TOKIO MARINE
HCC

Tokio Marine HCC Insurance Holdings (International) Limited

Single Group-Wide Solvency and Financial Condition Report

31 December 2022

Contents

Executive Summary

The following Single Group-Wide Solvency and Financial Condition Report (SFCR) has been prepared to provide information to the Prudential Regulatory Authority (PRA) about the financial and capital position of both Tokio Marine HCC Insurance Holdings (International) Limited and its subsidiaries (TMHCCIH(I) or the Group), for group reporting purposes, and HCC International Insurance Company plc (HCCII or the Company), for solo reporting purposes. HCCII is the main underwriting entity within the Group during the reporting period. Tokio Marine Europe S.A. (TME), a subsidiary of the Company, is the other underwriting entity included in the Group and information specifically relating to this entity is shown in the TME SFCR. The other related companies in the Group are either ancillary service or holding companies of such size that they do not present material risks to the Group. This report sets out the Business and Performance, System of Governance, Risk Profile, Valuation for Solvency Purposes and Capital Management of the group and solo entity. A Single Group-Wide SFCR for the European Economic Area (EEA) group headed by TMHCCIH(I) is produced in accordance with a waiver granted by the PRA. Given the United Kingdom's (UK) departure from the European Union (EU), this waiver is monitored continually by the Group.

Business & Performance Summary

TMHCCIH(I) is part of the Tokio Marine Group (TM Group), whose ultimate holding company is Tokio Marine Holdings, Inc. The TM Group is a leading international insurance group located in Tokyo, Japan which has 268 subsidiaries, and 26 affiliates located worldwide, which undertake Non-Life and Life insurance and operate within the financial and general business sector (including consulting and real estate).

The Group's core business is underwriting specialty lines of insurance. The Group has three core underwriting segments: International Specialty, London Market, and J Business.

The underwriting segments offer products in the UK from HCCII's London and regional offices; and in Europe through TME's European branches and across the rest of the European Economic Area (EEA) via Freedom of Services authorisations. The Group accepts global inwards reinsurance risks where its licences permit. The majority of the business underwritten by the International Specialty, London Market and J Business is commercial lines, although personal lines business is written within these segments.

The core principles of this vision are integral to the Group's culture, business and the creation of sustainable growth and value for all its stakeholders (customers, employees, distribution network, suppliers, shareholders, regulators and the community).

The Group's fundamental strategic goal is to produce an underwriting profit and investment income resulting in consistent net earnings that will increase shareholder value. This has been consistently accomplished through diversified businesses led by those who are the best in the business, a comprehensive reinsurance programme, and a conservative investment policy. This strategic approach is supported by TMHCC International's culture, which is underpinned by its core values: professionalism, discipline, honesty, respect, and trust.

The Group has continued to grow in 2022 with Gross Written Premium (GWP) of $1.7 billion, up 11.5%, excluding foreign exchange (FX), reflecting growth in the underlying portfolio driven by strong market conditions across the Group's segments, particularly London Market, up 17.6% (excluding FX) with varied growth across the lines within International Specialty, up 9.7% (excluding FX). The growth in London Market is driven from Marine Liability and Delegated Property, both benefitting from significant new business.

A summary of the key financial information for the year ended 31 December 2022 for the Group and the Company is shown below, indicating both have produced strong financial results for 2022, with net combined ratios of 80% and 78% respectively.

31 December 2022	Group $'000	Company $'000
Gross Written Premium	1,681,274	1,176,442
Net Premium Earned	1,088,001	886,987
Underwriting Result (Technical Account pre investment income)	220,032	194,997
Net Loss Ratio	48.2%	45.7%
Net Combined Ratio	79.8%	78.0%
Investment Income (Transferred to technical account)	34,993	28,946
Profit / (Loss) on ordinary activities before tax	(9,604)	24,182
Solvency II Cash and investments (excluding investment in subs and land and buildings)	2,258,737	1,757,206
Solvency II Own Funds	1,034,763	1,030,625

The Group made a loss before tax for the financial year 2022 of $9.6 million (2021: $166.7 million profit) of which $255.1 million profit (2021: $216.5 million profit) was from the technical account for general business which included investment income of $35.0 million (2021: $29.5 million).

The Company made a net profit before tax for the financial year of $24.2 million (2021: $179.2 million) and includes a balance on the technical account for general business of $223.9 million (2021: $203.0 million), which included investment income of $28.9 million (2021: $25.5 million).

System of Governance Summary

The Group is directed by the Group Board. Board meetings are held for the Group on an ad hoc basis to approve accounts, share issues, agree company strike-offs of subsidiary companies and any other ad hoc responsibilities.

The information contained in the remainder of this section relates to the System of Governance for the Company. However, as the Company, including its subsidiaries, are the only risk-bearing entities of the Group, the risk management, internal control systems and reporting procedures are aligned between both the Company and the Group. The system of governance has not changed materially over the reporting period.

The oversight of the Company's business and its operations are provided through its governance structure, in which the management of risk plays a significant part. Governance starts with the Company's Board, which has overall responsibility for management of the Company through providing leadership of the Company within a framework of prudent and effective controls.

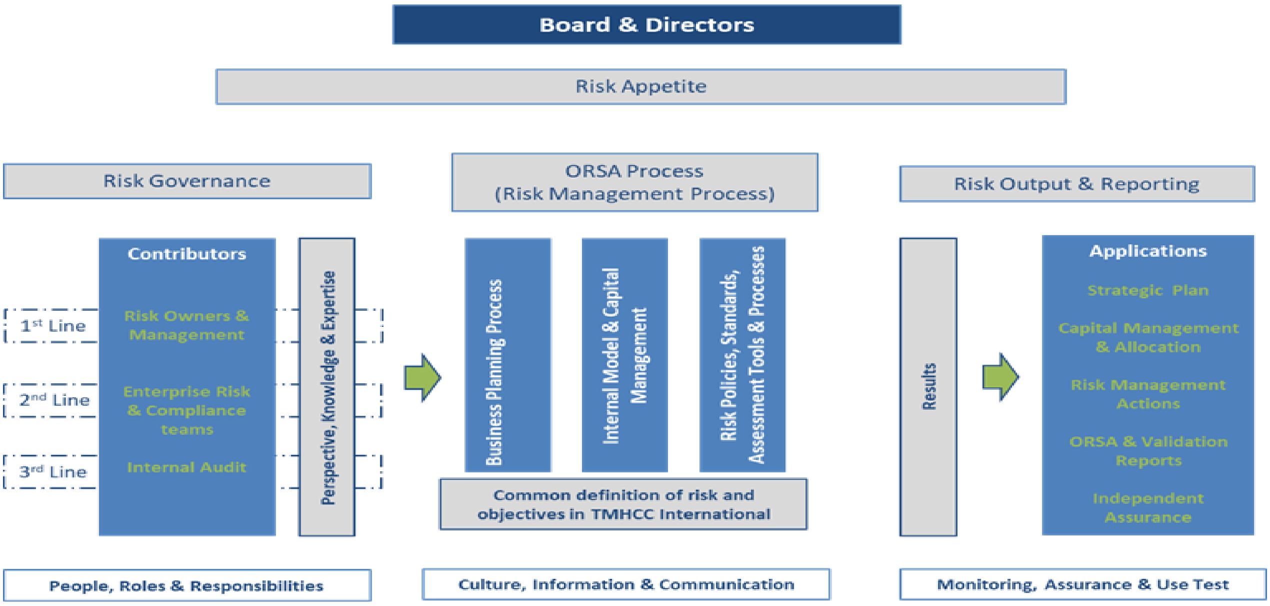
The Group believes that a strong, effective and embedded Enterprise Risk Management (ERM) framework is crucial to maintaining successful business operations and delivering sustainable, long-term profitability. This is achieved through a strong risk culture, together with rigorous and consistent risk management that is embedded across the Group and embodied by management at all levels through its governance structure and risk management.

Although the Board has ultimate responsibility for ensuring the Group has a robust ERM framework in place, certain risk management activities are delegated to the level that is the most appropriate to oversee and manage the risks. The Board accepts that the Group's business operations cannot be risk free, therefore the ERM framework is designed to manage risk to a desired level and minimise the adverse effects of any residual risk, rather than to eliminate the risk.

The Group operates a 'three lines of defence' risk governance framework which clearly defines the roles and responsibilities of those involved:

1. Risk owners and senior management.
2. Key functions responsible for risk oversight and risk guidance, including International Compliance and Enterprise Risk departments and the Risk and Capital Management Committee; and
3. Internal Audit provide independent assurance to the board and senior management on the effectiveness of risk management processes.

The diagram below illustrates the Group's ERM framework; demonstrating how Risk Appetite, Risk Governance, Risk Management, Risk Output and Monitoring interact with one another.



- Risk Appetite - the level of business risk the Group will take in order to achieve the strategic objectives. The Group has established risk appetite statements, which, provide assurance that the Group is able to manage or absorb the impact of a risk, in the event that it materialises.
- Risk Governance - includes risk policies and procedures, International Compliance and Enterprise Risk departments, Risk and Capital Management Committees and roles and responsibilities ('three lines of defence').
- Risk Management - the processes used to identify, measure, manage, monitor and report risks, including both the internal capital model, and stress and scenario testing, are designed to enable dynamic risk-based decision-making and effective day-to-day risk management.

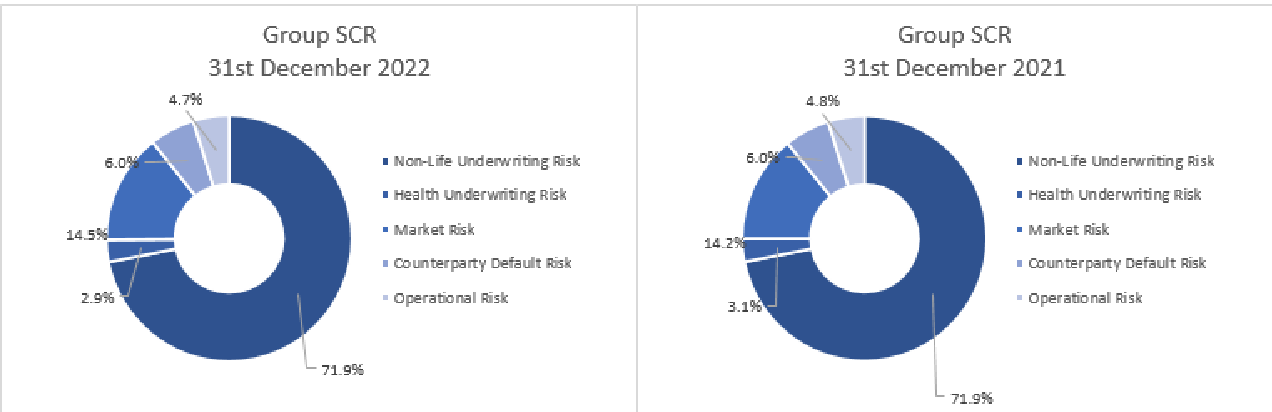
The Risk and Capital Management Committee ensures that inherent, emerging and developing risks are identified and managed appropriately and in a timely manner. The Risk and Capital Management Committee meets on a quarterly basis and reviews the risk register, emerging and developing risk radar and a live risk tracker which are updated quarterly with any changes in underlying risks.

Risks transition from the emerging and developing risk radar to the live risk tracker as they become more likely to impact the Group's strategic objectives. When the risk is near to crystallising, it will then transition to the risk register where it will require formal monitoring and the establishment of a risk control framework.

Risk Profile Summary

The Group has identified the risks arising from its activities and has established policies and procedures to manage these risks in accordance with its risk appetite. The Company maintains a risk register and categorises its risks into six areas: Insurance, Strategic, Regulatory and Group, Market, Operational, Credit and Liquidity.

The key risk for both the Group and the Company is Insurance Risk. Of the others, Market Risk is the most important. This is illustrated via the Standard Formula Solvency Capital Requirement (SCR) breakdown shown in the charts below, noting that Non-Life Underwriting Risk and Health Underwriting Risk make up Insurance Risk.



The risk profile of both the Group and the Company was generally stable during the reporting period. Specific risks, beyond the existing and established principal risks, that have the potential to impact, or require a review of, the existing strategic objectives include interest rate volatility, the Ukraine conflict, sustainability risk (including climate change), inflation, outsourcing and supplier management and operational resilience.

Valuation for Solvency Purposes Summary

The Solvency II Directive (Article 75) requires that an economic, market consistent approach to the valuation of assets and liabilities is taken. As a result, certain assets and liabilities require different valuation methods to those used in the statutory financial statements prepared under UK Generally Accepted Accounting Practice (GAAP). Unless otherwise documented, the basis of preparation of the assets and liabilities for solvency purposes is aligned with the basis of preparation of the UK statutory financial statements. This applies to both the Group and Company Solvency II Own Funds valuation. The table below summarises the differences between the Solvency II and UK GAAP balance sheets.

BALANCE SHEET UNDER SOLVENCY II	Group	Group	Company	Company
31 December 2022	UK GAAP $'000	Solvency II $'000	UK GAAP $'000	Solvency II $'000
ASSETS				
Investments	2,133,618	2,164,850	2,058,045	1,950,892
Goodwill	75,927	-	-	-
Intangible Assets	41,435	-	-	-
Deferred tax assets	2,245	-	2,346	5,999
Deferred Acquisition Cost	135,488	-	111,171	-
Property, plant & equipment held for own use	7,239	7,239	5,325	5,325
Reinsurance recoverables from Non-life	1,143,005	599,375	523,627	238,011
Insurance and intermediaries receivables	338,643	107,191	182,299	39,379
Reinsurance receivables	258,693	96,850	185,444	64,620
Receivables (trade, not insurance)	81,302	87,606	69,606	69,606
Cash and cash equivalents	122,335	111,217	59,826	59,826
Any other assets, not elsewhere shown	14,911	769	11,402	51
Total assets	**4,354,841**	**3,175,097**	**3,209,091**	**2,433,709**
LIABILITIES				
Technical provisions - Non-life	2,700,636	1,679,536	1,851,318	1,202,668
Deferred tax liabilities	-	5,809	-	-
Insurance & intermediaries payables	46,412	46,412	16,820	16,820
Reinsurance payables	284,513	152,640	132,502	33,533
Payables (trade, not insurance)	2,324	2,324	-	-
Any other liabilities, not elsewhere shown	320,717	253,613	173,067	150,063
Total liabilities	**3,354,602**	**2,140,334**	**2,173,707**	**1,403,084**
Excess of assets over liabilities	**1,000,239**	**1,034,763**	**1,035,385**	**1,030,625**

The differences in technical provisions, goodwill and intangible assets are principally driven by differences in valuation methodologies between UK GAAP and Solvency II, while differences in investments and receivables are as a result of classification differences.

Section D includes information on the valuation basis adopted for each class of assets and liabilities and provides a reconciliation of valuation differences arising when moving from the valuation basis used in the Group's financial statements to the Solvency II valuation basis.

Capital Management Summary

Both the Group and the Company are single shareholder entities. They have no debt financing, nor do they have any material plans to issue new shares in the short or medium term. The capital planning process is dynamic and forward-looking and is informed by the output from its risk management activities and the Own Risk and Solvency Assessment (ORSA) process. The Group and the Company carry a Standard & Poor's Financial Services LLC (S&P) rating of A+ and the Company benefits from a parental guarantee provided by HCC Insurance Holdings, Inc.

To ensure the maintenance of appropriate capital levels at all times, the Group and the Company have defined a specific capital risk appetite with thresholds and limits that trigger actions, including the source of capital and/or associated corrective actions. These appetites have been developed in line with regulatory requirements under the Solvency II regime while also including an appropriate level of prudence over and above minimum levels. These are monitored through the Risk and Capital Management Committee on a regular basis. The Group and Company currently use the European Insurance and Occupational Pensions Authority Standard Formula to calculate their SCRs.

The position as at 31 December 2022 and 31 December 2021 is shown below:

Eligible Own Funds to cover capital requirements $'000	Group 2022	Group 2021	Company 2022	Company 2021
Solvency II Own Funds	1,034,763	1,056,045	1,030,625	1,035,055
SCR	896,827	729,990	712,683	637,835
Minimum consolidated group SCR / Minimum Capital Requirement (MCR) [1]	245,122	223,771	198,475	182,981
Excess Own Funds over SCR	137,936	326,055	317,942	397,220
Excess Own Funds over Minimum consolidated group SCR / MCR	789,641	832,274	826,151	852,074
Solvency Ratio (i.e. Solvency II Own Funds / SCR)	115%	145%	145%	162%
Solvency II Own Funds as a Percentage of minimum consolidated group SCR / MCR	422%	472%	516%	566%

[1]: Minimum consolidated group SCR applies to the Group (and acts as a floor to the group SCR); MCR applies to the Company.

