development triangles.
S.23.01.01	Information on Own funds
S.25.01.21	Information on the SCR using the Standard Formula
S.28.01.01	Minimum Capital Requirement for the Entity

Catalina London Limited	
S.02.01.02	Balance Sheet Information
S.05.01.02	Information on Premiums, Claims and Expenses, applying the valuation and recognition principles used in the company's financial statements.
S.17.01.02	Information on non-life technical provisions by LOB
S.19.01.21	Information on non-life insurance claims by LOB in the format of development triangles.
S.23.01.01	Information on Own funds
S.25.01.21	Information on the SCR using the Standard Formula
S.28.01.01	Minimum Capital Requirement for the Entity

CATALINA HOLDINGS UK LIMITED

Annex I
S.02.01.02
Balance sheet

Assets		Solvency II value C0010
Intangible assets	R0030	
Deferred tax assets	R0040	
Pension benefit surplus	R0050	
Property, plant & equipment held for own use	R0060	262
Investments (other than assets held for index-linked and unit-linked contracts)	R0070	421,549
Property (other than for own use)	R0080	
Holdings in related undertakings, including participations	R0090	
Equities	R0100	33,362
Equities - listed	R0110	4,381
Equities - unlisted	R0120	28,982
Bonds	R0130	271,276
Government Bonds	R0140	89,525
Corporate Bonds	R0150	146,126
Structured notes	R0160	
Collateralised securities	R0170	35,626
Collective Investments Undertakings	R0180	46,754
Derivatives	R0190	155
Deposits other than cash equivalents	R0200	70,002
Other investments	R0210	
Assets held for index-linked and unit-linked contracts	R0220	
Loans and mortgages	R0230	98,170
Loans on policies	R0240	
Loans and mortgages to individuals	R0250	
Other loans and mortgages	R0260	98,170
Reinsurance recoverables from:	R0270	538,005
Non-life and health similar to non-life	R0280	521,603
Non-life excluding health	R0290	521,603
Health similar to non-life	R0300	
Life and health similar to life, excluding health and index-linked and unit-linked	R0310	16,402
Health similar to life	R0320	
Life excluding health and index-linked and unit-linked	R0330	16,402
Life index-linked and unit-linked	R0340	
Deposits to cedants	R0350	11,092
Insurance and intermediaries receivables	R0360	5,910
Reinsurance receivables	R0370	40,274
Receivables (trade, not insurance)	R0380	28,896
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	59,232
Any other assets, not elsewhere shown	R0420	2,122
Total assets	R0500	1,205,512

Liabilities		Solvency II value C0010
Technical provisions – non-life	R0510	783,814
Technical provisions – non-life (excluding health)	R0520	781,670
TP calculated as a whole	R0530	
Best Estimate	R0540	728,947
Risk margin	R0550	52,723
Technical provisions - health (similar to non-life)	R0560	2,143
TP calculated as a whole	R0570	
Best Estimate	R0580	1,923
Risk margin	R0590	220
Technical provisions - life (excluding index-linked and unit-linked)	R0600	16,920
Technical provisions - health (similar to life)	R0610	
TP calculated as a whole	R0620	
Best Estimate	R0630	
Risk margin	R0640	
Technical provisions – life (excluding health and index-linked and unit-linked)	R0650	16,920
TP calculated as a whole	R0660	
Best Estimate	R0670	16,402
Risk margin	R0680	518
Technical provisions – index-linked and unit-linked	R0690	
TP calculated as a whole	R0700	
Best Estimate	R0710	
Risk margin	R0720	
Contingent liabilities	R0740	
Provisions other than technical provisions	R0750	
Pension benefit obligations	R0760	
Deposits from reinsurers	R0770	108,176
Deferred tax liabilities	R0780	
Derivatives	R0790	573
Debts owed to credit institutions	R0800	107,159
Financial liabilities other than debts owed to credit institutions	R0810	
Insurance & intermediaries payables	R0820	443
Reinsurance payables	R0830	19,589
Payables (trade, not insurance)	R0840	758
Subordinated liabilities	R0850	
Subordinated liabilities not in BOF	R0860	
Subordinated liabilities in BOF	R0870	
Any other liabilities, not elsewhere shown	R0880	5,542
Total liabilities	R0900	1,042,973
Excess of assets over liabilities	R1000	162,539

CATALINA HOLDINGS UK LIMITED

Annex I

S.05.01.02_TABLE 1

Premiums, claims and expenses by line of business

		Line of Business for: **non-life insurance and reinsurance obligations (direct business and accepted proportional reinsurance)**					Line of business for: **accepted non-proportional reinsurance**				Total
		Workers' compensation insurance	Motor vehicle liability insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Health	Casualty	Marine, aviation, transport	Property	
		C0030	**C0040**	**C0060**	**C0070**	**C0080**	**C0130**	**C0140**	**C0150**	**C0160**	**C0200**
Premiums written											
Gross - Direct Business	**R0110**					1					1
Gross - Proportional reinsurance accepted	**R0120**			0							0
Gross - Non-proportional reinsurance accepted	**R0130**							186	27	-4	209
Reinsurers' share	**R0140**			-1,001		-3		83	28	12	-882
Net	**R0200**			1,001		5		103	-1	-16	1,092
Premiums earned											
Gross - Direct Business	**R0210**					1					1
Gross - Proportional reinsurance accepted	**R0220**			0							0
Gross - Non-proportional reinsurance accepted	**R0230**							186	27	-4	209
Reinsurers' share	**R0240**			-1,001		-3		83	28	12	-882
Net	**R0300**			1,001		5		103	-1	-16	1,092
Claims incurred											
Gross - Direct Business	**R0310**		126	-4,508	-1,167	13,685					8,137
Gross - Proportional reinsurance accepted	**R0320**	133	0	293	-9	501					919
Gross - Non-proportional reinsurance accepted	**R0330**						6	-512	-2,986	-1,928	-5,421
Reinsurers' share	**R0340**		0	129	-5,315	16,381		1,906	-2,777	-1,431	8,893
Net	**R0400**	133	127	-4,344	4,140	-2,195	6	-2,418	-210	-497	-5,257
Changes in other technical provisions											
Gross - Direct Business	**R0410**										
Gross - Proportional reinsurance accepted	**R0420**										
Gross - Non- proportional reinsurance accepted	**R0430**										
Reinsurers'share	**R0440**										
Net	**R0500**										
Expenses incurred	**R0550**		3	124	245	7,329		4,197	284	366	12,548
Other expenses	**R1200**										
Total expenses	**R1300**										12,548