The growth in both the Group's and the Company's SCR in 2022 is predominately due to the increase in business volumes in the year and in the 2023 budget, flowing into the Non-life Catastrophe risk sub-module in the Standard Formula. This increase has been partly offset by an increase in Own Funds, driven by underwriting returns in the period counterbalanced by unrealised losses. The net impact of the above has led to a decrease in Solvency Ratio for the Group to 115% (2021: 145%), and for the Company to 145% (2021: 162%).

All the Eligible Own Funds shown in the table above, for both the Group and the Company, fall under the 'Tier 1 unrestricted' classification, with the exception of a Tier 3 Deferred Tax Asset (Company only). There was no non-compliance with the SCR for the Group or the Company during the last reporting period, or any non-compliance with the Minimum consolidated group SCR or MCR. The Group and the Company maintained solvency capital resources in excess of the SCR.

Section E further describes the policies and processes employed by the Group for managing its Own Funds and provides information on the structure of Own Funds and calculation of SCR.

Solvency II - UK Developments

As a result of the UK's exit from the EU on 31 January 2020, the British government is repealing and replacing retained EU-derived financial services statute law (including Solvency II), through the Financial Services and Markets Bill. This Bill, introduced into Parliament in July 2022, is not yet law at the time of publication of this document.

The government, working with the PRA, is currently performing a review of Solvency II legislation. In November 2022, the government announced its proposals: key aspects relevant to the Group and Company relate to the calculation of the risk margin. The Group and Company are monitoring developments in Solvency II/UK legislation closely, but note that future changes in legislation have no impact on the reporting period.

Directors' Report

Company Directors

The directors set out below have held office from 1 January 2022 to the date of this report unless otherwise stated:
A M Baker
S A Button
B J Cook (Chief Executive Officer)
P Engelberg (appointed 1 January 2023)
T J G Hervy
K L Letsinger
N C Marsh (Non-Executive Chair)
H Mishima
H-D Rohlf (Non-Executive)
C Scarr (Non-Executive)
K Shimizu (appointed 1 January 2022)
G R A White

Statement of Company Directors' Responsibilities

We acknowledge our responsibility for preparing the Company 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 in question, HCC International Insurance Company plc (the Company) has complied in all material respects with the requirements of the PRA Rules and the Solvency II Regulations as applicable to the insurer: and
b) it is reasonable to believe that the Company has continued so to comply subsequently and will continue so to comply in the future.

Group Directors

The directors set out below have held office from 1 January 2022 to the date of this report unless otherwise stated:

B J Cook (Chair)
K L Letsinger
T Weist

Statement of Group Directors' Responsibilities

We acknowledge our responsibility for preparing the Group 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 in question, the Tokio Marine HCC Insurance Holdings (International) Limited Group (the Group) has complied in all material respects with the requirements of the PRA Rules and the Solvency II Regulations as applicable at the level of the group: and
b) it is reasonable to believe that the Group has continued so to comply subsequently and will continue so to comply in future.

On behalf of the Boards,

DocuSigned by:

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K L Letsinger
Group Chief Financial Officer

6 April 2023

Independent auditors' report to the Directors of Tokio Marine HCC Insurance Holdings (International) Limited

Report of the external independent auditors to the Directors of Tokio Marine HCC Insurance Holdings (International) Limited ('the Company') pursuant to Rule 4.1 (2) of the External Audit Part of the PRA Rulebook applicable to Solvency II firms

Report on the Audit of the relevant elements of the Single Group-Wide Solvency and Financial Condition Report

Opinion

We have audited the following documents prepared by the Company as at 31 December 2022:

- The 'Valuation for solvency purposes' and 'Capital Management' sections of the Single Group-Wide Solvency and Financial Condition Report of the Company as at 31 December 2022, ('**the Narrative Disclosures subject to audit**');

- Group templates S.02.01.02, S.23.01.22, S.25.01.22 and S.32.01.22 ('**the Group Templates subject to audit'**); and

- Company templates S.02.01.02, S.17.01.02, S.23.01.01, S.25.01.21 and S.28.01.01 in respect of HCC International Insurance Company PLC ('**the Company Templates subject to audit'**).

The Narrative Disclosures subject to audit, the Group Templates subject to audit and the Company Templates subject to audit are collectively referred to as the '**relevant elements of the Single Group-Wide Solvency and Financial Condition Report'**.

We are not required to audit, nor have we audited, and as a consequence do not express an opinion on the **Other Information** which comprises:

- The 'Executive Summary', 'Business and performance', 'System of governance' and 'Risk profile' elements of the Single Group-Wide Solvency and Financial Condition Report;

- Group templates S.05.01.02 and S.05.02.01 and Company templates S.05.01.02, S.05.02.01 and S.19.01.21; and

- The written acknowledgement by management of their responsibilities, including for the preparation of the Single Group-Wide Solvency and Financial Condition Report (the '**Statement of Company Directors' Responsibilities'** and the '**Statement of Group Directors' Responsibilities**').

In our opinion, the information subject to audit in the relevant elements of the Single Group-Wide Solvency and Financial Condition Report of the Company as at 31 December 2022 is prepared, in all material respects, in accordance with the financial reporting provisions of the PRA Rules and Solvency II regulations on which they are based, as modified by relevant supervisory modifications.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) including ISA (UK) 800 and ISA (UK) 805, and applicable law. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the relevant elements of the Single Group-Wide Solvency and Financial Condition Report* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the Single Group-Wide Solvency and Financial Condition Report in the UK, including the FRC's Ethical Standard as applied to public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

Our evaluation of the Directors' assessment of the Company's ability to continue to adopt the going concern basis of accounting included:

- Obtaining and assessing the reasonableness of the Directors' assessment, taking into consideration the Group and Company's year-end investment portfolio and its exposure to certain types of assets, cash flows and liquidity analysis and operational resilience;
- Considering management's assessment of the regulatory Solvency coverage and liquidity position;
- Considering information obtained during the course of the audit and publicly available market information to identify any evidence that would contradict management's assessment of going concern (including the impacts of and Russia Ukraine conflict)

- Inquiring and auditing actions taken by management to mitigate the impacts of economic uncertainty including review of Risk and Capital Management Committee minutes and attendance of all Audit Committees; and
- Assessing the appropriateness of disclosure made by management in the Directors' Report regarding entity's ability to continue as a going concern for at least 12 months from the date of approval of these financial statements.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from the date on which the Single Group-Wide Solvency and Financial Condition Report is authorised for issue.

In auditing the Single Group-Wide Solvency and Financial Condition Report, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the Single Group-Wide Solvency and Financial Condition Report is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the Company's ability to continue as a going concern.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

Emphasis of Matter - Basis of Accounting

We draw attention to the 'Valuation for solvency purposes' and 'Capital Management' sections of the Single Group-Wide Solvency and Financial Condition Report, which describe the basis of accounting. The Single Group-Wide Solvency and Financial Condition Report is prepared in compliance with the financial reporting provisions of the PRA Rules and Solvency II regulations, and therefore in accordance with a special purpose financial reporting framework. The Single Group-Wide Solvency and Financial Condition Report is required to be published, and intended users include but are not limited to the Prudential Regulation Authority. As a result, the Single Group-Wide Solvency and Financial Condition Report may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

Other Information

The Directors are responsible for the Other Information.

Our opinion on the relevant elements of the Single Group-Wide Solvency and Financial Condition Report does not cover the Other Information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the Single Group-Wide Solvency and Financial Condition Report, our responsibility is to read the Other Information and, in doing so, consider whether the Other Information is materially inconsistent with the relevant elements of the Single Group-Wide Solvency and Financial Condition Report, or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the relevant elements of the Single Group-Wide Solvency and Financial Condition Report or a material misstatement of the Other Information. If, based on the work we have performed, we conclude that there is a material misstatement of this Other Information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Directors for the Single Group-Wide Solvency and Financial Condition Report

The Directors are responsible for the preparation of the Single Group-Wide Solvency and Financial Condition Report in accordance with the financial reporting provisions of the PRA rules and Solvency II regulations which have been modified by the modifications made by the PRA under section 138A of FSMA, the PRA Rules and Solvency II regulations on which they are based, as detailed below:

1) Permission to exclude entities from the scope of group supervision; and
2) Permission to publish a Single Group-Wide Solvency and Financial Condition Report

The Directors are also responsible for such internal control as they determine is necessary to enable the preparation of a Single Group-Wide Solvency and Financial Condition Report that is free from material misstatement, whether due to fraud or error.

Auditors' Responsibilities for the Audit of the relevant elements of the Single Group-Wide Solvency and Financial Condition Report

It is our responsibility to form an independent opinion as to whether the information subject to audit in the relevant elements of the Single Group-Wide Solvency and Financial Condition Report is prepared, in all material respects, in accordance with the financial reporting provisions of the PRA Rules and Solvency II regulations on which they are based.

Our objectives are to obtain reasonable assurance about whether the relevant elements of the Single Group-Wide Solvency and Financial Condition Report are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but it is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decision making or the judgement of the users taken on the basis of the Single Group-Wide Solvency and Financial Condition Report.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the Company/industry, we identified that the principal risks of non-compliance with laws and regulations related to breaches of UK and European regulatory principles, such as those governed by the Prudential Regulation Authority and the Financial Conduct Authority, and we considered the extent to which non-compliance might have a material effect on the Single Group-Wide Solvency and Financial Condition Report. We also considered those laws and regulations that have a direct impact on the Single Group-Wide Solvency and Financial Condition Report such as the Solvency II Directive, Delegated Acts and EIOPA's reporting and disclosure guidelines. We evaluated management's incentives and opportunities for fraudulent manipulation of the Single Group-Wide Solvency and Financial Condition Report (including the risk of override of controls), and determined that the principal risks were related to management override of controls, including the potential for management bias in significant accounting estimates, particularly in relation to the valuation of Technical Provisions. Audit procedures performed included:

- Discussions with the Audit Committee, management, Internal Audit, senior management involved in the Risk and Compliance functions and the Group's legal function, including consideration of known or suspected instances of non-compliance with laws and regulations and fraud;
- Assessment of matters reported on the Group's whistleblowing helpline and fraud register and the results of management's investigation of such matters where applicable;
- Reading key correspondence with the Prudential Regulation Authority and the Financial Conduct Authority in relation to compliance with relevant laws and regulations;
- Reviewing relevant meeting minutes including those of the Audit Committee;
- Identifying and testing journal entries, in particular any journal entries posted with unusual account combinations or posted by senior management;
- Designing audit procedures to incorporate unpredictability around the nature, timing or extent of our testing;
- Testing and challenging where appropriate the assumptions and judgements made by management in their significant accounting estimates, particularly in relation to the valuation of Technical Provisions; and
- Testing any transactions entered into outside of the normal course of the Group's business.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the Single Group-Wide Solvency and Financial Condition Report. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities for the audit is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinion, has been prepared for the Board of Directors of the Company in accordance with External Audit rule 2.1 of the Solvency II firms Sector of the PRA Rulebook and for no other purpose. We do not, in providing this report, accept or assume responsibility for any other purpose or to any other party save where expressly agreed by our prior consent in writing.

Other Information

In accordance with Rule 4.1 (3) of the External Audit Part of the PRA Rulebook for Solvency II firms we are also required to consider whether the Other Information is materially inconsistent with our knowledge obtained in the audit of the Company's statutory financial statements. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP

Chartered Accountants

7 More London Riverside, London

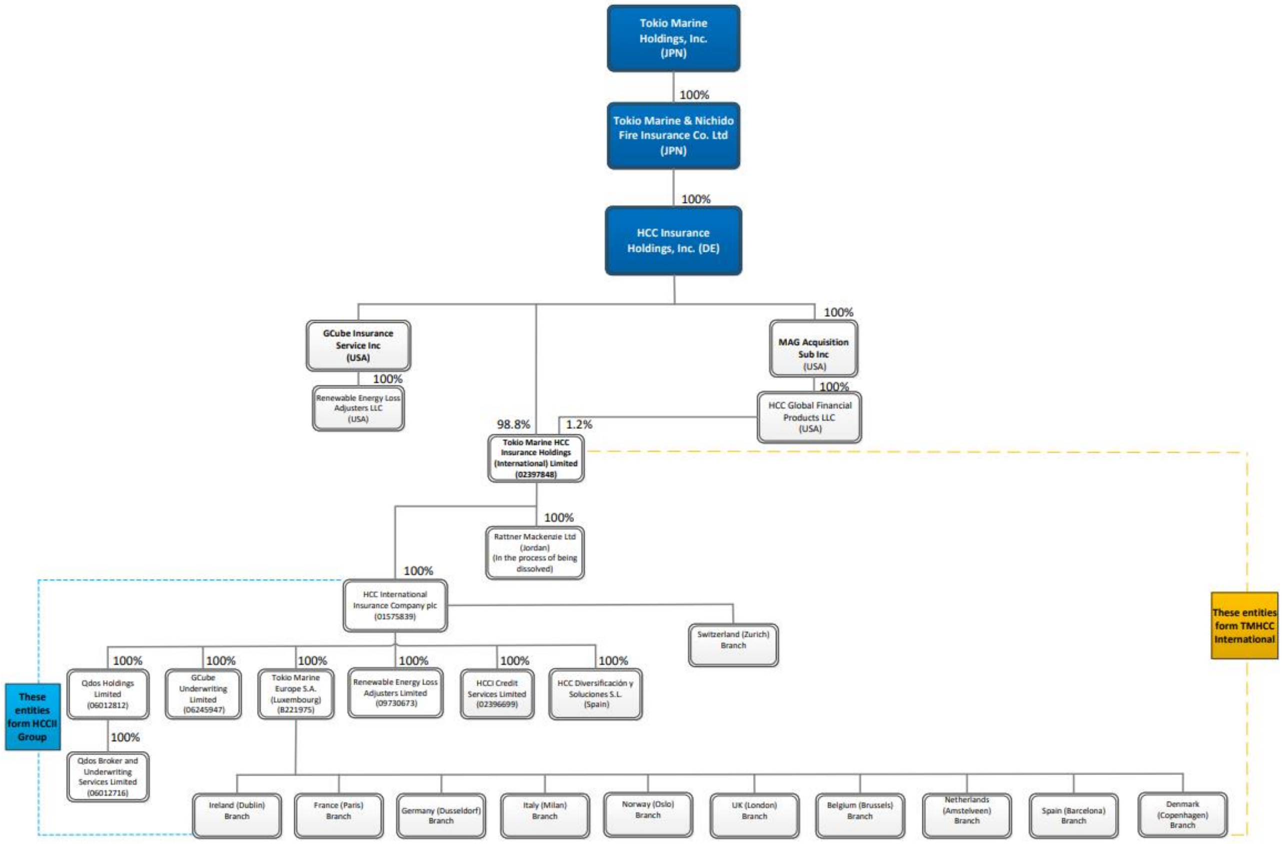
06 April 2023

Section A – Business and Performance

A1 – Business

Business Structure

The Group's immediate parent is HCC Insurance Holdings, Inc. which is based in Houston, United States of America, and holds 100% of the share capital of TMHCCIH(I) through its direct and indirect shareholding. A detailed schematic of the organisation structure of the Group is shown below, followed by brief descriptions of each of the companies. All companies are wholly owned, and the entities highlighted in blue show the Group's immediate and ultimate parents, while the other boxes indicate TMHCCIH(I) group companies. There are small, immaterial differences between the scope of the Group used for the consolidated financial statements and that used for determining the consolidated data used for the calculation of Group solvency. These differences relate to subsidiaries held by the TMHCCIH(I) which remain as participation on the face of the Group Solvency II balance sheet.



TMHCCIH(I) /The Group

TMHCCIH(I) is part of the TM Group, whose ultimate holding company is Tokio Marine Holdings, Inc. TM Group is a leading international insurance group located in Tokyo, Japan which has 268 subsidiaries, and 26 affiliates located worldwide, which undertake Non-Life and Life insurance and operate within the financial and general business sector (including consulting and real estate).

As of 31 December 2022, the TM Group had total assets of ¥ 28.62 trillion (December 2021: ¥27.05 trillion) and shareholders' equity of ¥2.09 trillion (December 2021: ¥2.07 trillion). The TM Group and a number of its major insurance companies have a financial strength rating of A+ (Stable) from S&P.

HCC Insurance Holdings, Inc. (TMHCC Group) is a subsidiary within the TM Group based in the United States (US). The TMHCC Group is a leading international specialty insurance group with more than 100 classes of specialty insurance, which underwrites risks located in approximately 180 countries. Given its financial strength and track record of excellent results, it benefits from an S&P rating of A-.

TMHCC International, which had GWP of $2.49 billion in 2022 (2021: $2.3 billion), is TMHCC Group's operating segment outside of the US.

At 31 December 2022, the Group's subsidiaries are:

- TME;
- GCube Underwriting Limited (GCube) an underwriting agency, that is one of the largest global underwriters of renewable energy, covering wind, solar, bio, hydro, wave and tidal projects;
- Qdos Holdings Limited, a UK underwriting agency and its wholly owned subsidiary, Qdos Broker and Underwriting Services Limited, which distributes Professional Indemnity, Employers and Public Liability and Tax Enquiry and Liability insurance to the UK small contractor market via Qdos Shop, an online digital distribution platform;
- HCCI Credit Services Limited, that provides data and information services and procurement of other services integral to the underwriting of several products within the International Specialty business; and
- Renewable Energy Loss Adjusters Limited, that provides loss adjusting services to insurers of large renewable energy projects.
- Rattner Mackenzie Limited (Jordan)

A further subsidiary, Radius, was liquidated on 1 February 2022.

HCCII is its principal trading subsidiary, with TME being HCCII's own subsidiary. Within TMHCCIH(I), TME and HCCII are consolidated on a line-by-line basis using the accounting consolidation-based method. TMHCCIH(I) Eligible Own Funds as at 31 December 2022 total $1,034.8 million (2021: $1,056.0 million).

HCCII is the flagship entity of TMHCC International, and HCCII and TME have standalone S&P ratings of A+.

The subsidiaries held by the TMHCCIH(I) are eliminated on consolidation in the assets of the Group, except for the Group's investment in Qdos and GCube, as this investment does not meet the definition of an 'ancillary services undertaking', per article 335 of the Delegated Acts. As a result, this investment remains as a participation on the face of the Group Solvency II balance sheet. Therefore, the Group's participation includes items present on the balance sheets of Qdos and GCube, which under UK GAAP are fully consolidated.

HCCII

HCCII is an international insurance company regulated by both the PRA and the Financial Conduct Authority (FCA) to transact general insurance. HCCII underwrites a variety of lines including Property Treaty, Property Direct and Facultative, Delegated Property, Accident and Health, Energy, Marine (Hull, Liability and, Cargo), Professional Risks, Financial Lines, Credit and Political Risk, Credit & Surety, Contingency and Japanese Business (J Business). HCCII is based in the UK and conducts business through its principal offices in London, its regional offices across the UK and its branch in Switzerland. The Group's EEA business was conducted by TME through its branches in Spain, Ireland, France, Germany, Italy, Denmark, Belgium, Norway and the Netherlands. HCCII also accepts inwards reinsurance risks from the US, Canada and Australia.

It should be noted that the subsidiaries held by the HCCII, namely TME, Qdos Holdings Limited, Qdos Broker and Underwriting Services Limited, HCCI Credit Services Limited, GCube and Renewable Energy Loss Adjusters Limited are included as 'participations and related undertakings' in the Company's financial statements.

TME

TME, a wholly-owned subsidiary of HCCII, is a non-life insurance company incorporated on 8 February 2018 as a public limited liability company subject to the general company law of Luxembourg. TME is registered with the Registre de Commerce et des Sociétés in Luxembourg. TME is authorised under the law on the insurance sector of 7 December 2015 and supervised by the Commissariat Aux Assurances (CAA).

TME has its own Board, including independent non-executive Directors, in addition to standalone Board committees to oversee the TME business and Board committees and sub-committees which are combined with the other TMHCCIH(I) entities. The members of the various Board committees and sub-committees include senior TMHCC executives. TME also has its own senior executives based locally, to run the business and manage and oversee its operations in accordance with the strategies set by the TME Board. TME is supported by additional local resources to manage core control and risk functions.

As a wholly owned subsidiary, TME is carried as an investment on the Company's UK GAAP balance sheet using the adjusted equity method.

Qdos Holdings Limited & Qdos Broker and Underwriting Services Limited (Qdos)

Qdos Holdings Limited is the holding company for Qdos Broker and Underwriting Services Limited and is 100% owned by HCCII. Qdos Broker and Underwriting Services Limited focuses primarily on the distribution of Professional Indemnity, Employers and Public Liability, Tax Enquiry and Liability and Accident & Health insurance to the growing UK small contractor market via Qdos Shop, an online digital distribution platform.

HCCI Credit Services Limited

HCCI Credit Services provides information to support the underwriting and setting of credit limits for business underwritten by HCCII. It is a regulated entity.

The Directors of HCCI Credit Services Limited oversee the operation of the risk management framework and set the risk appetite for the company. The material risks to which the company is exposed to are credit risk and liquidity risk. These are managed under the overarching risk management framework of HCCII and are not considered material within that overarching framework; the analysis is described in full within the Risk Profile Section of this report.

HCC Diversificacion y Soluciones S.L.

HCC Diversificacion y Soluciones S.L. is a service company which provides services to the TME Spanish branch. It is not a regulated entity and has no external trading or investment activities.

GCube & Renewable Energy Loss Adjusters Ltd

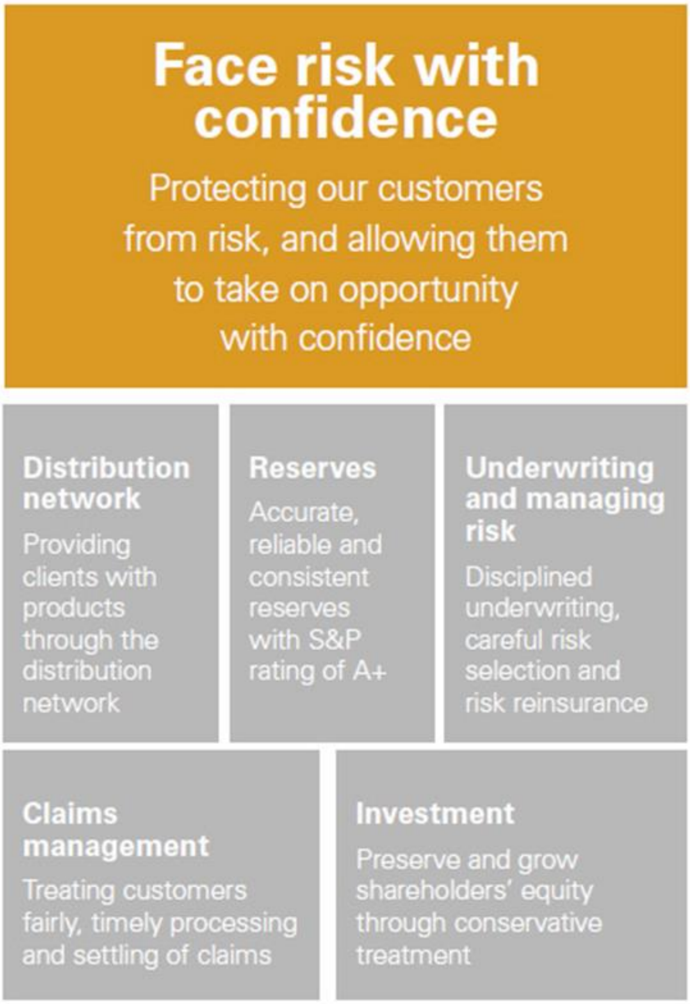
GCube, an underwriting agency, is one of the largest global underwriters of renewable energy, covering wind, solar, bio, hydro, wave and tidal projects). Along with sister company Renewable Energy Loss Adjusters Limited. Renewable Energy Loss Adjusters Limited provides loss adjusting services to insurers of large renewable energy projects.

Rattner Mackenzie Ltd (Jordan)

Rattner Mackenzie Ltd (Jordan) is in the process of being dissolved. Dormant for over 20 years, this Jordanian company has no trading activity. Given various procedural and administration requirements, this will likely take some time and as a result will remain part of the holdings group structure for the foreseeable future.

Business Model

The Group's business model is built upon fundamental principles which provide policyholders with confidence about their risk decisions.



Face risk with confidence

The Group's core business is underwriting specialty lines of insurance. The Group has three core underwriting segments: International Specialty; London Market; and J Business.

The underwriting segments offer products in the UK from HCCII's London and regional offices; and in Europe through TME's European branches and across the rest of the EEA via Freedom of Services authorisations. The Group accepts global inwards reinsurance risks where its licences permit. The majority of the business underwritten by the International Specialty, London Market and J Business is commercial lines, although personal lines business is written within these segments.

Providing Clients with Products Through the Distribution Network
The International Specialty, London Market and J Business products underwritten by the Group are distributed to clients through established broker (wholesale, regional and specialty), underwriting agency and coverholder relationships. Additionally, certain International Specialty and London Market business is underwritten through online distribution portals.

Underwriting and Managing Risk
Careful risk selection and reinsurance purchasing is central to the Group's culture and is the foundation to grow by meeting or exceeding its target risk- adjusted return. The Group's experienced technical underwriters underwrite each risk individually, assessing a range of factors, including but not limited to: financial exposure, loss history, risk characteristics, limits, deductibles, terms and conditions, and acquisition expenses using rating and other models. The Group may delegate underwriting where distribution is held by coverholders or brokers. However, this is through standard rating sheets and referral controls for risks that require non-standard pricing.

Reserves
The Group's reserving policy safeguards reliable and consistent reserve estimates across all classes of business, maintaining overall reserves at, or above, the actuarial midpoint. The reserving process is embedded into the governance framework which requires an internal and robust review of reserves to be carried out at least quarterly, together with annual actuarial assurance.

Investment
The Group has a conservative investment strategy. Funds are invested in accordance with the Solvency II risk-based approach to investments and the 'prudent person principle,' which ensures that assets are of appropriate security, quality, and liquidity; are adequately diversified; and broadly match the Group's liabilities.

Claims Management
The Group recognises the importance of the claims settlement process and believes that it can differentiate itself from its competitors through its approach. The claims teams are focused on delivering a quality, reliable and efficient claims service by adjusting and processing claims in a timely manner, ensuring that customers are treated fairly and in accordance with policy terms and conditions.

Strategy

The Group's fundamental strategic goal is to produce an underwriting profit and investment income resulting in consistent net earnings that will increase shareholder value. This has been consistently accomplished through diversified businesses led by those who are the best in the business, a comprehensive reinsurance programme, and a conservative investment policy. This strategic approach is supported by TMHCC International's culture, which is underpinned by its core values: professionalism, discipline, honesty, respect, and trust.

Strategic Objectives

- Maintain a diversified portfolio of non-correlating businesses.
- Ensure sustainable growth through:
    - expansion of the Group's brand in the UK regional market, the London Market and throughout the rest of Europe; and
    - identification and development of opportunities to grow the Group's business through acquisition or establishing new LOBs.
- Maintain management, organisational and governance structures that are appropriate for, and support, the Group's growing business.

The Group has consistently delivered its strategic plan as a result of the following key strengths:

- **Diversified portfolio of specialty business –** the balanced portfolio is achieved by underwriting non-correlating short and long tail accounts that cover different products, geographies, and client sizes, which differentiates the Group from competitors either in product offering, customer service or market positioning. This results in a diverse and balanced portfolio of risks across lines of business (LOBs) which limits volatility and enables the Group to consistently achieve an underwriting profit that increases shareholder's value.
- **Operational efficiency –** TMHCC International manages its portfolio by LOB through a single integrated operating model. This provides operational efficiencies across TMHCC International, which benefits the Group.
- **Culture and values** – the Group operates globally, and its success and continued growth depends on its culture and shared values of: professionalism, discipline, honesty, respect and trust.
- **Skilled and entrepreneurial management –** the Group has a flat management structure with an experienced and entrepreneurial executive team. This enables flexible adaptation to the changing business environment, resulting in faster decision making and responsiveness to opportunities.
- **Prudent risk management –** the Group's conservative risk appetite and approach to risk management ensures that risks are identified, monitored, and mitigated. Reinsurance is one of the most important risk mitigation tools used to limit exposure, reduce the volatility of various LOBs and preserve capital.
- **Financial security –** the Group has very strong security (HCCII and TME both have S&P ratings of A+ and Fitch ratings of AA). This provides the policyholder with the knowledge and comfort that the Group will be able to honour its obligations when called upon to do so. Financial strength is a key differentiator for the Credit, Surety and Financial Lines businesses and allows the Group to access the highest quality risks where an insurer's financial strength carries a premium.

Good Company Approach

The Group shares the TM Group's **Good Company** vision.

The core principles of this vision are integral to the Group's culture, business and the creation of sustainable growth and value for all its stakeholders (customers, employees, distribution network, suppliers, shareholders, regulators and the community).

The Group is committed to fulfilling its obligations as a global insurer to support a sustainable future through the development/adoption of appropriate products and services. Being well-run, contributing to a resilient society and promoting and supporting diversity & inclusion are also essential to both our success and the creation of sustainable value for all stakeholders.

To support the Good Company approach to being a sustainable and responsible business, the Group has a sustainability governance structure that covers a wide range of Environmental, Social and Corporate Governance (ESG) issues relevant to its business and stakeholders.

Climate Risk

The Group is cognisant of the importance of climate-related risks to its business, clients, and other stakeholders. As a result, the Group considers climate-related risks and opportunities in its business decisions including underwriting and exposure management, particularly in relation to physical risks and reinsurance decisions; investment performance, ERM risk framework, policies, and processes; and strategic acquisitions, specifically the decision to acquire GCube, the renewable energy Managing General Agency in 2020.

The Group recognises that climate risk continues to evolve rapidly. The Group continues to identify and monitor climate-related risks and consider the potential impacts of these on its underwriting and investment activities and will endeavour to support low carbon transition strategies for itself and its clients, to reduce the impact on the environment and improve sustainability.

During 2022, the Group has undertaken a project in respect of its underwriting in relation to climate risk to identify and map potential climate-related risks and opportunities in its underwriting portfolio and their potential impact on its business. The outputs of the project will further inform the Group's Climate Risk and business strategies, as well as the development of the Group's risk management and scenario analysis approach related to climate risk, and the establishment of climate risk metrics.

Auditor and Regulatory Bodies

The regulatory supervisor and external auditor for the Group and the Company are set out below:

Group Supervisor (Prudential Risk)	*Group Supervisor (Conduct Risk)*	*Group Auditors*
Prudential Regulatory Authority	Financial Conduct Authority	PricewaterhouseCoopers LLP
Bank of England	25 The North Colonnade	7 More London Riverside
20 Moorgate	Canary Wharf	London
London	London	SE1 2RT

A2 – Underwriting Performance

A summary of key financial information for the year ended 31 December 2022 and prior year, for the Group and Company, can be found below:

Group	**2022 $'000**	**2021 $'000**
Gross Written Premium	1,681,274	1,628,475
Net Premium Earned	1,088,001	915,395
Underwriting Result (Technical Account pre-investment income)	220,032	186,960
Net Loss Ratio	48%	45%
Net Combined Ratio	80%	81%
Investment Income (Transferred to technical account)	34,993	29,384
Profit / (Loss) on ordinary activities before tax	(9,604)	166,563
Solvency II Cash and investments (excluding investment in subs and land and buildings)	2,258,737	2,154,025
Solvency II Own Funds	1,034,763	1,056,045

Company	2022 $'000	2021 $'000
Gross Written Premium	1,176,442	1,147,780
Net Premium Earned	886,987	756,010
Underwriting Result (Technical Account pre-investment income)	194,997	177,473
Net Loss Ratio	46%	42%
Net Combined Ratio	78%	77%
Investment Income (Transferred to technical account)	28,946	25,503
Profit / (Loss) on ordinary activities before tax	24,182	179,197
Solvency II Cash and investments (excluding investment in subs and land and buildings)	1,757,206	1,780,158
Solvency II Own Funds	1,030,625	1,035,055

There are small differences to the HCCII Consolidated Annual Report & Accounts, as a result of the profits arising from Rattner Mackenzie Ltd (Jordan) which sits between TMHCCIH(I) and the HCCII Consolidated Accounts. The profit before tax in 2022 equated to $0.1 million (2021: profit before tax of $0.1 million).

The Group

The Group has continued to grow in 2022 with GWP of $1.7 billion, up 11.5%, excluding FX, reflecting growth in the underlying portfolio driven by strong market conditions across the Group's segments, particularly London Market, up 17.6% (excluding FX) with varied growth across the lines within International Specialty, up 9.7% (excluding FX). The growth in London Market is driven from Marine Liability and Delegated Property, both benefitting from significant new business. Property Treaty has experienced a strong rating environment in response to the catastrophe losses in 2020 and 2021, and this trend expected to continue in the aftermath of Hurricane Ian. International Specialty growth is from Professional Risks where the ratings environment has improved, particularly in UK Professional Indemnity (PI). Performance in the segment has been somewhat dampened by challenging ratings conditions in Financial Lines and the impact of FX.

The underwriting result on the technical account excluding investment income was $220.0 million (2021: $187.0 million), resulting in a combined ratio of 79.8% (2021: 79.6%), with strong profits from both the London Market and International Specialty segments.

For the financial year 2022, the Group made a loss before tax of $9.6 million (2021: $166.7 million profit) of which $255.1 million profit (2021: $216.5 million) was from the technical account for general business which included investment income of $35.0 million (2021: $29.5 million). The increase in investment income is a result of reinvestment of bonds at higher yields. The earned investment income (net of investment expense) reflects the Group's conservative investment policy. The Group's solid operating cash flow and robust capital position supports this approach over one of managing total yield inclusive of unrealised gains and losses.