CATALINA HOLDINGS UK LIMITED

Annex I

S.05.01.02_TABLE 2

Premiums, claims and expenses by line of business

		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	Health reinsurance	Life-reinsurance	
		C0210	**C0220**	**C0230**	**C0240**	**C0250**	**C0260**	**C0270**	**C0280**	**C0300**
Premiums written										
Gross	**R1410**									
Reinsurers' share	**R1420**									
Net	**R1500**									
Premiums earned										
Gross	**R1510**									
Reinsurers' share	**R1520**									
Net	**R1600**									
Claims incurred										
Gross	**R1610**						-215			-215
Reinsurers' share	**R1620**						-215			-215
Net	**R1700**									
Changes in other technical provisions										
Gross	**R1710**									
Reinsurers' share	**R1720**									
Net	**R1800**									
Expenses incurred	**R1900**						236			236
Other expenses	**R2500**									
Total expenses	**R2600**									236

CATALINA HOLDINGS UK LIMITED

Annex I
S.23.01.22
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						
Ordinary share capital (gross of own shares)	R0010	1,000	1,000			
Non-available called but not paid in ordinary share capital at group level	R0020					
Share premium account related to ordinary share capital	R0030					
Iinitial funds, members' contributions or the equivalent basic own - fund item for mutual and mutual-type undertakings	R0040					
Subordinated mutual member accounts	R0050					
Non-available subordinated mutual member accounts at group level	R0060					
Surplus funds	R0070					
Non-available surplus funds at group level	R0080					
Preference shares	R0090					
Non-available preference shares at group level	R0100					
Share premium account related to preference shares	R0110					
Non-available share premium account related to preference shares at group level	R0120					
Reconciliation reserve	R0130	161,539	161,539			
Subordinated liabilities	R0140					
Non-available subordinated liabilities at group level	R0150					
An amount equal to the value of net deferred tax assets	R0160					
The amount equal to the value of net deferred tax assets not available at the group level	R0170					
Other items approved by supervisory authority as basic own funds not specified above	R0180					
Non available own funds related to other own funds items approved by supervisory authority	R0190					
Minority interests (if not reported as part of a specific own fund item)	R0200					
Non-available minority interests at group level	R0210					
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 other financial undertakings, including non-regulated undertakings carrying out financial activities	R0230					
whereof deducted according to art 228 of the Directive 2009/138/EC	R0240					
Deductions for participations where there is non-availability of information (Article 229)	R0250					
Deduction for participations included by using D&A when a combination of methods is used	R0260					
Total of non-available own fund items	R0270					
Total deductions	R0280					
Total basic own funds after deductions	R0290	162,539	162,539			
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					
Letters of credit and guarantees other than under Article 96(2) of the Directive 2009/138/EC	R0350					
Letters of credit and guarantees under Article 96(2) of the Directive 2009/138/EC	R0340					
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					
Non available ancillary own funds at group level	R0380					
Other ancillary own funds	R0390					
Total ancillary own funds	R0400					
Own funds of other financial sectors						
Reconciliation reserve	R0410					
Institutions for occupational retirement provision	R0420					
Non regulated entities carrying out financial activities	R0430					
Total own funds of other financial sectors	R0440					
Own funds when using the D&A, exclusively or in combination of method 1						
Own funds aggregated when using the D&A and combination of method	R0450					
Own funds aggregated when using the D&A and a combination of method net of IGT	R0460					
Total available own funds to meet the consolidated group SCR (excluding own funds from other financial sector and from the undertakings included via D&A)	R0520	162,539	162,539			
Total available own funds to meet the minimum consolidated group SCR	R0530	162,539	162,539			
Total eligible own funds to meet the consolidated group SCR (excluding own funds from other financial sector and from the undertakings included via D&A)	R0560	162,539	162,539			
Total-eligible own funds to meet the minimum consolidated group SCR	R0570	162,539	162,539			
Minimum consolidated Group SCR	R0610	35,609				
Ratio of Eligible own funds to Minimum Consolidated Group SCR	R0650	456.45%				
Total eligible own funds to meet the group SCR (including own funds from other financial sector and from the undertakings included via D&A)	R0660	162,539	162,539			
Group SCR	R0680	139,093				
Ratio of Eligible own funds to group SCR including other financial sectors and the undertakings included via D&A	R0690	116.86%				

		C0060				
Reconciliation reserve						
Excess of assets over liabilities	R0700	162,539				
Own shares (included as assets on the balance sheet)	R0710					
Forseeable dividends, distributions and charges	R0720					
Other basic own fund items	R0730	1,000				
Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	R0740					
Other non available own funds	R0750					
Reconciliation reserve before deduction for participations in other financial sector	R0760	161,539				
Expected profits						
Expected profits included in future premiums (EPIFP) - Life business	R0770					
Expected profits included in future premiums (EPIFP) - Non- life business	R0780					
Total EPIFP	R0790					

CATALINA HOLDINGS UK LIMITED

Annex I

S.25.01.22

Solvency Capital Requirement - for groups on Standard Formula

		Gross solvency capital requirement	USP	Simplifications
		C0110	C0090	C0120
Market risk	R0010	61,822		
Counterparty default risk	R0020	26,950		
Life underwriting risk	R0030			
Health underwriting risk	R0040	568		
Non-life underwriting risk	R0050	66,748		
Diversification	R0060	-38,937		
Intangible asset risk	R0070			
Basic Solvency Capital Requirement	R0100	117,151		

Calculation of Solvency Capital Requirement		C0100
Operational risk	R0130	21,942
Loss-absorbing capacity of technical provisions	R0140	
Loss-absorbing capacity of deferred taxes	R0150	
Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC	R0160	
Solvency capital requirement excluding capital add-on	R0200	139,093
Capital add-on already set	R0210	
Solvency capital requirement	R0220	139,093
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	
Total amount of Notional Solvency Capital Requirements for ring fenced funds	R0420	
Total amount of Notional Solvency Capital Requirements for matching adjustment portfolios	R0430	
Diversification effects due to RFF nSCR aggregation for article 304	R0440	
Minimum consolidated group solvency capital requirement	R0470	35,609
Information on other entities		
Capital requirement for other financial sectors (Non-insurance capital requirements)	R0500	
Capital requirement for other financial sectors (Non-insurance capital requirements) - Credit institutions, investment firms and financial institutions, alternative investment funds managers, UCITS management companies	R0510	
Capital requirement for other financial sectors (Non-insurance capital requirements) - Institutions for occupational retirement provisions	R0520	
Capital requirement for other financial sectors (Non-insurance capital requirements) - Capital requirement for non-regulated entities carrying out financial activities	R0530	
Capital requirement for non-controlled participation requirements	R0540	
Capital requirement for residual undertakings	R0550	
Overall SCR		
SCR for undertakings included via D and A	R0560	
Solvency capital requirement	R0570	139,093