In 2022, unrealised losses on the Group's fixed income portfolio were significant in the interest rate increasing environment and totalled $234.2 million (2021: $37.6 million). During 2022, rates rose across the US Treasury curve and expectation of additional rate hikes by the Federal Reserve in response to persistent fears of rapid inflation caused significant market volatility. The Group's investment approach is to hold investments to maturity which will result in a reversal of unrealised losses and gains over time. FX losses totalled £6.9 million (2021: £13.9 million). The non-technical account items also included amortisation of goodwill and intangibles totalling $10.1 million (2021: $11.5 million) and other operating expenses.

The Company

The Company made a net profit before tax for the financial year of $24.2 million (2021: $179.2 million) and includes a balance on the technical account for general business of $223.9 million (2021: $203.0 million), which included investment income of $28.9 million (2021: $25.5 million). Within the non-technical account, 2022 has seen unrealised losses of $194.4 million (2021: $31.5 million loss), consistent with the increase in interest rates during the year.

The variance between the Group and the Company's net underwriting result is in relation to TME, with further details shown in the TME SFCR.

Underwriting Performance by Line of Business

The Group has three core underwriting segments: International Specialty, London Market, and J Business. International Specialty is comprised of Professional Risks, Financial Lines, Credit and Political Risk, Surety and Contingency. London Market business is comprised of Property Direct and Facultative, Delegated Property, Property Treaty, Accident and Health, and Marine and Energy. The J Business segment consists of commercial insurance coverage provided to Japanese corporate clients in respect of their overseas business interests. This coverage includes J Business Property, J Business Marine & Aviation and J Business Liability. These segments execute the Group and Company's strategy through concentration of underwriting in selected, narrowly defined LOBs where consistent underwriting profit can be achieved.

In the International Specialty segment, the 2022 underwriting result was $118.8 million (2021: $138.1 million). The reduction in the result reflects the flat top line growth with Credit & Surety and Professional Risks outperforming expectations but performing below 2021 and Financial Lines having another challenging year for prior year loss development.

In the London Market segment, the 2022 underwriting result was $94.5 million (2021: $51.1 million). Results were driven by the impact of the top line growth described above and the lack of significant catastrophe loss activity in the year, with 2021 heavily impacted by losses on European Floods.

In 2022, the J Business segment contributed $6.7 million (2021: $2.1 million loss) to the underwriting result. Given the nature and complexity of the J Business and its importance to a larger global portfolio, the business is fully ceded within Tokio Marine to Tokio Marine & Nichido Fire. The contribution to the underwriting result represents the ceding commission, which is set to achieve moderate profit for the Group after the acquisition and operating costs of the business.

Group	Gross Written Premium	Net Earned Premium	Net Loss Ratio %	Underwriting Result
31 December 2022	$'000	$'000	$'000	$'000
Specialty				
Financial Lines	363,368	205,290	78%	12,315
Surety	115,251	93,674	43%	19,769
Contingency & Disability	49,324	19,598	58%	3,293
Credit & Political Risk	128,910	121,442	41%	34,685
Professional Risks	236,669	214,663	36%	58,494
Other Specialty	44,077	31,026	54%	(9,767)
Total Specialty	**937,599**	**685,693**	**52%**	**118,789**
London Market				
Property Treaty	146,214	105,093	15%	59,553
Marine & Energy	191,118	133,390	54%	23,055
Delegated Property	120,592	96,148	46%	7,953
Accident & Health	123,077	67,707	54%	3,962
Total London Market	**581,001**	**402,338**	**42%**	**94,523**
Total J Business	**162,672**	**-**	**-**	**6,720**
Total	**1,681,274**	**1,088,001**	**48%**	**220,032**

Group 31 December 2021	Gross Written Premium $'000	Net Earned Premium $'000	Net Loss Ratio % $'000	Underwriting Result $'000
Specialty				
Financial Lines	385,869	194,677	72%	15,423
Surety	119,394	98,084	38%	26,525
Contingency & Disability	52,853	15,568	78%	(392)
Credit & Political Risk	120,310	111,290	19%	55,439
Professional Risks	214,531	169,929	30%	57,295
Other Specialty	38,841	25,891	57%	(16,236)
Total Specialty	**931,798**	**615,439**	**45%**	**138,054**
London Market				
Property Treaty	121,097	80,939	61%	3,953
Marine & Energy	186,347	112,977	39%	28,875
Delegated Property	78,601	48,248	48%	2,174
Accident & Health	135,806	57,792	34%	16,060
Total London Market	**521,851**	**299,956**	**46%**	**51,062**
Total J Business	**174,826**	**-**	**-**	**(2,156)**
Total	**1,628,475**	**915,395**	**45%**	**186,960**

Company 31 December 2022	Gross Written Premium $'000	Net Earned Premium $'000	Net Loss Ratio % $'000	Underwriting Result $'000
Specialty				
Financial Lines	260,378	205,130	78%	2,715
Surety	69,838	48,937	34%	15,968
Contingency & Disability	11,384	2,948	81%	1,174
Credit & Political Risk	114,104	108,100	38%	31,334
Professional Risks	223,868	204,016	35%	56,268
Other Specialty	4,797	451	101%	(7,502)
Total Specialty	**684,369**	**569,582**	**51%**	**99,957**
London Market				
Property Treaty	109,787	80,017	-1%	59,063
Marine & Energy	149,402	99,233	51%	20,197
Delegated Property	109,677	88,638	45%	8,082
Accident & Health	79,963	49,517	47%	5,494
Total London Market	**448,829**	**317,405**	**36%**	**92,836**
Total J Business	**43,244**	**-**	**-**	**2,204**
Total	**1,176,442**	**886,987**	**46%**	**194,997**

Company 31 December 2021	Gross Written Premium $'000	Net Earned Premium $'000	Net Loss Ratio % $'000	Underwriting Result $'000
Specialty				
Financial Lines	302,242	194,640	71%	4,778
Surety	69,847	55,471	33%	18,572
Contingency & Disability	14,330	1,960	133%	(1,380)
Credit & Political Risk	105,333	98,668	19%	45,355
Professional Risks	204,162	163,268	29%	54,738
Other Specialty	2,664	205	134%	(11,392)
Total Specialty	**698,578**	**514,212**	**44%**	**110,671**
London Market				
Property Treaty	89,945	68,269	24%	32,346
Marine & Energy	150,040	90,488	45%	18,839
Delegated Property	74,499	44,649	50%	1,072
Accident & Health	89,799	38,392	28%	13,656
Total London Market	**404,283**	**241,798**	**37%**	**65,913**
Total J Business	**44,919**	**-**	**-**	**889**
Total	**1,147,780**	**756,010**	**42%**	**177,473**

Branch Performance

The Group conducted business through HCCII's principal offices in London, its regional offices across the UK and its branch in Switzerland. The Group's EEA business was underwritten by TME through its branches in Spain, Ireland, France, Germany, Italy, Denmark, Belgium, Norway and the Netherlands. Following the UK's exit from the EU on 31 January 2020 and the end of the transition period on 31 December 2020, any EEA risks presented in the London Market and/or previously written by the UK branch, have been written by TME's EA branches from 1 January 2021, utilising the expertise of the specialist underwriters in the UK via the TME UK branch.

During 2022, TME applied to the Prudential Regulation Authority ('PRA') for permission to operate the TME UK Branch as a third country branch in the UK. This permission was approved by the PRA in September 2022. As part of the application, TME applied for a modification by consent to exclude risks that are not located in the UK when calculating regulatory financial information and this was approved by the PRA in July 2022.

A summary of the GWP of the branches, for the year ended 31 December 2022 and prior year, for the Group is as follows:

Group	Ireland	Switzer-land	France	Spain	Germany	Italy	Nether-lands	Belgium	Den-mark
31 December 2022	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	
SPECIALTY									
Financial Lines	-	13,623	-	167,453	25,223	13,252	-	(16)	-
Surety	10,673	-	2,584	731	13,603	7,065	3,866	-	5,492
Contingency & Disability	-	387	24,385	-	6,170	-	-	12,599	-
Credit & Political Risk	1,621	2,488	9,753	-	-	-	-	-	-
Professional Risks	12,898	32	-	-	-	-	-	-	-
Other Specialty	-	1,024	33,993	1,919	556	-	(29)	-	-
Total Specialty	**25,192**	**17,554**	**70,715**	**170,103**	**45,552**	**20,317**	**3,837**	**12,583**	**5,492**
Total London Market	**-**	**1,470**	**-**	**18,554**	**-**	**-**	**18,100**	**-**	**-**
Total J-Business	**-**	**-**	**16,589**	**5,567**	**61,448**	**5,925**	**11,414**	**18,485**	**-**
Total	**25,192**	**19,024**	**87,304**	**194,224**	**107,000**	**26,242**	**33,351**	**31,068**	**5,492**

Group	Ireland	Switzer-land	France	Spain	Germany	Italy	Nether-lands	Belgium	Den-Mark
31 December 2021	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
SPECIALTY									
Financial Lines	-	21,459	-	168,654	12,333	9,623	-	377	-
Surety	13,725	-	4,863	1,045	13,364	6,808	2,591	-	4,947
Contingency & Disability	-	443	23,596	-	1,910	-	-	10,738	-
Credit & Political Risk	2,137	2,904	7,698	-	-	-	-	-	-
Professional Risks	9,815	50	-	-	-	-	-	-	-
Other Specialty	-	980	32,606	1,754	769	-	-	-	-
Total Specialty	**25,677**	**25,836**	**68,763**	**171,453**	**28,376**	**16,431**	**2,591**	**11,115**	**4,947**
Total London Market	**-**	**1,697**	**-**	**4,465**	**-**	**-**	**20**	**-**	**-**
Total J-Business	**-**	**-**	**16,545**	**5,080**	**71,638**	**6,696**	**12,013**	**17,935**	**-**
Total	**25,677**	**27,533**	**85,308**	**180,997**	**100,014**	**23,127**	**14,624**	**29,050**	**4,947**

Underwriting Performance by Solvency II Lines of Business

Solvency II requires sixteen different product classifications which are classified differently to how the business is managed.

The following table provides insight into the mapping of business between Group and Company LOBs and Solvency II LOBs.

The Solvency II LOB is applied at an individual policy level, meaning that Solvency II LOBs can be found across multiple Group and Company LOBs. Likewise, the following is not an exhaustive mapping between Group and Company and Solvency II LOBs.

TMHCC International LOB	Solvency II LOB
Financial Lines	Direct & Proportional General liability insurance Non-proportional casualty reinsurance
Surety	Direct Credit and suretyship insurance Non-proportional property reinsurance
Contingency & Disability	Direct & Proportional Income protection insurance Non-proportional health reinsurance
Credit & Political Risk	Direct Credit and suretyship insurance
Professional Risks	Direct General liability insurance
Other Specialty	Direct Miscellaneous financial loss Direct Income protection insurance Non-proportional health reinsurance
Property & Property Treaty	Non-proportional property reinsurance Direct & Proportional Fire and other damage to property insurance
Energy & Marine	Direct & Proportional marine, aviation and transport insurance Non-proportional marine, aviation and transport reinsurance
Delegated Property	Direct & Proportional Fire and other damage to property insurance
Accident & Health	Non-proportional health reinsurance Direct & Proportional Income protection insurance Direct & Proportional Medical expense insurance
J Business	Non-proportional property reinsurance Direct & Proportional Fire and other damage to property insurance
European Business	Direct & Proportional marine, aviation and transport insurance Non-proportional marine, aviation and transport reinsurance

The GWP and underwriting results of the top five Solvency II lines, for the year ended 31 December 2022 and prior year, for the Group and Company, are as follows.

Group	General liability insurance	Credit and suretyship insurance	Marine, aviation, transport	Property	Non-Prop Property	Other	Total
31 December 2022	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Gross Written Premium	**550,334**	**223,350**	**219,718**	**297,944**	**171,406**	**218,521**	**1,681,273**
Net Earned Premium	364,339	174,251	127,950	154,459	138,311	128,690	1,088,001
Net Claims	(199,475)	(81,575)	(51,872)	(68,958)	(38,569)	(83,783)	(524,232)
Net Expenses	(100,651)	(69,623)	(38,335)	(60,836)	(39,463)	(34,829)	(343,737)
Underwriting Result	**64,213**	**23,054**	**37,743**	**24,665**	**60,279**	**10,078**	**220,032**

Group 31 December 2021	General liability insurance $'000	Credit and suretyship insurance $'000	Marine, aviation, transport $'000	Property $'000	Non-Prop Property $'000	Other $'000	Total $'000
Gross Written Premium	**562,220**	**242,478**	**222,288**	**217,735**	**164,245**	**219,509**	**1,628,475**
Net Earned Premium	330,230	100,639	191,191	106,899	94,673	91,763	915,395
Net Claims	(181,168)	(50,677)	(42,080)	(44,337)	(43,000)	(53,122)	(414,384)
Net Expenses	(91,702)	(42,509)	(67,246)	(43,055)	(34,591)	(34,948)	(314,051)
Underwriting Result	**57,360**	**7,453**	**81,865**	**19,507**	**17,082**	**3,693**	**186,960**

Company 31 December 2022	General liability insurance $'000	Credit and suretyship insurance $'000	Marine, aviation, transport $'000	Property $'000	Non-Prop Property $'000	Other $'000	Total $'000
Gross Written Premium	**436,732**	**169,588**	**95,055**	**201,063**	**130,862**	**143,142**	**1,176,442**
Net Earned Premium	364,909	125,087	63,523	137,323	105,204	90,941	886,987
Net Claims	(201,196)	(49,863)	(33,308)	(53,985)	(21,939)	(44,895)	(405,186)
Net Expenses	(98,765)	(52,909)	(15,450)	(53,727)	(29,196)	(36,757)	(286,804)
Underwriting Result	**64,948**	**22,315**	**14,765**	**29,611**	**54,069**	**9,289**	**194,997**

Company 31 December 2021	General liability insurance $'000	Credit and suretyship insurance $'000	Marine, aviation, transport $'000	Property $'000	Non-Prop Property $'000	Other $'000	Total $'000
Gross Written Premium	**462,575**	**163,936**	**90,229**	**120,820**	**157,673**	**152,547**	**1,147,780**
Net Earned Premium	324,546	142,201	61,162	76,718	80,833	70,550	756,010
Net Claims	(165,182)	(34,711)	(27,142)	(9,022)	(40,766)	(39,668)	(316,491)
Net Expenses	(98,475)	(50,410)	(15,800)	(30,638)	(31,379)	(35,344)	(262,046)
Underwriting Result	**60,889**	**57,080**	**18,220**	**37,058**	**8,688**	**(4,462)**	**177,473**

Underwriting Performance by Solvency II Lines of Business: Group

General Liability

These classes are comprised principally of the Directors and Officers and Cyber components of Financial Lines business, and portions of Professional Risks.

Financial Lines: GWP increased by 1.6%. This represents a significant shift from the trend in recent years as rating conditions in our core Directors and Officers book have begun to flatten, and in some cases decrease. This is being offset by growth in our Cyber book. The group has maintained a conservative underwriting approach and discipline in this challenging market .

Professional Risks: GWP increased by 22.1%. The business includes two main product lines; Professional Indemnity and Liability – with growth primarily driven by improved market conditions in Professional Indemnity.

Credit and Suretyship

This class of business is comprised principally of the Credit and Political Risk, and Surety LOBs.

Credit & Political Risk: GWP increased by 13.5%. The Group offers a full range of Credit & Political Risk insurance solutions for both financial institutions and small and large commercial companies. The Trade Credit team, is one of the leading credit insurers in the UK, distinguishing the Group with high service standards in both underwriting and claims handling positions and with high client retention. The UK market continues to be impacted by economic uncertainty and a weak rating environment; however this is leading to an increase in the purchase of two year policies which is supporting top line growth. Market conditions in political risk remain positive, however our underwriters continue to exercise significant caution given the trend of global political instability.

Surety: GWP increased by 7.4% despite the challenging economic conditions.

Marine, Aviation and Transport

Marine & Energy: GWP increased by 4.7% comprising Energy, Marine Hull, Marine Liability and Marine Cargo. Rating conditions on the majority of these lines have been very good. This is being offset by the decrease Gcube/GWP which is driven by the increased competition in the renewable energy market.

Property & Non-Proportional Property

The property LOB includes Property Treaty, Delegated Property, and Property Direct and Facultative LOBs.

Property Treaty: GWP increased by 20.7%. The portfolio principally comprises non-US excess of loss reinsurance business. The strategy of continuing strong client relationships and participation on high programme layers has grown the portfolio. The consistent and responding retro programme, has produced profitable results. Top line growth has been driven by improving market conditions following the CAT losses in 2020 and 2021.

Property Direct & Facultative: GWP decreased by 3.8% reflecting positive rating conditions.

Delegated Property: GWP increased by 70% (excluding FX), reflecting a number of key business wins as this relatively new line, particularly in the UK, continues to grow .

Other

This comprises principally of Non-proportional Marine business, Income protection, Non-Proportional Health, Medical Expense and Miscellaneous Financial Loss.

Underwriting Performance by Solvency II Geographic Location

In conformity with Solvency II requirements whereby the 'geographic location' is defined by either underwriter or risk location dependent upon type of business, the following provides the GWP and underwriting results of the UK and top 5 locations by geographic location, for the year ended 31 December 2022 and prior year for the Group and Company.

Group	United Kingdom	Spain	Germany	France	United States	Singapore	Other	Total
31 December 2022	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Gross Written Premium	**795,552**	**198,005**	**98,463**	**90,205**	**57,216**	**41,566**	**401,266**	**1,681,273**
Net Earned Premium	581,950	38,688	28,974	47,664	22,050	31,182	337,492	1,088,000
Net Claims	(257,558)	(42,336)	(37,294)	(35,536)	(6,694)	(16,832)	(127,982)	(524,232)
Net Expenses	(169,078)	(4,379)	(2,784)	(27,327)	(12,934)	(8,061)	(119,173)	(343,736)
Underwriting Result	**155,314**	**(8,027)**	**(11,104)**	**(15,199)**	**2,422**	**6,289**	**90,337**	**220,032**

Group	United Kingdom	Spain	France	Germany	Italy	Switzerland	Other	Total
31 December 2021	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Gross Written Premium	**750,798**	**225,762**	**99,657**	**83,952**	**46,911**	**36,245**	**385,150**	**1,628,475**
Net Earned Premium	442,465	24,729	15,681	58,666	28,154	22,257	323,443	915,395
Net Claims	(176,081)	(28,764)	(48,560)	(36,167)	(8,192)	(14,566)	(102,054)	(414,384)
Net Expenses	(143,714)	(4,894)	(6,918)	(27,702)	(6,336)	(6,896)	(117,591)	(314,051)
Underwriting Result	**122,670**	**(8,929)**	**(39,797)**	**(5,203)**	**13,626**	**795**	**103,798**	**186,960**

Company	United Kingdom	United States	Singapore	Switzer-land	India	Australia	Other	Total
31 December 2022	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Gross Written Premium	**729,728**	**42,342**	**43,624**	**23,314**	**36,746**	**20,874**	**279,814**	**1,176,442**
Net Earned Premium	547,184	10,058	33,763	15,879	30,815	10,219	239,069	886,987
Net Claims	(232,313)	(3,109)	(18,497)	(1,724)	(15,103)	(2,396)	(132,044)	(405,186)
Net Expenses	(159,296)	(10,357)	(7,987)	(3,731)	(6,943)	(2,669)	(95,821)	(286,804)
Underwriting Result	**155,575**	**(3,408)**	**7,279**	**10,424**	**8,769**	**5,154**	**11,204**	**194,997**

Company	United Kingdom	Switzer-land	Australia	Israel	Singapore	Mexico	Other	Total
31 December 2021	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Gross Written Premium	**716,488**	**49,753**	**38,919**	**27,499**	**22,901**	**20,882**	**271,338**	**1,147,780**
Net Earned Premium	428,387	34,866	24,256	4,839	13,822	17,018	232,822	756,010
Net Claims	(173,730)	(19,851)	(8,137)	(6,158)	(1,142)	(14,433)	(93,040)	(316,491)
Net Expenses	(135,353)	(6,789)	(5,523)	(5,992)	(2,971)	(5,281)	(100,137)	(262,046)
Underwriting Result	**119,304**	**8,226**	**10,596**	**(7,311)**	**9,709**	**(2,696)**	**39,645**	**177,473**

A3 – Investment Performance

New England Asset Management (NEAM) is the investment manager for the US Dollar, Sterling, Euro and Swiss Franc funds, which consist primarily of a portfolio of highly rated corporate and municipal bonds, that have an average rating of AA- and do not include any securities with less than a BBB rating. Group's portfolio also includes bonds guaranteed by the US, UK and German governments. The average duration of the aggregate portfolios at the year-end was 4.3 years (2021: 4.7 years). Delphi Financial Group, Inc., an investment manager within the Tokio Marine Group of companies, manages the Collective Investment Undertakings, which comprises 3% of the Group's consolidated invested assets as at 31 December 2022 (2021: 4%).

Asset Classes 31 December 2022	Gross Investment Income $'000	Realised Gains and Losses $'000	Technical Earned Investment Income $'000	Unrealised Gains / Losses $'000	Total Earned Investment Income $'000
Corporate Bonds	17,660	4	17,664	(100,155)	(82,491)
Government Bonds	12,676	-	12,677	(92,032)	(79,355)
Collective Investment Undertakings	-	-	-	5,889	5,889
Collateralised Securities	7,425	-	7,425	(47,921)	(40,496)
Short Term Deposits	71	-	71	-	71
Total	**37,832**	**4**	**37,837**	**(234,219)**	**(196,382)**
Investment Expense			(2,842)		(2,842)
Technical Earned Investment Income / (expense)			**34,995**		**(199,224)**
Bank Interest					608
Total Earned Investment Income / (expense)					**(198,616)**

Asset Classes 31 December 2021	Gross Investment Income $'000	Realised Gains and Losses $'000	Technical Earned Investment Income $'000	Unrealised Gains / (Losses) $'000	Total Earned Investment Income $'000
Corporate Bonds	12,676	1,160	13,836	(23,881)	(10,045)
Government Bonds	12,159	81	12,240	(9,677)	2,563
Collective Investment Undertakings	-	-	-	6,165	6,165
Collateralised Securities	6,231	(4)	6,227	(10,202)	(3,976)
Short Term Deposits	(390)	-	(390)	-	(390)
Total	**30,676**	**1,237**	**31,913**	**(37,595)**	**(5,683)**
Investment Expense			(2,529)		(2,529)
Technical Earned Investment Income / (expense)			**29,384**		**(8,212)**
Bank Interest					65
Total Earned Investment Income / (expense)					**(8,147)**

Earned investment income (excluding the unrealised gains and losses) totalled $35.0 million (2021: $29.4 million). Including unrealised gains and losses and bank interest, the total investment loss for the Group is $198.6 million (2021: $8.1 million loss).

In 2022, the change in the fair value of the investment portfolio generated unrealised losses of $234.2 million, which resulted in total unrealised losses of $230.6 million for the year net of unrealised FX loss of $3.7 million. This was principally driven by the rise in US Treasury and bond rates driven by continuing concerns surrounding elevated inflation throughout 2022 and the Fed's rate hiking path through 2022 in response to such inflation. In these circumstances, the Group's strategy is to hold to maturity and as such these unrealised losses will unwind as the securities mature.

The performance of the Company's portfolio, for the year ended 31 December 2022 and prior year, is as follows:

Asset Classes 31 December 2022	Gross Investment Income $'000	Realised Gains and Losses $'000	Technical Earned Investment Income $'000	Unrealised Gains / (Losses) $'000	Total Earned Investment Income $'000
Corporate Bonds	13,572	17	13,589	(78,395)	(64,806)
Government Bonds	10,564	-	10,564	(77,140)	(66,576)
Collective Investment Undertakings	-	-	-	5,889	5,889
Collateralised Securities	6,875	-	6,875	(44,737)	(37,862)
Total	**31,011**	**17**	**31,028**	**(194,383)**	**(163,355)**
Investment Expense			(2,082)		(2,082)
Technical Earned Investment Income / (expense)			**28,946**		**(165,436)**
Bank Interest					362
Total Earned Investment Income / (expense)					**(165,074)**

Asset Classes 31 December 2021	Gross Investment Income $'000	Realised Gains and Losses $'000	Technical Earned Investment Income $'000	Unrealised Gains / (Losses) $'000	Total Earned Investment Income $'000
Corporate Bonds	10,337	1,013	11,350	(19,952)	(8,602)
Government Bonds	10,406	-	10,406	(8,581)	1,825
Collective Investment Undertakings	-	-	-	6,165	6,165
Collateralised Securities	5,692	-	5,692	(9,180)	(3,488)
Total	**26,435**	**1,013**	**27,448**	**(31,548)**	**(4,100)**
Investment Expense			(1,944)		(1,944)
Technical Earned Investment Income / (expense)			**25,504**		**(6,044)**
Bank Interest					31
Total Earned Investment Income / (expense)					**(6,013)**

The performance of the investment portfolio, as recorded in the technical account, is $28.9 million (2021: $25.5 million). Including unrealised gains and losses and bank interest, the total investment loss for the Company is $165.1 million (2021: $6.0 million loss). Unrealised losses of $194.4 million (2021: $31.5 million) experienced during the year have been driven by interest rate hikes, as in the case of Group.

There are no gains or losses recognised directly in equity.

A4 – Performance of Other Activities

Other charges and income incurred by the Group and Company for the year, not included within the technical account were:

31 December 2022	Group $'000	Company $'000
Corporate oversight costs	9,475	3,891
Service awards	4,607	3,387
Amortisation of goodwill	8,578	-
Amortisation of intangibles	1,489	-
Total other charges	**24,149**	**7,278**

The corresponding table for 2021 for the Group and Company is shown below:

31 December 2021	Group $'000	Company $'000
Covid-19 costs	136	-
Corporate oversight costs	7,755	3,779
Service awards	6,932	4,568
Amortisation of goodwill	6,491	-
Amortisation of intangibles	4,832	1,545
Total other charges	**26,146**	**9,892**

A5 – Any Other Information

There is no other material information to be disclosed.

Section B – System of Governance

B1 – General Information on the System of Governance

The Group's governance

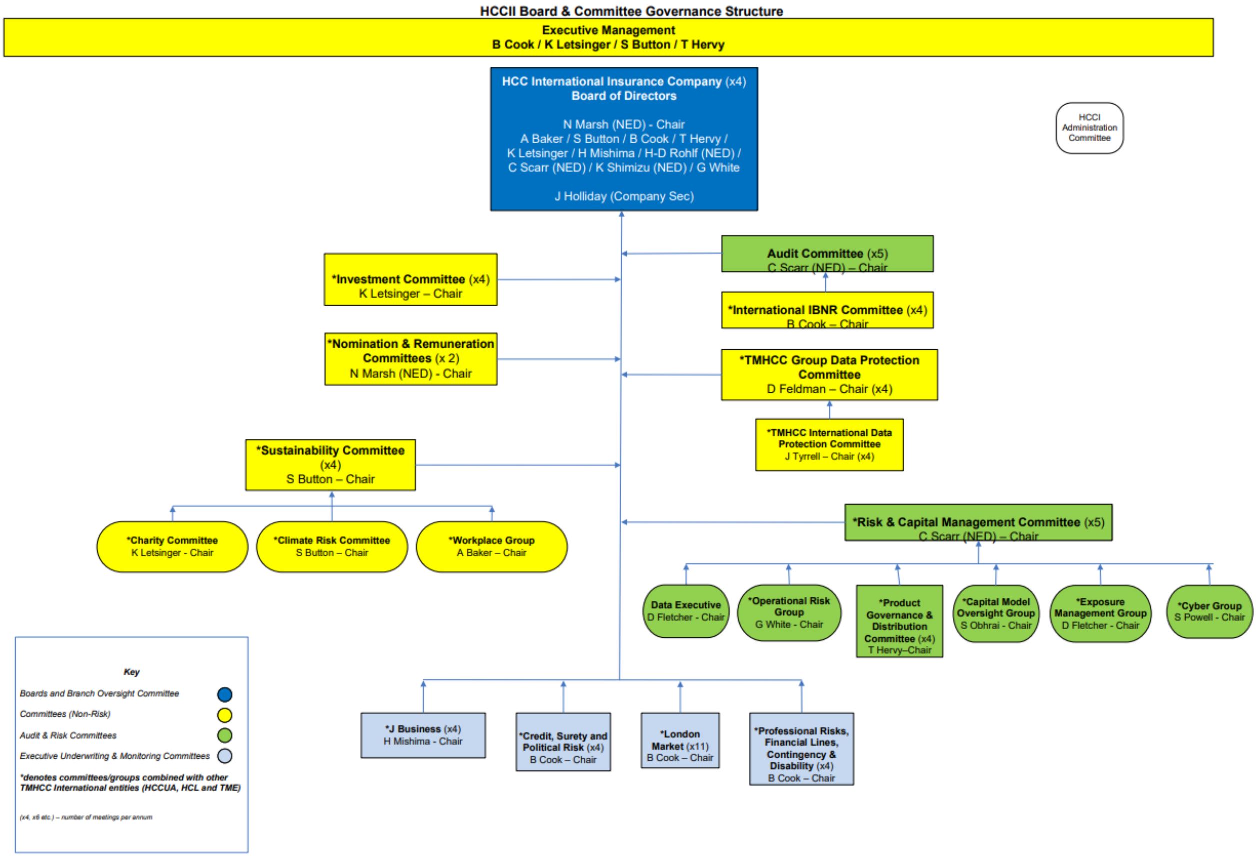
The Group's Board is comprised of B J Cook, Chief Executive Officer of TMHCC International and K L Letsinger, Group Chief Financial Officer of TMHCC International, both of whom are also Directors of HCCII, and T Weist, Executive Vice President and Chief Financial Officer of HCC Insurance Holdings, Inc. the Group's immediate parent company.

Board meetings are held for the Group on an ad hoc basis to approve accounts, share issues, agree company strike-offs of subsidiary companies and any other ad hoc responsibilities.

The information contained within the remainder of this section relates to the System of Governance for the Company. However, as the Company and its subsidiaries, are the only risk-bearing entities of the Group, the risk management, internal control systems and reporting procedures are aligned between both the Company and the Group. The system of governance has not changed materially over the year.

Overview of the Company's Board and Committee Structure

The oversight of the Company's business and its operations are provided through its governance structure, in which the management of risk plays a significant part. Governance starts with the Company's Board, which has overall responsibility for management of the Company through providing leadership of the Company within a framework of prudent and effective controls. The organisation chart below provides a high-level overview of the Company's governance structure.



Board of Directors

The Board is responsible for leading the Company, promoting the long-term sustainable success of the Company, and generating value for all stakeholders. In carrying out its duties, the Board may exercise all the powers of the Company, subject to any relevant laws and regulations and to the Articles of Association (Articles).

The principal functions of the Board are to:

- establish a sustainable business model and determine a strategy which aligns to that business model;
- agree the risk strategy and appetites for the Company, oversee the effective operation of the risk management framework and monitor performance against the risk appetites;
- set out the framework within which the business is managed;
- ensure that the Company has in place an appropriate corporate governance structure and undertake an annual review of the Company's policies and procedures;
- ensure that the Company's Conduct Risk framework is effective and delivers fair customer outcomes and to review Conduct Risk management information, providing appropriate challenge and direction;
- complies with its regulatory obligations; and
- define the Company's corporate and social obligations, ensuring it acts as a 'Good Company'.

There is a Schedule of Matters Reserved for the Board.

All authority in the Company flows from the Board but is assisted in the discharge of its duties by a number of Committees. Each Committee has defined areas of responsibility which are set out in each Committee's terms of reference. Each year the governance structure and the terms of reference are reviewed to ensure they remain both up to date and appropriate.

The Board is comprised of executive Directors, independent non-executive Directors and a non-executive director (shareholder representative) and possesses a combination of skills, experience, and knowledge that cover the Company's main business areas, ensuring appropriate challenge and debate. This enables the Board to make informed decisions and provide effective oversight of the risks.

Audit Committee

The main responsibilities of the Audit Committee are to monitor and review:

- the integrity of the financial statements and related announcements;
- the effectiveness of the internal financial controls;
- the effectiveness of the internal and external audit processes;
- the relationship with the external auditors;
- review the adequacy and security of TMHCC International's Whistleblowing Policy and its arrangements for its employees and contractors and external parties to raise complaints and concerns, in confidence, about possible wrongdoing in financial reporting or other matters;
- review the TMHCC International procedures for detecting fraud;
- review TMHCC International's systems and controls for the prevention of bribery and receive reports on non-compliance; and
- review regular reports form the Money Laundering Reporting Officer and the adequacy and effectiveness of TMHCC International's anti-money laundering systems and controls.

TMHCC Group Data Protection Committee

The TMHCC Group Data Protection Committee covers all TMHCC Group entities including the Company. The Committee's purpose is to:

- discuss and shape the Group-wide data protection strategy, and recommend it to the relevant TMHCC International TMHCC Group Boards for approval;
- identify areas where the US, UK and Europe should share knowledge and resources;
- identify areas where the US, UK and Europe should agree a common approach to an aspect of Data Protection practice/policy or reporting; and
- review summary reports and consider any red flags/major issues raised by the sub-committees (including information on data breaches, or failure to meet deadlines for responding to requests from data subjects).