CATALINA HOLDINGS UK LIMITED

Annex I
S.32.01.22
Undertakings in the scope of the group

								Criteria of influence						Inclusion in the scope of group supervision		Group solvency calculation
Country	Identification code of the undertaking	Type of code of the ID of the undertaking	Legal name of the undertaking	Type of undertaking	Legal form	Category (mutual/non mutual)	Supervisory Authority	% capital share	% used for the establishment of consolidated accounts	% voting rights	Other criteria	Level of influence	Proportional share used for group solvency calculation	YES/NO	Date of decision if art. 214 is applied	Method used and under method 1, treatment of the undertaking
C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0180	C0190	C0200	C0210	C0220	C0230	C0240	C0250	C0260
GB	213800RACEL2PXX1QU17	LEI	AGF Insurance Company Limited	2	Limited	2	Prudential Regulation Authority	100.00%	100	100.00%		1	100.00%	1		1
GB	549300H9ZV454BK2FJ76	LEI	Catalina London Limited	3	Limited	2	Prudential Regulation Authority	100.00%	100	100.00%		1	100.00%	1		1
GB	398628	SC	Catalina Services UK Limited	10	Limited	2		100.00%	100	100.00%		1		1		1
GB	213800JEV93JTFJ41Q27	LEI	Catalina Worthing Insurance Limited	3	Limited	2	Prudential Regulation Authority	100.00%	100	100.00%		1	100.00%	1		1
GB	3625107	SC	Downlands Liability Management Limited	10	Limited	2		100.00%	100	100.00%		1		1		1
GB	549300TGWLOTZ6EKVQ66	LEI	Catalina Holdings UK Limited	5	Limited	2	Prudential Regulation Authority	100.00%	100	100.00%		1		1		1

CATALINA WORTHING INSURANCE LIMITED

Annex I
S.02.01.02
Balance sheet

Assets		**Solvency II value** **C0010**
Intangible assets	**R0030**	
Deferred tax assets	**R0040**	
Pension benefit surplus	**R0050**	
Property, plant & equipment held for own use	**R0060**	
Investments (other than assets held for index-linked and unit-linked contracts)	**R0070**	134,600
Property (other than for own use)	**R0080**	
Holdings in related undertakings, including participations	**R0090**	
Equities	**R0100**	14,575
Equities - listed	**R0110**	2,235
Equities - unlisted	**R0120**	12,340
Bonds	**R0130**	71,324
Government Bonds	**R0140**	37,701
Corporate Bonds	**R0150**	15,726
Structured notes	**R0160**	
Collateralised securities	**R0170**	17,897
Collective Investments Undertakings	**R0180**	4,849
Derivatives	**R0190**	8
Deposits other than cash equivalents	**R0200**	43,844
Other investments	**R0210**	
Assets held for index-linked and unit-linked contracts	**R0220**	
Loans and mortgages	**R0230**	25,033
Loans on policies	**R0240**	
Loans and mortgages to individuals	**R0250**	
Other loans and mortgages	**R0260**	25,033
Reinsurance recoverables from:	**R0270**	385,957
Non-life and health similar to non-life	**R0280**	373,100
Non-life excluding health	**R0290**	373,100
Health similar to non-life	**R0300**	
Life and health similar to life, excluding health and index-linked and unit-linked	**R0310**	12,857
Health similar to life	**R0320**	
Life excluding health and index-linked and unit-linked	**R0330**	12,857
Life index-linked and unit-linked	**R0340**	
Deposits to cedants	**R0350**	7,918
Insurance and intermediaries receivables	**R0360**	3,567
Reinsurance receivables	**R0370**	20,346
Receivables (trade, not insurance)	**R0380**	23,570
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**	3,007
Any other assets, not elsewhere shown	**R0420**	
Total assets	**R0500**	603,997

Liabilities		**Solvency II value** **C0010**
Technical provisions – non-life	**R0510**	408,244
Technical provisions – non-life (excluding health)	**R0520**	408,244
TP calculated as a whole	**R0530**	
Best Estimate	**R0540**	395,751
Risk margin	**R0550**	12,493
Technical provisions - health (similar to non-life)	**R0560**	
TP calculated as a whole	**R0570**	
Best Estimate	**R0580**	
Risk margin	**R0590**	
Technical provisions - life (excluding index-linked and unit-linked)	**R0600**	13,263
Technical provisions - health (similar to life)	**R0610**	
TP calculated as a whole	**R0620**	
Best Estimate	**R0630**	
Risk margin	**R0640**	
Technical provisions – life (excluding health and index-linked and unit-linked)	**R0650**	13,263
TP calculated as a whole	**R0660**	
Best Estimate	**R0670**	12,857
Risk margin	**R0680**	406
Technical provisions – index-linked and unit-linked	**R0690**	
TP calculated as a whole	**R0700**	
Best Estimate	**R0710**	
Risk margin	**R0720**	
Contingent liabilities	**R0740**	
Provisions other than technical provisions	**R0750**	200
Pension benefit obligations	**R0760**	
Deposits from reinsurers	**R0770**	84,797
Deferred tax liabilities	**R0780**	
Derivatives	**R0790**	90
Debts owed to credit institutions	**R0800**	
Financial liabilities other than debts owed to credit institutions	**R0810**	
Insurance & intermediaries payables	**R0820**	
Reinsurance payables	**R0830**	11,630
Payables (trade, not insurance)	**R0840**	512
Subordinated liabilities	**R0850**	
Subordinated liabilities not in BOF	**R0860**	
Subordinated liabilities in BOF	**R0870**	
Any other liabilities, not elsewhere shown	**R0880**	228
Total liabilities	**R0900**	518,965
Excess of assets over liabilities	**R1000**	85,032