Executive Underwriting Monitoring Committees

The main purpose of the four Executive Underwriting Monitoring Committees (EUMC) (London Market; Credit, Surety and Political Risk; Professional Risks, Financial Lines, Contingency and Disability; and J-Business) is to ensure that the LOBs operate in accordance with TMHCC International's strategic objectives. The main responsibilities of the EUMCs are to:

- review the LOB performance against budget;
- consider the rating, market and loss environments and any impacts on the Group's business;
- monitor the KPIs and risk metrics for each LOB; and
  review claims and Incurred but not reported (IBNR) for each LOB.

The committees escalate matters of concern, or which require approval of the Board through the relevant Chief Underwriting Officer and by way of a written report at regular quarterly Board meetings.

Investment Committee

The primary purpose of this committee is to assist the Board by overseeing the management, understanding and quantification of investment (market) risk. The objectives of the Committee are:

- ensuring that the funds of the Company are invested in accordance with its strategy, policy and the Prudent Person Principal;
- annually reviewing the investment strategy and policies;
- ensuring the Investment Strategy and policies for the TMHCC International platforms are consistent with the TMHCC Group Investment Strategy, FCA, PRA and EU regulatory requirements and policies and remain appropriate;
- establishing appropriate investment risk metrics to monitor the performance of investments; and
- monitor the performance of investments, including the performance of external investment managers and take appropriate action where investments cease to comply with the investment guidelines.

Nomination Committee

The main responsibilities of the Nominations Committee are to:

- review the structure, size and composition (including the skills, knowledge and experience) of the Board and make recommendations to the Board where their composition requires further development. In this respect, the Committee will consider the findings from the annual Board evaluation exercise;
- review the leadership needs of the Company, both executive and non-executive to ensuring that it continues to compete effectively in the marketplace and assist in identifying, nominating, and re-nominating for the approval of the Board, candidates to fill Board vacancies as and when they arise; and
- consider succession planning for Directors and other senior executives, taking into account the challenges and opportunities facing the Company, and the skills and expertise needed on the Board in the future.

Remuneration Committee

The Committee's primary objective is to oversee the remuneration arrangements for all employees within the Group including the Company, ensuring that the framework for remuneration is one that will enhance the Group's resources by attracting, retaining, and motivating employees to the Group's strategic objectives within a framework that is aligned with the Group's risk management framework and long-term strategy.

Risk & Capital Management Committee

The purpose of the Risk & Capital Management Committee is to oversee the Company's risk management framework and approach to capital. The duties of the committee are to:

- review the effectiveness of the Enterprise Risk Management (ERM) Framework;
- review the risk strategy;
- monitor and review the risk appetite and risk profile in relation to insurance, strategic and regulatory, market, liquidity, credit and operational (including technology) risks;
- review the methodology used to determine HCCII's capital requirements and stress testing;
- satisfy itself that HCCII's Economic Capital Model (ECM) is fit for purpose;
- review the adequacy and effectiveness of HCCII's system of non-financial internal controls and risk management;
- oversee the cyber security strategy;
- review the implementation and provide oversight of the data strategy;
- review and provide oversight of financial crime risk; and
- monitor regulatory requirements.

The Risk & Capital Management Committee has five sub-committees/groups that each focus on a particular aspect of risk and report to the Risk & Capital Management Committee with any recommendations and findings from the execution of their responsibilities. The main purpose(s) of each group are as follows:

- Capital Model Oversight Group: to monitor the Company's capital models, including output, use, development and validation. The model includes both the Internal ECM and the Standard Formula.
- Cyber Group: to review cyber underwriting risk exposure, monitor exposures against agreed risk appetites; oversee the development of Probable Maximum Loss methodologies; monitor industry developments and compliance with regulatory requirements in respect of cyber underwriting risk and as appropriate, recommend changes to risk appetites, cyber reporting, and scenarios/methodologies;
- Exposure Management Group: to monitor procedures and oversight systems for the evaluation of all property and non-property aggregate accumulations (both before and after Probable Maximum Loss) to be utilised by the regulated entities within the Group. The aggregate methodology will have reference to catastrophe models, RDS and other relevant input;
- Operational Risk Group: to oversee and ensure the efficient and effective management of operational risk, including the identification and mitigation of operational risks; monitor established and emerging operational risks, and ensure appropriate procedures are in place. In addition, the group oversees the prioritisation of actions taken in respect of potential risks based upon risk criteria approved by the Board; and
- Product Governance & Distribution Committee: to ensure effective oversight of product development, implementation and ongoing product management during the product lifecycle; that the Company can achieve compliance with its regulatory obligations, in particular, PRIN 2, 3, 6 and 7; proportionately; to promote and support the delivery of the six Treating Customers Fairly outcomes; ensure effective oversight of product development, implementation, and ongoing product management during the product lifecycle, and the delivery of good outcomes for its retail customers, which includes:
    - acting in good faith towards retail customers;
    - avoiding causing foreseeable harm to retail customers;
    - enabling and supporting retail customers to pursue their financial objectives;
    - offering products and services that are fit for purpose and designed to meet consumers' needs and are targeted at those consumers;
    - delivering products that offer fair value;
    - ensuring consumer understanding throughout the customer journey; and
    - providing appropriate consumer support such that the product can be used as reasonably anticipated.

Sustainability Committee

The Committee was established to explore and oversee the ESG risks, trends, and opportunities that might impact the Company's business. The main responsibilities of the Committee are to:

- oversee the identification, management and mitigation of sustainability risks;
- define TMHCC International's sustainability appetite, vision, objectives and strategy and recommend to the Board for approval;
- oversee the execution of the sustainability strategy;
- agree annual sustainability targets and review performance against targets; and
- oversight of the work carried out by sub-committees (Charity Committee, Workplace Group, and Climate Risk Committee).

Administration

There is also an administrative committee with the authority to act on behalf of the Board between the quarterly scheduled Board meetings in order to deal with routine regulatory submissions, banking and administration matters, including the use of the Company Seal where Board level authorisation is required i.e., granting of Powers of Attorney.

Remuneration Policy

The Company's Remuneration Policy provides a framework for remuneration which is consistent with the Company's risk management and long-term strategy. The key principles of the policy are to ensure that remuneration packages reflect the employees' duties and responsibilities, that they are fair and equitable, and that reward is clearly and measurably linked to individual and corporate performance.

The pay element of the reward package comprises both fixed and variable pay. The fixed pay component is determined by the role and responsibilities of the employee, their skills and experience, performance, and comparable market rates. The variable pay component is designed to motivate and reward employees who generate income and/or increase shareholder value. The variable pay element is awarded in a manner which promotes sound risk management and does not induce excessive risk taking. The Remuneration Committee ensures that there is an appropriate balance between fixed and variable pay and that the fixed component represents a sufficiently high proportion of the total remuneration. In addition, the performance-based component reflects the risk underlying the achieved result, and a portion of the variable component is deferred for those employees who are identified as risk takers.

There is no remuneration linked to share options or shares in the Group or its ultimate parent undertaking.

Assessment of Adequacy of the System of Governance

As noted in Section B.5, Internal Audit is responsible for evaluating the adequacy and effectiveness of the internal control system and other elements of governance, taking into account the nature, scale and complexity of the risks inherent in the business. Based on the audit and controls testing performed in 2021, and the governance review undertaken annually as part of Internal Audit's Annual Opinion Statement, which considered governance, risk management and internal controls, the Company's governance and risk management were both fit for purpose and the key controls continue to operate as intended.

B2 – Fit and Proper Requirements

Senior Managers and Certification Regime

The Senior Managers and Certification Regime is designed to ensure individual accountability within firms, holding them more accountable for the decisions they make, and the remit has been extended to include more individuals within the firm who were not previously subject to the prior regulatory regimes.

Senior Manager Functions are controlled functions which have been designated as such by either the PRA or FCA. These functions apply to Directors that effectively run the Company and to Senior Managers who have responsibilities for the Key Functions as defined under the Solvency II Directive. 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 designated Senior Manager Functions gain pre-approval from the PRA/FCA to carry out the regulated activities.

The Certification Regime is a Financial Services and Markets Act 2000 requirement, and it applies to employees who are not Senior Managers but whose roles could allow them to cause significant harm to the Company or its customers. This regime includes all individuals who have been designated as a Material Risk Taker by HCCII and senior managers within key function areas of the business. These individuals must be notified to the PRA/FCA but do not require formal regulatory approval.

In addition to the Board and Committee structure outlined above the Company has six key functions as considered below. Of these, four are required by the Solvency II Directive and a further two are designated by the Board of the Company.

Key Functions

The Company has identified six key functions which are as follows:

Actuarial

The Actuarial function sits across all the underwriting platforms within TMHCC International. Its primary responsibility, from a Solvency II perspective, is the coordination of the calculation of the technical provisions, ensuring that methodologies and assumptions used are appropriate to the LOB, assess the sufficiency and quality of the data provided and compare best estimates against experience.

Claims Management

The Company views its claims settlement process as the 'shop window' to customers and a potential differentiator to competitors. Staffed by claims professionals based in London, Barcelona, Paris, Brussels, Dusseldorf, Bridgend, Leicester and Amstelveen, handling claims emanating from all LOBs with claims potentially located in any jurisdiction anywhere around the world. The claims departments are responsible for evaluating loss exposures accurately and expediently, providing salvage and subrogation potentials for the organisation as well as providing a prompt, fair and consistent service to policyholders and agents.

Compliance

The overarching purpose of this function is to enable the Company to meet and exceed the standards required by its regulators. Accountabilities include advising the Board on compliance with PRA/FCA, Lloyd's and international regulatory requirements, and ensuring staff awareness of regulatory matters and best practice guidelines for business compliance topics e.g. licensing, sanctions, anti-money laundering, competition and treating customers fairly.

Internal Audit

The Internal Audit function is primarily responsible for evaluating the adequacy and effectiveness of the internal control system and other elements of governance. This function is independent and free to express its opinions and disclose findings to the Board, TMHCC Group and reports directly to the UK Internal Audit Committee and into the TMHCC Group Audit Committee on a regular basis.

Risk Management

The risk management function assists in the effective operation of our business units and maintains an entity-wide view of the Company and the entire TMHCC International risk profile. For the Board, committees and management it also monitors and provides focused reporting on risk exposures and advises on risk.

Information Technology (IT)

The standard of our control framework is heavily reliant upon IT from data input through to regulatory reporting. The accuracy and timely provision of various Management Information is essential for the Executive decision-making process. In some LOBs direct portal access is provided to our customer base and therefore high standards for service reliability are imperative to the business and our reputation.

Fit and Proper Compliance

The Company's Fit and Proper Policy provides a framework for assessing the fitness and propriety of Directors, Senior Managers and individuals performing a key function as defined under the Solvency II regime and individuals performing certified functions as defined under Senior Managers and Certification Regime. The key principles of the policy are to ensure that all individuals have the personal characteristics and possess the level of competence, knowledge and experience, including ongoing training, to enable the individual to perform their responsibilities effectively which ultimately enables sound and prudent management of the Company.

The control framework for assessing the fitness and the propriety of individuals who effectively run the Company or have other defined functions starts at recruitment and continues throughout employment with performance reviews, development plans and periodic reassessments which include self-certification and independent screening by a third-party provider.

The assessment for the pre-appointment stage is carried out by the Human Resource department and the person's proposed manager in the Company. Where the appointment is to a Board position, the proposed appointee is also interviewed by one or more non-executive Directors. The assessment will take account of the qualifications, knowledge and experience of the individual.

The ongoing assessments of the suitability are carried out through our Performance Management Programme which is the responsibility of individuals and their line managers but is also monitored by the Human Resource department and reported as part of our key risk metrics to oversight committees and Board. A programme of training is in place for individuals' to either enhance or maintain level of knowledge as appropriate. Training is monitored by the Compliance department to ensure the annual programme covers all legal and regulatory topics relevant to the individual's area of responsibility. The Company Secretary coordinates the general training needs of the Board members, and these may include general governance issues or technical matters.

B3 – Risk Management System including the Own Risk and Solvency Assessment

Risk Management Strategy and Objectives

The Company believes that a strong, effective and embedded risk management framework is crucial to maintaining successful business operations and delivering sustainable, long-term profitability. The Company achieves this through a strong risk culture articulated by effective ERM senior leadership and embodied by management at all levels through its governance structure and risk management processes.

The following risk management principles are high level guidelines which have been derived from experience, best practice and corporate governance guidelines used within the insurance industry and these specific principles have been adopted by the Directors of the Company.

1. Systematic and structured risk management
   The control processes should include recognised systematic activities, where practicable, that ensure financial results are reliable, robust and comparable, thereby allowing management to adopt them with confidence. These processes should reflect best practice and be supported by the appropriate tools and techniques.

2. Evidenced-based risk management
   The inputs to the process should be based on historical data (where available), experience, subject knowledge, expert judgement and future projections. To this end, lessons-learned workshops should be conducted at the end of projects or newly completed first time activities with information being stored for similar future events.

3. Human factors
   Human behaviour such as bias, motivation, 'rule of thumb', unwillingness to accept risk or change will all influence the effectiveness of control practices. Management should take account of these behaviours during the design and implementation stages of control practices. Additionally, consideration should be given to problems of communication due to our organisational structure and geographical dispersion.

4. Adding benefit and value
   The optimisation of risk management practices and risk response planning should contribute to the demonstrable achievement of business objectives and provide overall organisational benefits, such as efficiency in operations, financial performance, accurate reporting, regulatory compliance and good reputation. To add value, the control environment should underpin our corporate governance structure, provide assurance to the Group and reflect legislative requirements.

The Company's strategic risk objectives are:

- To build and maintain a diversified and non-correlating portfolio of business that achieves a return of 10% above risk free rate over the insurance cycle.
- To maintain a focus on preserving loss ratio before premium volume and will only plan to grow where we see a possibility for improved rating and conditions and target returns are met.
- To preserve capital using risk mitigation as a key component in ensuring that all risks are identified and monitored.
- We aim for a minimum threshold for credit rating of an A rating (for S&P, Moody's and Fitch).
- Throughout all our dealings, we will ensure that the reputation and integrity of the company remains intact so that we are seen as the premier specialty insurer.
- Staff retention is of paramount importance to the Company; we set our pay structure in line with market rates and provide a good benefits package. In addition, appraisals and training are focused on improving and developing our people.

The Directors believe that the benefits of good risk management (and the downside of bad risk management) will be felt by our staff, management, shareholders and customers alike. Whilst the overall responsibility for effective governance and risk management lies with the Board, the daily management of risk is delegated to senior management as the diversity of risks faced by the business apply at all levels of our organisation and to all activities.

The Company's strategy for managing its risk is to:

- Adopt an integrated approach to risk management through the processes and structures detailed in the Risk Strategy & Risk Management Policy.
- Accept that whilst the business operation cannot be risk free, we will aim to manage risk to a desired level and minimise the adverse effects of any residual risk.
- Coordinate the management of risk via the Risk & Capital Management Committee and other committees that report to the Board.
- Manage risk as part of normal line management responsibilities and provide funding to address 'risk' issues as part of the normal business planning process.
- Ensure that there are appropriate policies and procedures in place that are communicated to and followed by managers and staff to minimise risk.
- Ensure that staff are appropriately trained.

Risk Management and Control

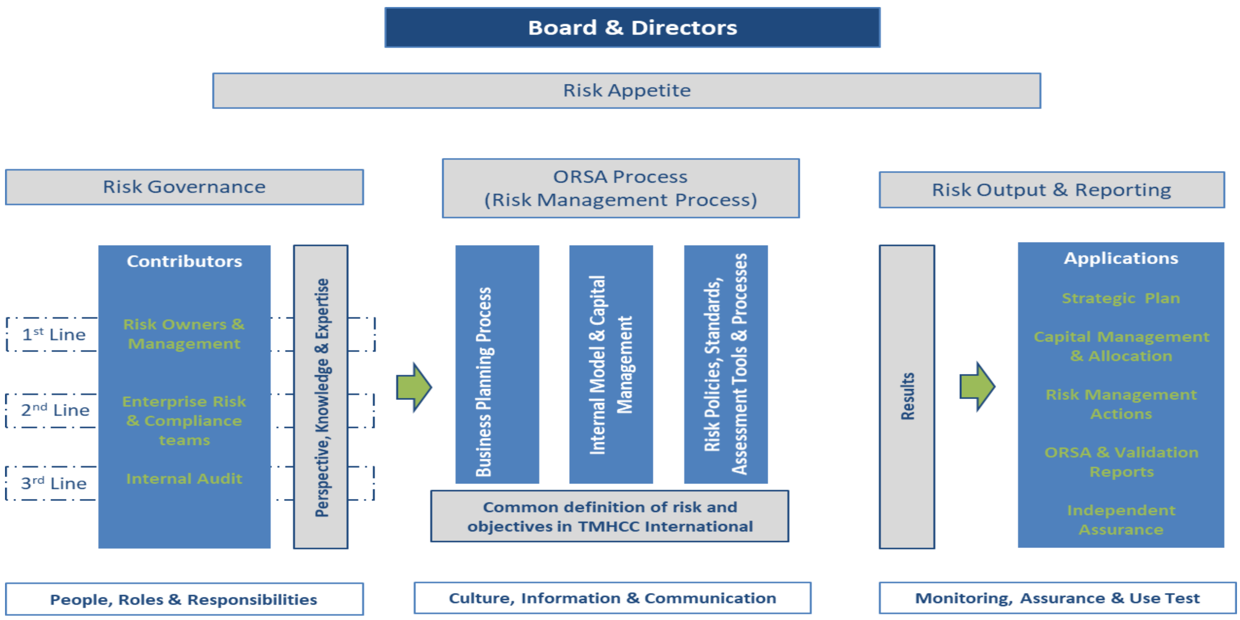
The Company operates a 'three lines of defence' risk governance framework which means that we coordinate risk holistically ensuring that all types of risk are prioritised and analysed both in absolute and relative terms.

The first line of defence is the responsibility of senior management, the risk takers in the business. This involves day-to-day risk management, in accordance with risk policies, appetite and internal controls at the operational level.

The second line of defence concerns those responsible for risk oversight and risk guidance. As well as monitoring reports, they are responsible for risk policies, risk processes and control design.

The third line of defence is independent assurance to the Board and senior management of the effectiveness of risk management processes.

The diagram below illustrates the various facets of our risk framework; how these interact with one another and the responsibilities of those staff in the first, second and third line of defence.



The Risk Management function assists in the effective operation of our business units and maintains an entity-wide view of each entity and the Company's risk profile. For the Board, committees and management it also monitors and provides focused reporting on risk exposures and advises on risk.

Risk Identification

The Company's approach to risk identification uses various methods of self-assessment specifically capitalising on our internal expertise to identify and quantify risks with departmental results being consolidated and standardised as necessary for the Risk, Capital & Compliance Committee.

Senior Managers know their business objectives and are best placed to be able to highlight any new risks that may be developing over time or changes in existing risk levels. It is part of their overall responsibility to ensure such situations are reported upwards either through the Enterprise Risk team or directly to the Risk & Capital Management Committee.

Risk Register

The Company has a risk register which ensures all identified risks are described in a consistent and structured format to facilitate the assessment process. The register is divided into high level risk categories which assist with transparency and clarity when analysing risks at a company level rather than departmental. The grouping of risks helps the Enterprise Risk team to aggregate and map similar kinds of risk across departments, document management responsibilities both for the ownership of risk and the mitigation activities to control said risk.

The risk register is reviewed in its entirety with relevant risk and control owners, by the Enterprise Risk team on a quarterly basis.

Risk Policies

The Company has defined a risk policy for each risk group which impacts our operating environment and establishes the controls, procedures, limits and escalation to ensure that the risks are managed in line with Risk Appetite. The policies cover Insurance Risk, Operational Risk, Group Risk, Internal Financial Risk, Liquidity Risk, Credit Risk and Market Risk.

The policies are reviewed annually alongside the group strategy and planning process thereby confirming that the risk appetite and profile remains appropriate to deliver the company's objectives in light of both internal and external drivers or constraints.

Risk Appetite, Tolerances and Limits

Risk appetite plays an important part in supporting risk assessment, monitoring and control activities as it establishes a set of benchmarks from which transaction specific tolerance levels can be set and monitored for a particular risk.

The Company accepts the immediate parent's risk appetite with regards to Strategic and Insurance risks but on occasion may reduce the specific appetite for a particular LOB as a prudent move against negative market conditions and influences. This form of limitation would be managed via amended business plans, reduction in underwriting authorities and regularly monitored via the Executive Committee.

The Risk, Capital & Compliance Committee enforces the Board policies by ensuring that measurable limits or thresholds are allocated and assists the organisation to implement control procedures and appropriate monitoring activities as well as providing an escalation route to the Board if required.

- A limit reflects the absolute maximum level of exposure that is acceptable for a particular risk (a level of exposure that should not normally be exceeded).
- In contrast a threshold represents a level of exposure which, with appropriate approvals, can be exceeded, but which, when exceeded, will trigger some form of response (e.g. additional expenditure of risk control, reporting the situation to senior management, etc.).

The Company's Strategic Risk metrics are set with thresholds. Strategic Risk Metrics are prepared and reported to the Risk, Capital & Compliance Committee and Board of Directors on a quarterly basis.

Risk Monitoring and Review

The Company operates in a dynamic environment which brings constant change. To provide an effective risk management framework the Company maintains a continual monitoring and review structure to ensure that risks are effectively identified and assessed, and that appropriate controls and responses are in place.

The internal reporting requirements and timetables for month-end and quarterly results are mapped to the risk governance structure in that monitoring the business efficiently is paramount to managing the most significant risks. Other regular soft management information is also used as a risk monitoring tool, such as monthly reports to the Executive Committee from HR, IT and Compliance.

The Enterprise Risk team maintains the risk management framework which includes monthly data accuracy reporting and assessments of operational near misses and losses. Quarterly reviews of the live risk register and emerging risk register are also performed with relevant risk and control owners. Stress testing, including reverse stress tests and scenario analysis is performed periodically to assess the robustness of the risk and capital management framework and solvency requirements with results reviewed and approved by the Risk, Capital & Compliance Committee and Board of Directors respectively. The detailed results are also included in the annual ORSA Report.

In addition, regular audits of policy, procedures and compliance standards are carried out by the Internal Audit function and on occasion specific subject focused compliance reviews are conducted by the compliance team. This type of monitoring not only manages risks but is more attuned to identifying further opportunities for improvements or increasing best practice thresholds.

The monitoring process must provide assurance that there are appropriate controls in place covering all the company's activities and that the procedures are understood and followed. Consequently, management information in varying degrees of detail is reviewed by Divisional Managers, Business Line Managers, Enterprise Risk, Executive Management and ultimately the Board of Directors. Such reviews provide the appropriate escalation of issues to the next level or potentially direct routed to the Directors if deemed appropriate.

Stress and Scenario Testing

As part of the overall process of risk control and in consideration of business strategy and capital setting, various risks are considered by the business. These risks broadly fall into three areas:

- Risk of ruin, considered via reverse stress tests.
- Risk of multiple events on the business model and strategy considered via stress and scenario tests.
- Emerging risks that are considered potential risks to the business model and strategy.

The work completed in this area is key to ensuring the full range and impact of risks, both current and potential, are understood and represented in the capital model and risk register.

The Company also makes use of stress and scenario testing for both the capital and liquidity implications of certain risks under the Internal Model.

- Internal Model Calibration: the results of stress and scenario testing are key calibration inputs for Catastrophe Risk and Operational Risk. A representative set of scenarios are designed, and the results are used as calibration points for the model.
- Internal Model Validation: stress and scenario testing are used to independently validate the Internal Model.
- Business Plan Review: the Company stress tests the forecasts to understand various scenarios on both profitability and the future capital position.
- Reverse stress testing: the Company performs annual reverse stress testing exercises to identify and assess events and circumstances that would cause the Company's business model to become unviable.

The outcome of the stress testing programme is detailed later in this report under Risk Section C6.

Solvency Capital Management

The Company calculates its regulatory capital requirements using the Standard Formula with assistance from the Actuarial team; the Standard Formula SCR is the responsibility of the Finance team to calculate the Standard Formula SCR at mid-year, as an input to the planning process during the fourth quarter and year-end. These results are reported into the Capital Management Oversight Committee and evaluated alongside the Company's Internal Model. Additionally, the solvency results are reported quarterly to the Board by the Chief Financial Officer.

Since the Internal Model provides a more tailored view of the Company's risk profile compared to the Standard Formula, the Internal Model output is used to monitor the Company's view of risk. However, there are no risk categories in our risk register where the risk is not identified in the Standard Formula.

Own Risk and Solvency Assessment

The Company has adopted a working definition of the ORSA to be "the entirety of the processes and procedures employed to identify, assess, control and report the short- and longer-term risks faced by the business and to determine the assets necessary to ensure that the overall capital needs (solvency and economic) are met at all times".

The ORSA considers risk, capital performance and strategy. It relies on the contribution of existing business processes and the monitoring tools of the risk management framework to provide Executive Management with adequate and accurate information enabling the taking of key decisions regarding the overall risk and capital profile of the business.

The live risk registers provide the executive management team, and the Board, with a view of the risk profile on a regular basis, affording early opportunities to take management action if the current profile is diverging from the business strategy.

This information, along with other outputs of the risk management framework, e.g. risk appetite metrics, are included in a quarterly ORSA update report. This report also includes financial information, which is also considered in the context of the stated business strategy.

The ORSA is an overarching process, the underlying elements of which are fully embedded within the organisation. Consequently, the ORSA has many stakeholders across the business and the table below highlights the responsibilities with regards to the ORSA for each function.

Stakeholder	Selected Responsibilities
Board	• Review and approve the ORSA Policy • Review and approve the ORSA report on an annual basis which constitutes the formal ORSA sign-off • Setting the overall business strategy and direction • Setting risk appetite for the business
Risk, Capital & Compliance Committee	The TMHCC International Boards delegate risk management oversight and monitoring activities to this committee. The committee is the primary forum for challenging both the ORSA content and process, in order to recommend approval of the ORSA Policy and ORSA Report to the Boards. Quarterly ORSA reports are also reviewed by the committee.
Executive	• Engendering a positive risk culture • Ensure appropriate governance, committee structure and escalation procedures such that risks can be monitored and managed • Agree future plans for the LOBs based on current strategy and outputs from ORSA processes • Engage on stress tests, reverse stress tests and emerging risks

Stakeholder	Selected Responsibilities
Enterprise Risk Function	• Producing the annual ORSA Report and collating the activities to sign-off • Producing the quarterly ORSA reports • Setting risk policies consistent with risk appetite • Translating risk appetite into more granular tolerance and risk limits • Working with business owners to develop appropriate risk reporting • Ensuring consistency between risk identification, measurement and reporting • Managing scenario testing and reverse stress testing framework • Translating risk appetite into more granular tolerance and risk limits • Preparation and monitoring of risk metrics • Measuring and monitoring the risk culture within the business • Ensuring the documentation of all the underlying processes which support the ORSA
Actuarial Function	• Developing tools to ensure appropriate risk measurement and monitoring including where necessary 'lite models' such as replicating portfolios and curve fitting • Assisting with the stress and scenario analyses • Carry out financial projections to better understand the risk drivers during the business planning horizon • Developing, parameterising and running the Economic Capital Model ECM • Comparisons of SCR to the internally generated ECM
Finance Function	• Prepare annual budgets and monitor against actual performance • Calculate the capital held and monitor solvency • Implement the capital strategy • Develop and maintain the capital contingency plan
External Consultant / Internal Audit	• Provide benchmarking and independent review • Ensure that there is an appropriate control framework in place • Provide assurance regarding the underlying processes

ORSA Report

The ORSA Report is used to summarise the outputs of the risk management and capital assessment processes. This report includes both the quantitative and the qualitative outputs of the processes and links these to the Company's business performance, to assist the Board and senior management in making strategic business decisions.

The Enterprise Risk team prepares the ORSA Report annually which is reviewed, challenged and signed off by the Board. The annual ORSA Report is made available to key stakeholders and the regulators and sections are also included within this report, where considered appropriate. In addition, an ORSA Lite may be produced in cases where an event occurs that results in a material change to the Company's risk profile. An ORSA Lite was produced in 2020 considering the coronavirus pandemic.

On a quarterly basis, entity specific ORSA reports are produced for Risk, Capital & Compliance Committee and the Board, which summarise the key metrics from the annual report and provide commentary on the results from a risk perspective.

B4 – Internal Control System

The Internal Control System is designed to provide reasonable assurance that the Company's financial reporting is reliable, is compliant with applicable laws and regulations and its operations are effectively controlled. The Board is ultimately responsible for overseeing and maintaining the adequacy and effectiveness of the internal control systems and delegates control and oversight to the Audit Committee and key functions, including Internal Audit and Compliance.

Internal Audit assurance

The control environment includes policies, procedures and operational systems and processes in place. The Internal Audit annual plan provides assurance over the internal control environment. This plan is approved by the Audit Committee on an annual basis and the findings are presented to the Audit Committee and management through Internal Audit reports which include an overall assurance rating. In addition to this risk-based Internal Audit programme, the Internal Audit team conducts JSOX and internal controls tests on behalf of management. A total of 199 controls (110 business controls and 89 IT controls) across 11 key cycles were tested for 2022. The testing was divided into two phases during the year. The overall business process results of the 2022 controls testing continued to be positive, in line with previous years, with only two JSOX testing failures identified related to the business controls and three testing failures for the IT JSOX controls.

Compliance Function

The Compliance function identifies monitors and reports the compliance risk exposure for the Company. The key responsibilities of the Compliance function are to:

- identify and evaluate legal and regulatory risks covering TMHCC International's current and proposed business activities;
- advise and train staff on the applicable laws and regulations, ensuring that they are appraised of all developments in these areas;
- produce documented guidelines covering compliance with these laws and regulations and assess adherence to these internal policies and procedures through the undertaking of regular compliance monitoring assessments;
- act as an adviser in compliance matters within the organisation;
- investigate and follow-up potential violations of the laws and regulations; and
- record any incident that must be reported and ensure that each legal entity fulfils its obligation as regards notification to regulators or other relevant third parties.

Compliance policies and procedures are maintained on the TMHCC International policy & procedure portal which is accessible to all employees via the Company intranet.

The Compliance Policy defines responsibilities, competencies and reporting duties of the Compliance function; it is reviewed on an annual basis and there were no significant changes to the policy during this reporting period.

The Compliance Plan sets out the planned activities of the Compliance function over the forthcoming period taking into account the Company's exposure to compliance risk in all areas of activity.

The Head of International Compliance reports directly to the Chief Risk Officer who is a member of the Board.

B5 – Internal Audit Function

The Internal Audit function is primarily responsible for evaluating the adequacy and effectiveness of the internal control system and other elements of governance. This function is independent and free to express its opinions and disclose findings to the Board, TMHCC Group and reports directly to the UK Internal Audit Committee and into the TMHCC Group Audit Committee on a regular basis.

Within the context of the control framework, auditing is an independent risk assessment function established within the organisation to evaluate, test and report on the adequacy and effectiveness of the management's systems of internal control, proving the third line of defence. The purpose of the evaluation and tests is to:

- assist the Audit Committee in executing their oversight responsibilities;
- provides an independent assessment of the branch's system of internal control, through reviewing how effectively key risks are being managed; and
- assists management in its responsibilities by making recommendations for improvement.

The Head of International Internal Audit for Company is responsible for implementing and maintaining an effective and efficient audit programme, taking into account the Company's system of governance and risk management processes.

Audit Charter

As required by the Institute of Internal Auditors, the Internal Audit department has in place an Audit Charter which is approved by the TMHCC Group Audit Committee in Houston. This charter sets out the purpose, mission and responsibility for the Internal Audit activity based on the power and authorities handed to it by the TMHCC Group Audit Committee. This ensures that the Internal Audit department has access to all offices, documents and staff it requires to conduct its Internal Audit work without any interference or obstruction.

Audit Independence

For the International operations, the Head of International Internal Audit reports functionally to the TMHCC Corporate Senior Vice President of Internal Audit & Controls, who is based in the Houston head office, and administratively to the TMHCC International Chief Risk Officer, who is based in the London office. The reporting line into the Chief Risk Officer allows internal audit to be kept up to date with changes and developments within the international operations. The Head of International Internal Audit also attends the UK Audit Committee meetings on at least a quarterly basis to report audit results and findings. There is also direct communication between the Chair of the UK Audit Committee and the Head of International Internal Audit during the year. In addition to this, the UK Audit Committee Chair also verifies on an annual basis the independence of the Head of International Internal Audit.

The work of the Internal Audit department is subject to a full audit which is undertaken by an independent third party, with the next audit scheduled for early 2023. Furthermore, internal auditors that work in the department do not have direct responsibility over, or responsibility for, any of the activities being reviewed. Any new employee of the audit department that has previously worked in another area of the organisation will be prohibited from reviewing the activities that they were once responsible for, for a minimum of one year.

B6 – Actuarial Function

The Actuarial function supports all the underwriting platforms within TMHCC International. Its primary responsibility is the coordination of the calculation of the technical provisions, ensuring that methodologies and assumptions used are appropriate to the LOB, assessing the sufficiency and quality of the data provided and comparing best estimates against experience. The Actuarial function is also responsible for developing, parameterising and calculating the outputs of all Economic Capital Models for TMHCC International. In addition, the function assists in the calculation of the Standard Formula Capital Requirement and in the pricing of products sold by the Group's insurance provider, HCCII (the Company).