CATALINA WORTHING INSURANCE LIMITED

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

		Line of Business for: **non-life insurance and reinsurance obligations (direct business and accepted proportional reinsurance)**			Line of business for: **accepted non-proportional reinsurance**			Total
		Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Casualty	Marine, aviation, transport	Property	
		C0060	**C0070**	**C0080**	**C0140**	**C0150**	**C0160**	**C0200**
Premiums written								
Gross - Direct Business	**R0110**							
Gross - Proportional reinsurance accepted	**R0120**	0						0
Gross - Non-proportional reinsurance accepted	**R0130**				62	21	9	92
Reinsurers' share	**R0140**	0			62	21	9	93
Net	**R0200**							
Premiums earned								
Gross - Direct Business	**R0210**							
Gross - Proportional reinsurance accepted	**R0220**	0						0
Gross - Non-proportional reinsurance accepted	**R0230**				62	21	9	92
Reinsurers' share	**R0240**	0			62	21	9	93
Net	**R0300**							
Claims incurred								
Gross - Direct Business	**R0310**	94	-648	12,871				12,317
Gross - Proportional reinsurance accepted	**R0320**							
Gross - Non-proportional reinsurance accepted	**R0330**				1,739	-1,880	-1,082	-1,223
Reinsurers' share	**R0340**	94	-648	12,871	1,739	-1,880	-1,082	11,094
Net	**R0400**							
Changes in other technical provisions								
Gross - Direct Business	**R0410**							
Gross - Proportional reinsurance accepted	**R0420**							
Gross - Non- proportional reinsurance accepted	**R0430**							
Reinsurers'share	**R0440**							
Net	**R0500**							
Expenses incurred	**R0550**	20	135	2,679	224	242	139	3,438
Other expenses	**R1200**							
Total expenses	**R1300**							3,438

CATALINA WORTHING INSURANCE LIMITED

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

		Line of Business for: **life insurance obligations**	Total
		Annuities stemming from non-life insurance contracts and relating to insurance obligations other	
		C0260	**C0300**
Premiums written			
Gross	**R1410**		
Reinsurers' share	**R1420**		
Net	**R1500**		
Premiums earned			
Gross	**R1510**		
Reinsurers' share	**R1520**		
Net	**R1600**		
Claims incurred			
Gross	**R1610**	-162	-162
Reinsurers' share	**R1620**	-162	-162
Net	**R1700**		
Changes in other technical provisions			
Gross	**R1710**		
Reinsurers' share	**R1720**		
Net	**R1800**		
Expenses incurred	**R1900**	177	177
Other expenses	**R2500**		
Total expenses	**R2600**		177

CATALINA WORTHING INSURANCE LIMITED

Annex I
S.12.01.02
Life and Health SLT Technical Provisions

		Insurance with profit participation	Index-linked and unit-linked insurance			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)**	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		Contracts without options and guarantees	Contracts with options or guarantees					Contracts without options and guarantees	Contracts with options or guarantees			
		C0020	**C0030**	**C0040**	**C0050**	**C0060**	**C0070**	**C0080**	**C0090**	**C0100**	**C0150**	**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 as a whole	**R0020**																
Technical provisions calculated as a sum of BE and RM																	
Best Estimate																	
Gross Best Estimate	**R0030**								12,857		12,857						
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	**R0080**								12,857		12,857						
Best estimate minus recoverables from reinsurance/SPV and Finite Re - total	**R0090**								0		0						
Risk Margin	**R0100**								406		406						
Amount of the transitional on Technical Provisions																	
Technical Provisions calculated as a whole	**R0110**																
Best estimate	**R0120**																
Risk margin	**R0130**																
Technical provisions - total	**R0200**								13,263		13,263						

Annex I
S.17.01.02
Non-life Technical Provisions

		Direct business and accepted proportional reinsurance				Accepted non-proportional reinsurance			Total Non-Life obligation
		Motor vehicle liability insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Non-proportional casualty reinsurance	Non-proportional marine, aviation and transport reinsurance	Non-proportional property reinsurance	
		C0050	**C0070**	**C0080**	**C0090**	**C0150**	**C0160**	**C0170**	**C0180**
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 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**	8,727	28,936	964	234,783	112,811	1,957	7,573	395,751
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	**R0240**	8,727	28,936	964	212,132	112,811	1,957	7,573	373,100
Net Best Estimate of Claims Provisions	**R0250**				22,651				22,651
Total Best estimate - gross	**R0260**	8,727	28,936	964	234,783	112,811	1,957	7,573	395,751
Total Best estimate - net	**R0270**				22,651				22,651
Risk margin	**R0280**	292	969	32	7,103	3,778	66	254	12,493
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**	9,019	29,904	996	241,886	116,589	2,022	7,827	408,244
Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total	**R0330**	8,727	28,936	964	212,132	112,811	1,957	7,573	373,100
Technical provisions minus recoverables from reinsurance/SPV and Finite Re - total	**R0340**	292	969	32	29,754	3,778	66	254	35,144

CATALINA WORTHING INSURANCE LIMITED

Annex I
S.19.01.21
Non-life Insurance Claims Information

Total Non-Life Business

Accident year / Underwriting year	Z0020	Underwriting year [UWY]

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

	Year		1	2	3	4	5	6	7	8	9	10 & +		In Current year	Sum of years (cumulative)
		C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110		C0170	C0180
Prior	R0100											52,023	R0100	52,023	52,023
2009	R0160			10	3					19			R0160		31
2010	R0170				9			1	0				R0170		10
2011	R0180							4,552					R0180		4,552
2012	R0190												R0190		
2013	R0200												R0200		
2014	R0210												R0210		
2015	R0220												R0220		
2016	R0230												R0230		
2017	R0240												R0240		
2018	R0250												R0250		
												Total	R0260	52,023	56,616

Gross undiscounted Best Estimate Claims Provisions
(absolute amount)

	Year		1	2	3	4	5	6	7	8	9	10 & +		Year end (discounted data)
		C0200	C0210	C0220	C0230	C0240	C0250	C0260	C0270	C0280	C0290	C0300		C0360
Prior	R0100											467,155	R0100	395,751
2009	R0160								7,318	11,138			R0160	
2010	R0170							3,341	385				R0170	
2011	R0180						1,457	7,002					R0180	
2012	R0190					5,687	3,398						R0190	
2013	R0200												R0200	
2014	R0210												R0210	
2015	R0220												R0220	
2016	R0230												R0230	
2017	R0240												R0240	
2018	R0250												R0250	
												Total	R0260	395,751

CATALINA WORTHING INSURANCE LIMITED

Annex I

S.23.01.01

Own funds

		Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
		C0010	C0020	C0030	C0040	C0050
Basic own funds before deduction for participations in other financial sector as foreseen in article 68 of Delegated Regulation (EU) 2015/35						
Ordinary share capital (gross of own shares)	R0010	158,000	158,000			
Share premium account related to ordinary share capital	R0030					
Iinitial 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	-72,968	-72,968			
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	85,032	85,032			
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	85,032	85,032			
Total available own funds to meet the MCR	R0510	85,032	85,032			
Total eligible own funds to meet the SCR	R0540	85,032	85,032			
Total eligible own funds to meet the MCR	R0550	85,032	85,032			
SCR	R0580	43,684				
MCR	R0600	10,921				
Ratio of Eligible own funds to SCR	R0620	194.65%				
Ratio of Eligible own funds to MCR	R0640	778.60%				

		C0060
Reconciliation reserve		
Excess of assets over liabilities	R0700	85,032
Own shares (held directly and indirectly)	R0710	
Foreseeable dividends, distributions and charges	R0720	
Other basic own fund items	R0730	158,000
Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	R0740	
Reconciliation reserve	R0760	-72,968
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	

CATALINA WORTHING INSURANCE LIMITED

Annex I

S.25.01.21

Solvency Capital Requirement - for undertakings on Standard Formula

		Gross solvency capital requirement	USP	Simplifications
		C0110	C0090	C0120
Market risk	R0010	22,465		
Counterparty default risk	R0020	14,565		
Life underwriting risk	R0030	1		
Health underwriting risk	R0040			
Non-life underwriting risk	R0050	7,475		
Diversification	R0060	-10,903		
Intangible asset risk	R0070			
Basic Solvency Capital Requirement	R0100	33,603		

Calculation of Solvency Capital Requirement		C0100
Operational risk	R0130	10,081
Loss-absorbing capacity of technical provisions	R0140	
Loss-absorbing capacity of deferred taxes	R0150	
Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC	R0160	
Solvency capital requirement excluding capital add-on	R0200	43,684
Capital add-on already set	R0210	
Solvency capital requirement	R0220	43,684
Other information on SCR		
Capital requirement for duration-based equity risk sub-module	R0400	
Total amount of Notional Solvency Capital Requirement for remaining part	R0410	
Total amount of Notional Solvency Capital Requirements for ring fenced funds	R0420	
Total amount of Notional Solvency Capital Requirement for matching adjustment portfolios	R0430	
Diversification effects due to RFF nSCR aggregation for article 304	R0440	

CATALINA WORTHING INSURANCE LIMITED

Annex I

S.28.01.01

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

Linear formula component for non-life insurance and reinsurance obligations

		C0010
MCR_{NL} Result	R0010	2,333

		Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance) written premiums in the last 12 months
		C0020	C0030
General liability insurance and proportional reinsurance	R0090	22,651	

Linear formula component for life insurance and reinsurance obligations

		C0040
MCR_L Result	R0200	

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

Overall MCR calculation

		C0070
Linear MCR	R0300	2,333
SCR	R0310	43,684
MCR cap	R0320	19,658
MCR floor	R0330	10,921
Combined MCR	R0340	10,921
Absolute floor of the MCR	R0350	3,288

		C0070
Minimum Capital Requirement	R0400	10,921

AGF INSURANCE LIMITED

Annex I
S.02.01.02
Balance sheet

		Solvency II value
Assets		**C0010**
Intangible assets	**R0030**	
Deferred tax assets	**R0040**	
Pension benefit surplus	**R0050**	
Property, plant & equipment held for own use	**R0060**	
Investments (other than assets held for index-linked and unit-linked contracts)	**R0070**	152,456
Property (other than for own use)	**R0080**	
Holdings in related undertakings, including participations	**R0090**	
Equities	**R0100**	7,378
Equities - listed	**R0110**	
Equities - unlisted	**R0120**	7,378
Bonds	**R0130**	120,713
Government Bonds	**R0140**	30,146
Corporate Bonds	**R0150**	81,135
Structured notes	**R0160**	
Collateralised securities	**R0170**	9,432
Collective Investments Undertakings	**R0180**	19,331
Derivatives	**R0190**	100
Deposits other than cash equivalents	**R0200**	
Other investments	**R0210**	4,934
Assets held for index-linked and unit-linked contracts	**R0220**	
Loans and mortgages	**R0230**	51,921
Loans on policies	**R0240**	
Loans and mortgages to individuals	**R0250**	
Other loans and mortgages	**R0260**	51,921
Reinsurance recoverables from:	**R0270**	16,027
Non-life and health similar to non-life	**R0280**	16,027
Non-life excluding health	**R0290**	16,027
Health similar to non-life	**R0300**	
Life and health similar to life, excluding health and index-linked and unit-linked	**R0310**	
Health similar to life	**R0320**	
Life excluding health and index-linked and unit-linked	**R0330**	
Life index-linked and unit-linked	**R0340**	
Deposits to cedants	**R0350**	
Insurance and intermediaries receivables	**R0360**	372
Reinsurance receivables	**R0370**	1,188
Receivables (trade, not insurance)	**R0380**	
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**	30,919
Any other assets, not elsewhere shown	**R0420**	785
Total assets	**R0500**	253,669

		Solvency II value
Liabilities		**C0010**
Technical provisions – non-life	**R0510**	159,322
Technical provisions – non-life (excluding health)	**R0520**	159,322
TP calculated as a whole	**R0530**	
Best Estimate	**R0540**	135,386
Risk margin	**R0550**	23,935
Technical provisions - health (similar to non-life)	**R0560**	
TP calculated as a whole	**R0570**	
Best Estimate	**R0580**	
Risk margin	**R0590**	
Technical provisions - life (excluding index-linked and unit-linked)	**R0600**	
Technical provisions - health (similar to life)	**R0610**	
TP calculated as a whole	**R0620**	
Best Estimate	**R0630**	
Risk margin	**R0640**	
Technical provisions – life (excluding health and index-linked and unit-linked)	**R0650**	
TP calculated as a whole	**R0660**	
Best Estimate	**R0670**	
Risk margin	**R0680**	
Technical provisions – index-linked and unit-linked	**R0690**	
TP calculated as a whole	**R0700**	
Best Estimate	**R0710**	
Risk margin	**R0720**	
Contingent liabilities	**R0740**	
Provisions other than technical provisions	**R0750**	
Pension benefit obligations	**R0760**	
Deposits from reinsurers	**R0770**	
Deferred tax liabilities	**R0780**	
Derivatives	**R0790**	359
Debts owed to credit institutions	**R0800**	
Financial liabilities other than debts owed to credit institutions	**R0810**	
Insurance & intermediaries payables	**R0820**	347
Reinsurance payables	**R0830**	
Payables (trade, not insurance)	**R0840**	1,876
Subordinated liabilities	**R0850**	
Subordinated liabilities not in BOF	**R0860**	
Subordinated liabilities in BOF	**R0870**	
Any other liabilities, not elsewhere shown	**R0880**	
Total liabilities	**R0900**	161,903
Excess of assets over liabilities	**R1000**	91,766

AGF INSURANCE LIMITED

Annex I

S.05.01.02

Premiums, claims and expenses by line of business

		Line of Business for: **non-life insurance and reinsurance obligations (direct business and accepted proportional reinsurance)**	Total
		General liability insurance	
		C0080	**C0200**
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**		
Gross - Proportional reinsurance accepted	**R0220**		
Gross - Non-proportional reinsurance accepted	**R0230**		
Reinsurers' share	**R0240**		
Net	**R0300**		
Claims incurred			
Gross - Direct Business	**R0310**	-6,688	-6,688
Gross - Proportional reinsurance accepted	**R0320**		
Gross - Non-proportional reinsurance accepted	**R0330**		
Reinsurers' share	**R0340**	-600	-600
Net	**R0400**	-6,087	-6,087
Changes in other technical provisions			
Gross - Direct Business	**R0410**		
Gross - Proportional reinsurance accepted	**R0420**		
Gross - Non- proportional reinsurance accepted	**R0430**		
Reinsurers'share	**R0440**		
Net	**R0500**		
Expenses incurred	**R0550**	2,506	2,506

AGF INSURANCE LIMITED

Annex I
S.17.01.02
Non-life Technical Provisions

		Direct business and accepted proportional reinsurance	Total Non-Life obligation
		General liability insurance	
		C0090	C0180
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 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	135,386	135,386
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0240	16,027	16,027
Net Best Estimate of Claims Provisions	R0250	119,359	119,359
Total Best estimate - gross	R0260	135,386	135,386
Total Best estimate - net	R0270	119,359	119,359
Risk margin	R0280	23,935	23,935
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	159,322	159,322
Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total	R0330	16,027	16,027
Technical provisions minus recoverables from reinsurance/SPV and Finite Re - total	R0340	143,295	143,295

AGF INSURANCE LIMITED

Annex I
S.19.01.21
Non-life Insurance Claims Information

Total Non-Life Business

Accident year / Underwriting year	**Z0020**	Underwriting year [UWY]

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

	Year		**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10 & +**
		Development year										
		C0010	**C0020**	**C0030**	**C0040**	**C0050**	**C0060**	**C0070**	**C0080**	**C0090**	**C0100**	**C0110**
Prior	**R0100**											14,842
2009	**R0160**											
2010	**R0170**											
2011	**R0180**											
2012	**R0190**											
2013	**R0200**											
2014	**R0210**											
2015	**R0220**											
2016	**R0230**											
2017	**R0240**											
2018	**R0250**											

		In Current year	**Sum of years (cumulative)**
		C0170	**C0180**
	R0100	14,842	14,842
	R0160		
	R0170		
	R0180		
	R0190		
	R0200		
	R0210		
	R0220		
	R0230		
	R0240		
	R0250		
Total	**R0260**	14,842	14,842

Gross undiscounted Best Estimate Claims Provisions
(absolute amount)

	Year		**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10 & +**
		Development year										
		C0200	**C0210**	**C0220**	**C0230**	**C0240**	**C0250**	**C0260**	**C0270**	**C0280**	**C0290**	**C0300**
Prior	**R0100**											152,515
2009	**R0160**											
2010	**R0170**											
2011	**R0180**											
2012	**R0190**											
2013	**R0200**											
2014	**R0210**											
2015	**R0220**											
2016	**R0230**											
2017	**R0240**											
2018	**R0250**											

		Year end (discounted data)
		C0360
	R0100	135,386
	R0160	
	R0170	
	R0180	
	R0190	
	R0200	
	R0210	
	R0220	
	R0230	
	R0240	
	R0250	
Total	**R0260**	135,386

AGF INSURANCE LIMITED

Annex I

S.23.01.01

Own funds

		Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
		C0010	C0020	C0030	C0040	C0050
Basic own funds before deduction for participations in other financial sector as foreseen in article 68 of Delegated Regulation (EU) 2015/35						
Ordinary share capital (gross of own shares)	R0010	210,485	210,485			
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	-118,719	-118,719			
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	91,766	91,766			
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	91,766	91,766			
Total available own funds to meet the MCR	R0510	91,766	91,766			
Total eligible own funds to meet the SCR	R0540	91,766	91,766			
Total eligible own funds to meet the MCR	R0550	91,766	91,766			
SCR	R0580	52,637				
MCR	R0600	13,159				
Ratio of Eligible own funds to SCR	R0620	174.34%				
Ratio of Eligible own funds to MCR	R0640	697.35%				

		C0060
Reconciliation reserve		
Excess of assets over liabilities	R0700	91,766
Own shares (held directly and indirectly)	R0710	
Foreseeable dividends, distributions and charges	R0720	
Other basic own fund items	R0730	210,485
Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	R0740	
Reconciliation reserve	R0760	-118,719
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	

AGF INSURANCE LIMITED

Annex I

S.25.01.21

Solvency Capital Requirement - for undertakings on Standard Formula

		Gross solvency capital requirement	USP	Simplifications
		C0110	C0090	C0120
Market risk	R0010	17,055		
Counterparty default risk	R0020	3,525		
Life underwriting risk	R0030			
Health underwriting risk	R0040			
Non-life underwriting risk	R0050	39,389		
Diversification	R0060	-11,393		
Intangible asset risk	R0070			
Basic Solvency Capital Requirement	R0100	48,575		

Calculation of Solvency Capital Requirement		C0100
Operational risk	R0130	4,062
Loss-absorbing capacity of technical provisions	R0140	
Loss-absorbing capacity of deferred taxes	R0150	
Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC	R0160	
Solvency capital requirement excluding capital add-on	R0200	52,637
Capital add-on already set	R0210	
Solvency capital requirement	R0220	52,637
Other information on SCR		
Capital requirement for duration-based equity risk sub-module	R0400	
Total amount of Notional Solvency Capital Requirement for remaining part	R0410	
Total amount of Notional Solvency Capital Requirements for ring fenced funds	R0420	
Total amount of Notional Solvency Capital Requirement for matching adjustment portfolios	R0430	
Diversification effects due to RFF nSCR aggregation for article 304	R0440	

AGF INSURANCE LIMITED

Annex I

S.28.01.01

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

Linear formula component for non-life insurance and reinsurance obligations

		C0010
MCR_{NL} Result	R0010	12,294

		Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance) written premiums in the last 12 months
		C0020	C0030
General liability insurance and proportional reinsurance	R0090	119,359	

Linear formula component for life insurance and reinsurance obligations

		C0040
MCR_L Result	R0200	

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

Overall MCR calculation

		C0070
Linear MCR	R0300	12,294
SCR	R0310	52,637
MCR cap	R0320	23,687
MCR floor	R0330	13,159
Combined MCR	R0340	13,159
Absolute floor of the MCR	R0350	2,222
		C0070
Minimum Capital Requirement	R0400	13,159

CATALINA LONDON LIMITED

Annex I
S.02.01.02
Balance sheet

		Solvency II value
Assets		**C0010**
Intangible assets	**R0030**	
Deferred tax assets	**R0040**	
Pension benefit surplus	**R0050**	
Property, plant & equipment held for own use	**R0060**	
Investments (other than assets held for index-linked and unit-linked contracts)	**R0070**	55,352
Property (other than for own use)	**R0080**	
Holdings in related undertakings, including participations	**R0090**	
Equities	**R0100**	5,357
Equities - listed	**R0110**	1,530
Equities - unlisted	**R0120**	3,827
Bonds	**R0130**	26,296
Government Bonds	**R0140**	2,973
Corporate Bonds	**R0150**	22,561
Structured notes	**R0160**	
Collateralised securities	**R0170**	762
Collective Investments Undertakings	**R0180**	9,612
Derivatives	**R0190**	17
Deposits other than cash equivalents	**R0200**	14,070
Other investments	**R0210**	
Assets held for index-linked and unit-linked contracts	**R0220**	
Loans and mortgages	**R0230**	
Loans on policies	**R0240**	
Loans and mortgages to individuals	**R0250**	
Other loans and mortgages	**R0260**	
Reinsurance recoverables from:	**R0270**	28,458
Non-life and health similar to non-life	**R0280**	28,458
Non-life excluding health	**R0290**	28,458
Health similar to non-life	**R0300**	
Life and health similar to life, excluding health and index-linked and unit-linked	**R0310**	
Health similar to life	**R0320**	
Life excluding health and index-linked and unit-linked	**R0330**	
Life index-linked and unit-linked	**R0340**	
Deposits to cedants	**R0350**	991
Insurance and intermediaries receivables	**R0360**	884
Reinsurance receivables	**R0370**	13,802
Receivables (trade, not insurance)	**R0380**	
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**	8,538
Any other assets, not elsewhere shown	**R0420**	907
Total assets	**R0500**	108,932

		Solvency II value
Liabilities		**C0010**
Technical provisions – non-life	**R0510**	63,034
Technical provisions – non-life (excluding health)	**R0520**	60,891
TP calculated as a whole	**R0530**	
Best Estimate	**R0540**	54,640
Risk margin	**R0550**	6,251
Technical provisions - health (similar to non-life)	**R0560**	2,143
TP calculated as a whole	**R0570**	
Best Estimate	**R0580**	1,923
Risk margin	**R0590**	220
Technical provisions - life (excluding index-linked and unit-linked)	**R0600**	
Technical provisions - health (similar to life)	**R0610**	
TP calculated as a whole	**R0620**	
Best Estimate	**R0630**	
Risk margin	**R0640**	
Technical provisions – life (excluding health and index-linked and unit-linked)	**R0650**	
TP calculated as a whole	**R0660**	
Best Estimate	**R0670**	
Risk margin	**R0680**	
Technical provisions – index-linked and unit-linked	**R0690**	
TP calculated as a whole	**R0700**	
Best Estimate	**R0710**	
Risk margin	**R0720**	
Contingent liabilities	**R0740**	
Provisions other than technical provisions	**R0750**	
Pension benefit obligations	**R0760**	
Deposits from reinsurers	**R0770**	
Deferred tax liabilities	**R0780**	
Derivatives	**R0790**	
Debts owed to credit institutions	**R0800**	
Financial liabilities other than debts owed to credit institutions	**R0810**	
Insurance & intermediaries payables	**R0820**	
Reinsurance payables	**R0830**	5,750
Payables (trade, not insurance)	**R0840**	396
Subordinated liabilities	**R0850**	
Subordinated liabilities not in BOF	**R0860**	
Subordinated liabilities in BOF	**R0870**	
Any other liabilities, not elsewhere shown	**R0880**	
Total liabilities	**R0900**	69,180
Excess of assets over liabilities	**R1000**	39,752

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

		Line of Business for: **non-life insurance and reinsurance obligations (direct business and accepted proportional reinsurance)**						Line of business for: **accepted non-proportional reinsurance**				Total
		Workers' compensation insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Health	Casualty	Marine, aviation, transport	Property	
		C0030	**C0040**	**C0050**	**C0060**	**C0070**	**C0080**	**C0130**	**C0140**	**C0150**	**C0160**	**C0200**
Premiums written												
Gross - Direct Business	**R0110**						1					1
Gross - Proportional reinsurance accepted	**R0120**											
Gross - Non-proportional reinsurance accepted	**R0130**								103	-1	-16	86
Reinsurers' share	**R0140**				-1,001		-3					-1,005
Net	**R0200**				1,001		5		103	-1	-16	1,092
Premiums earned												
Gross - Direct Business	**R0210**						1					1
Gross - Proportional reinsurance accepted	**R0220**											
Gross - Non-proportional reinsurance accepted	**R0230**								103	-1	-16	86
Reinsurers' share	**R0240**				-1,001		-3					-1,005
Net	**R0300**				1,001		5		103	-1	-16	1,092
Claims incurred												
Gross - Direct Business	**R0310**		-126		4,633	304	-3,909					903
Gross - Proportional reinsurance accepted	**R0320**	-133	0		-293	9	-501					-919
Gross - Non-proportional reinsurance accepted	**R0330**							-6	2,825	486	489	3,793
Reinsurers' share	**R0340**		0		-4	4,453	-481		407	276	-8	4,643
Net	**R0400**	-133	-127		4,344	-4,140	-3,929	-6	2,418	210	497	-866
Changes in other technical provisions												
Gross - Direct Business	**R0410**											
Gross - Proportional reinsurance accepted	**R0420**											
Gross - Non- proportional reinsurance accepted	**R0430**											
Reinsurers'share	**R0440**											
Net	**R0500**											
Expenses incurred	**R0550**		3		98	65	433		2,835	77	141	3,652
Other expenses	**R1200**											
Total expenses	**R1300**											3,652

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Annex I
S.17.01.02
Non-life Technical Provisions

		Direct business and accepted proportional reinsurance						Accepted non-proportional reinsurance				Total Non-Life obligation
		Workers' compensation insurance	Motor vehicle liability insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Miscellaneous financial loss	Non-proportional health reinsurance	Non-proportional casualty reinsurance	Non-proportional marine, aviation and transport reinsurance	Non-proportional property reinsurance	
		C0040	**C0050**	**C0070**	**C0080**	**C0090**	**C0130**	**C0140**	**C0150**	**C0160**	**C0170**	**C0180**
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 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**	1,524	19	1,283	711	14,800	19	399	33,948	2,415	1,445	56,563
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	**R0240**		4	469	379	6,995	0		18,411	1,739	460	28,458
Net Best Estimate of Claims Provisions	**R0250**	1,524	15	814	332	7,805	19	399	15,536	675	986	28,105
Total Best estimate - gross	**R0260**	1,524	19	1,283	711	14,800	19	399	33,948	2,415	1,445	56,563
Total Best estimate - net	**R0270**	1,524	15	814	332	7,805	19	399	15,536	675	986	28,105
Risk margin	**R0280**	174	2	147	81	1,693	2	46	3,884	276	165	6,471
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**	1,698	21	1,430	792	16,494	21	445	37,831	2,691	1,611	63,034
Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total	**R0330**		4	469	379	6,995	0		18,411	1,739	460	28,458
Technical provisions minus recoverables from reinsurance/SPV and Finite Re - total	**R0340**	1,698	17	961	413	9,498	21	445	19,420	952	1,151	34,576

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Annex I
S.19.01.21
Non-life Insurance Claims Information

Total Non-Life Business

Accident year / Underwriting year	Z0020	Underwriting year [UWY]

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

	Year	0	1	2	3	4	5	6	7	8	9	10 & +
		C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110
Prior	R0100											10,167
2009	R0160											
2010	R0170											
2011	R0180											
2012	R0190											
2013	R0200											
2014	R0210											
2015	R0220											
2016	R0230											
2017	R0240											
2018	R0250											

		In Current year	Sum of years (cumulative)
		C0170	C0180
	R0100	10,167	10,167
	R0160		
	R0170		
	R0180		
	R0190		
	R0200		
	R0210		
	R0220		
	R0230		
	R0240		
	R0250		
Total	R0260	10,167	10,167

Gross undiscounted Best Estimate Claims Provisions
(absolute amount)

	Year	0	1	2	3	4	5	6	7	8	9	10 & +
		C0200	C0210	C0220	C0230	C0240	C0250	C0260	C0270	C0280	C0290	C0300
Prior	R0100											61,548
2009	R0160											
2010	R0170											
2011	R0180											
2012	R0190											
2013	R0200											
2014	R0210											
2015	R0220											
2016	R0230											
2017	R0240											
2018	R0250											

		Year end (discounted data)
		C0360
	R0100	56,563
	R0160	
	R0170	
	R0180	
	R0190	
	R0200	
	R0210	
	R0220	
	R0230	
	R0240	
	R0250	
Total	R0260	56,563

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Annex I

S.23.01.01

Own funds

		Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
		C0010	C0020	C0030	C0040	C0050
Basic own funds before deduction for participations in other financial sector as foreseen in article 68 of Delegated Regulation (EU) 2015/35						
Ordinary share capital (gross of own shares)	R0010	1,000	1,000			
Share premium account related to ordinary share capital	R0030					
Iinitial 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	38,752	38,752			
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	39,752	39,752			
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	39,752	39,752			
Total available own funds to meet the MCR	R0510	39,752	39,752			
Total eligible own funds to meet the SCR	R0540	39,752	39,752			
Total eligible own funds to meet the MCR	R0550	39,752	39,752			
SCR	R0580	19,561				
MCR	R0600	4,890				
Ratio of Eligible own funds to SCR	R0620	203.22%				
Ratio of Eligible own funds to MCR	R0640	812.87%				

		C0060
Reconciliation reserve		
Excess of assets over liabilities	R0700	39,752
Own shares (held directly and indirectly)	R0710	
Foreseeable dividends, distributions and charges	R0720	
Other basic own fund items	R0730	1,000
Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	R0740	
Reconciliation reserve	R0760	38,752
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	

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Annex I

S.25.01.21

Solvency Capital Requirement - for undertakings on Standard Formula

		Gross solvency capital requirement	USP	Simplifications
		C0110	**C0090**	**C0120**
Market risk	**R0010**	4,735		
Counterparty default risk	**R0020**	7,228		
Life underwriting risk	**R0030**			
Health underwriting risk	**R0040**	568		
Non-life underwriting risk	**R0050**	10,908		
Diversification	**R0060**	-5,574		
Intangible asset risk	**R0070**			
Basic Solvency Capital Requirement	**R0100**	17,864		

Calculation of Solvency Capital Requirement		**C0100**
Operational risk	**R0130**	1,697
Loss-absorbing capacity of technical provisions	**R0140**	
Loss-absorbing capacity of deferred taxes	**R0150**	
Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC	**R0160**	
Solvency capital requirement excluding capital add-on	**R0200**	19,561
Capital add-on already set	**R0210**	
Solvency capital requirement	**R0220**	19,561
Other information on SCR		
Capital requirement for duration-based equity risk sub-module	**R0400**	
Total amount of Notional Solvency Capital Requirement for remaining part	**R0410**	
Total amount of Notional Solvency Capital Requirements for ring fenced funds	**R0420**	
Total amount of Notional Solvency Capital Requirement for matching adjustment portfolios	**R0430**	
Diversification effects due to RFF nSCR aggregation for article 304	**R0440**	

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Annex I

S.28.01.01

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

Linear formula component for non-life insurance and reinsurance obligations

		C0010
MCR_{NL} Result	**R0010**	4,360

		Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance) written premiums in the last 12 months
		C0020	**C0030**
Workers' compensation insurance and proportional reinsurance	**R0040**	1,524	
Motor vehicle liability insurance and proportional reinsurance	**R0050**	15	
Marine, aviation and transport insurance and proportional reinsurance	**R0070**	814	
Fire and other damage to property insurance and proportional reinsurance	**R0080**	332	
General liability insurance and proportional reinsurance	**R0090**	7,805	
Miscellaneous financial loss insurance and proportional reinsurance	**R0130**	19	
Non-proportional health reinsurance	**R0140**	399	
Non-proportional casualty reinsurance	**R0150**	15,536	
Non-proportional marine, aviation and transport reinsurance	**R0160**	675	
Non-proportional property reinsurance	**R0170**	986	

Linear formula component for life insurance and reinsurance obligations

		C0040
MCR_L Result	**R0200**	

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

Overall MCR calculation

		C0070
Linear MCR	**R0300**	4,360
SCR	**R0310**	19,561
MCR cap	**R0320**	8,803
MCR floor	**R0330**	4,890
Combined MCR	**R0340**	4,890
Absolute floor of the MCR	**R0350**	4,188
		C0070
Minimum Capital Requirement	**R0400**	4,890