In forming and formulating its actuarial view, the actuarial function is objective and free from influence of other functions and management. The department is operationally independent and provides its opinions in an independent fashion, adhering to professional and regulatory standards and fit and proper guidelines.

B7 – Outsourcing

In order to conduct its operational functions as effectively and efficiently as possible the Company may, as appropriate, find it necessary to outsource certain activities. Given that an outsourcing arrangement results in a shift from direct to indirect operational control of an activity it will always change the Company's risk profile and the risk management system must reflect this.

The Company seeks to manage the severity and frequency of identifiable risks by:

(1) ensuring an effective supplier selection process incorporating due diligence procedures; and
(2) making certain that the arrangement is formally structured through:
- the effective management of transition risk;
- monitoring and review within the regulatory framework;
- ensuring that a signed contractual agreement is in place which includes an agreed service level and whilst not an exhaustive list, covers inspection rights and confidentiality;
- viable contingency plans including ensuring that a termination/exit strategy is in place; and
- retaining control over any valuable confidential information which is owned by the Group and may be shared and used by a third party by having a standard non-disclosure agreement in place.

In achieving this the Company aims to avoid impairing the quality of the system of governance, unduly increasing operational risk, impairing the ability of the Company to supervise, and undermining the service to policyholders.

Strong governance and management oversight combined with assurance from the outsourcer via management information are deemed to be essential controls when managing the outsourcer relationship.

Key third party outsourcing providers are summarised below:

Outsourcing Provider	Outsourced Function	Location of service provider
Ins-sure Holdings Limited	Policy administration	UK
Xchanging Claims Services Limited	Policy administration	UK
New England Asset Management Inc.	Asset Management	USA & Europe
BDO	Payroll Processing UK and Europe	UK & Europe
Box	Data Hosting	USA, UK & Europe
Vertafore	Policy administration	USA
Verisk	Policy administration	UK
Microsoft Enterprise Agreement	Data Hosting	USA & UK
DXC	Policy administration	UK
Global Switch	Data Hosting	UK
Coforge	IT support	UK & India

B8 – Any Other Information

There is no additional information that requires disclosure.

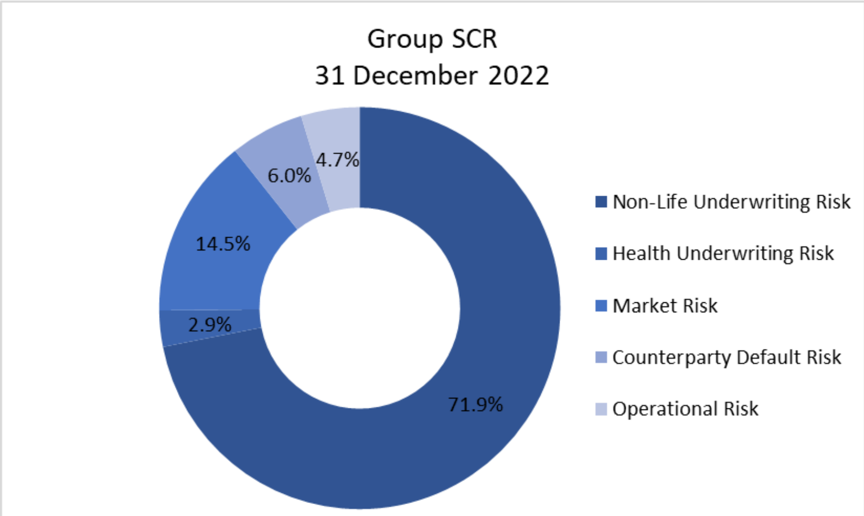
Section C – Risk Profile

The Group has identified the risks arising from its activities and has established policies and procedures to manage these risks in accordance with its risk appetite. The Company maintains a risk register and categorises its risks into six areas: Insurance, Strategic, Regulatory and Group, Market, Operational, Credit and Liquidity. The sections below define each category of risk and outline the Group's risk profile & risk concentration (where relevant), risk appetite and how it manages/mitigates each category. The Strategic, Regulatory and Group risks are covered in Section C6. The section concludes with details of the identified largest risks from the Risk Register, results from the most recent annual 'Stress & Scenario' exercise and emerging risks.

It is not anticipated that there will be any material risk exposure changes over the three-year planning cycle.

As at 31 December 2022, HCCII and TME are the two underwriting entities within the Group and other related companies are either holding companies in nature or of such size that they do not present material risks to the Group.

The chart below indicates the relative magnitude of the risks, as calculated within the Standard Formula SCR, as at 31 December 2022.



This section considers the identified risks categories separately. However, how these individual categories accumulate for the business is as important, if not more so. This brings in the concept of a dependency or correlation structure. For the Group, these are considered using stress and scenario tests, where multiple risk categories are assumed to be impacted at one time. In addition, understanding has been built up when parameterising the dependency structures underlying HCCII's capital model. These dependency structures have been derived from a variety of sources, including discussions with the business and executive management, obtaining benchmark information from external sources, such as actuarial consultants and investment managers, further use of stress and scenario tests. We also use this knowledge to review the dependency structure underlying the SCR calculations.

C1 – Underwriting (Insurance) Risk

The Group's insurance business assumes the risk of loss from persons or organisations that are themselves directly exposed to an underlying loss. Insurance risk arises from this risk transfer due to inherent uncertainties about the occurrence, amount and timing of insurance liabilities. The four key components of insurance risk are premium or future underwriting risk (including delegated authorities), reinsurance purchasing, claims management and reserving. Each element is considered below.

Premium Risk

Nature of the Risk

Premium risk relates to the potential losses arising from inadequate future underwriting. There are four elements that apply to all insurance products offered by the Group:

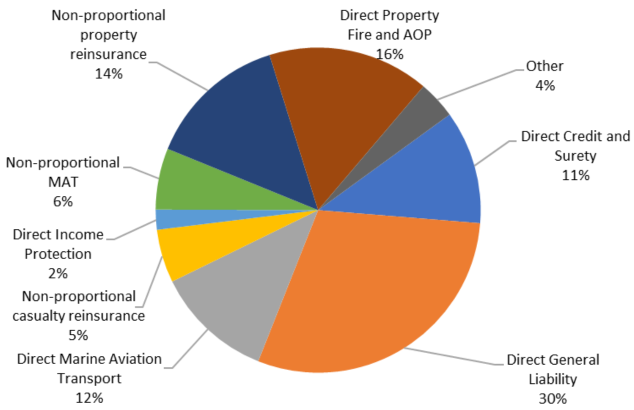
- Cycle risk – the risk that business is written without full knowledge as to the (in)adequacy of rates, terms and conditions;
- Event risk – the risk that individual risk losses or catastrophes lead to claims that are higher than anticipated in plans and pricing;
- Pricing risk – the risk that the level of expected loss is understated in the pricing process;
- Expense risk – the risk that the allowance for expenses and inflation in pricing is inadequate.

Risk Profile & Concentration of the Risk

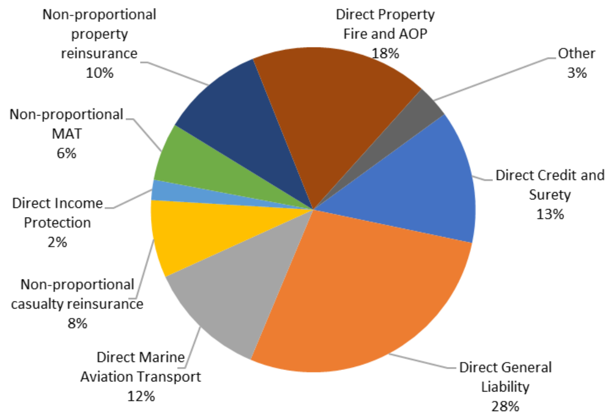
The charts below show 2023 budgeted GWP broken down into Solvency II LOB, versus 2022 actual premiums.

<u>Group</u>

2023 Budget GWP

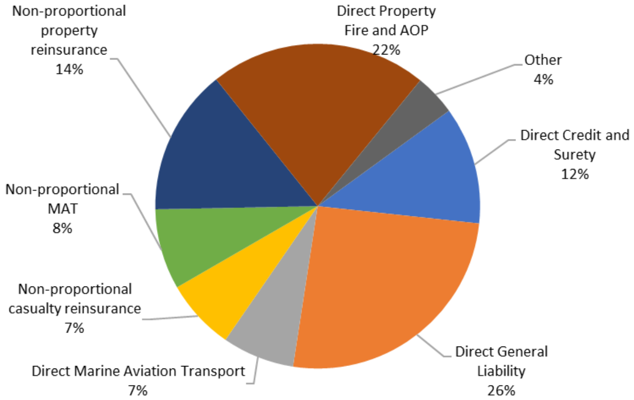


2022 Actual GWP

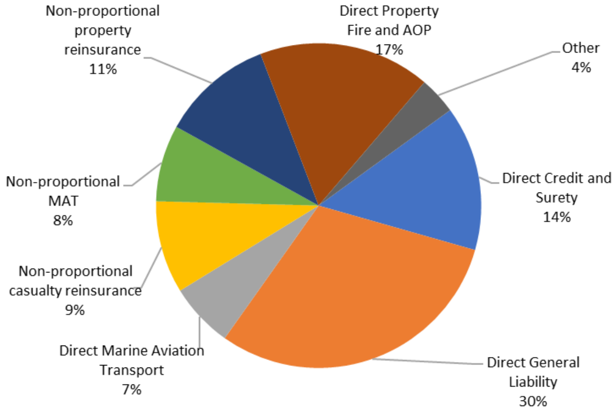


<u>Company</u>

2023 Budget GWP



2022 Actual GWP



The charts above highlight concentrations of risk across the LOBs and the broadly similar split across classes between 2023 Budget and 2022 Actual figures for both Group and Company. The variance between the Group and the Company figures relates to TME, with further details shown in the TME SFCR.

The table below indicates the concentration of exposure to catastrophes. The budget for 2023 shows that the level of catastrophe exposed business is similar to 2022 actual for both Group and Company. The variance between the Group and the Company figures relates to TME, with further details shown in the TME SFCR.

Cat/Non-Cat Split	Proportion of GWP			
	Group		Company	
	2023 Budget	2022 Actual	2023 Budget	2022 Actual
Catastrophe business	27.9%	25.0%	29.7%	27.9%
Non-Cat business	72.1%	75.0%	70.3%	72.1%

The concentration by geographic region is shown in Section A.

Managing & Mitigating the Risk

The Group manages and models the four elements of premium risk in the following three categories: attritional claims, large claims and catastrophe events.

The Group's underwriting strategy is to seek a diverse and balanced portfolio of risks in order to limit the variability of outcomes. This is achieved by accepting a spread of business over time, segmented between different products, geographies and sizes.

To manage underwriting exposures, the Group has developed limits of authority and business plans which are binding upon all staff authorised to underwrite and are specific to underwriters, classes of business and industry.

These authority limits are enforced through a comprehensive sign-off process for underwriting transactions including an escalation process for all risks exceeding individual underwriters' authority limits. Exception reports are also run regularly to monitor compliance and a rigorous peer and external review process is in place.

Rate monitoring, including risk adjusted rate change and adequacy against benchmark rates are recorded and reported.

The annual corporate budgeting process comprises a three-year Plan which incorporates the Group's underwriting strategy by LOB and sets out the classes of business, the territories and the industry sectors in which business is to be written. The Plan is approved by the Directors and monitored by the underwriting committees on a monthly basis.

Underwriters calculate premiums for risks written based on a range of criteria tailored specifically to each individual risk. These factors include, but are not limited to, the financial exposure, loss history, risk characteristics, limits, deductibles, terms and conditions and acquisition expenses using rating and other models.

Reinsurance is one of the major risk mitigants used to protect the Group and the Company balance sheets. Whilst gross line size is limited to ensure there is a reasonable balance between gross line size and premium and shareholder equity/net assets, our potential retentions, especially on the catastrophe exposed business, are managed closely and reinsurance is used to control net exposures. Further details may be found under 'Reinsurance Risk' below.

The Group also recognises that insurance events are, by their nature, random and the actual number and size of events during any one year may vary from those estimated using established statistical techniques.

To address this, the Group sets out its risk appetite (expressed as PML estimates and modelled return period events) in certain territories as well as a range of events such as natural catastrophes and specific scenarios which may result in large industry losses. The aggregate position and modelled loss scenarios are monitored at the time of underwriting a risk and reports are regularly produced to highlight the key aggregations to which the Group is exposed.

One of the largest types of event exposure relates to natural catastrophe events such as windstorm or earthquake. Where possible, the Group measures geographic accumulations and uses its knowledge of the business, historical loss behaviour and commercial catastrophe modelling software to assess the expected range of losses at different return periods. Upon application of the reinsurance coverage purchased, the key gross and net exposures are calculated based on extreme events at a range of return periods.

The Group uses a number of modelling tools to monitor its exposures against the agreed risk appetite set and to simulate catastrophe losses in order to measure the effectiveness of its reinsurance programmes. Stress and scenario tests are also run using these models (see separate 'Stress & Scenario' Section below).

Risk appetites are monitored by the Risk, Capital & Compliance Committee and Board on a quarterly basis and include for this risk: premium volumes and rate change, probability of underwriting losses, diversity of the business being written, gross lines sizes, exposure to catastrophes (both natural catastrophes and others).

Reinsurance Risk

Nature of the Risk

Reinsurance risk arises where reinsurance contracts:

- Do not perform as anticipated;
- Result in coverage disputes; or
- Prove inadequate in terms of the vertical or horizontal limits purchased.

Failure of a reinsurer to pay a valid claim is considered a credit risk which is detailed in the credit risk section.

Managing & Mitigating the Risk

Reinsurance is one of the most important risk mitigation tools used by the Company to mitigate risk within each of its regulated legal Entities. It also represents the key 'Future Management Action' within HCCII's Solvency II framework.

The Company has an overall Business Strategy of which reinsurance purchasing plays a key part. The Reinsurance Strategy therefore represents an extension of the Business Strategy and is closely linked to the overall strategy execution.

The foundation of the Company Reinsurance Strategy is the individual limit profiles of the LOBs and risk tolerances for net individual risks and accumulation of risk losses from one individual event. Reinsurance needs to be utilised when we maintain limit profiles that exceed our net risk tolerances. In setting risks tolerances, we consider the overall Group tolerances.

Linked to these Group tolerances and the Company Business Strategy, the Company has in place a number of Board level risk appetite statements that control the risks taken by the individual business lines, regulated legal entities and HCCII.

The bedrock of the Group and the Company strategy is to target an underwriting profit equivalent to at least a 10% return above the risk-free rate over the insurance cycle. Each LOB has this same target albeit some consideration is given to longer tail lines or lines that achieve this return at the margin. This target may also vary by entity depending on the mix of business.

The Company employs various mechanisms to follow the underwriting strategy and control gross and net underwriting exposure risk. In areas of exposure to natural catastrophic perils, underwriting is very selective and control over gross aggregation and then ensuring adequate reinsurance protection is key. In other areas, the balance of volume, gross line size and net retentions are the largest drivers.

The Reinsurance Strategy of the Company is designed to manage risk and protect the result of each LOB from excessive volatility and reinsurance is therefore purchased at a LOB level but covering all legal Entities. From an individual entity perspective reinsurance is used to ensure reduced result volatility and capital preservation.

For the catastrophe exposed business, the key to the reinsurance purchasing is to obtain the correct balance of vertical coverage but ensuring a net retention that allows good portfolio balance. In respect of the more attritional LOBs, the key to the purchasing is to ensure a balanced portfolio by protecting the net retention and ensuring the cover to multiple potential individual losses is adequate.

Excess of loss reinsurance is used as the basis of most of the core programmes of the key LOBs however quota share reinsurance is used where line size to premium volume is not as well balanced or there is the potential for a series of losses or a significant number of losses stemming from one individual event. Stop loss cover may also be purchased if the price is considered appropriate.

Risk attaching reinsurance is used where it is considered that risks have a longer duration with no provision to shorten the tail, loss occurring protection is used for the shorter tail businesses such as property.

Facultative reinsurance for individual risks can be purchased to improve risk selection or to reinsure specific elements of a risk that do not fit into the overall underwriting strategy. This facultative reinsurance is purchased both for the benefit of our reinsurers and for the benefit of our net retention, depending on the structure and circumstances.

For any cover purchase, the amount of cover should be commensurate with meeting the underwriting risk appetite statements. Considerations will include, but not necessarily be limited to, the proportion of risk ceded, retention levels, number and cost of reinstatements and aggregate limits. The Executive Underwriting Management Committee will review the cost benefit of price verses coverage, using the output from various TMHCC International capital models.

An annual reinsurance purchase plan is included within the annual business plan for each LOB detailing the proposed reinsurance protections by class. This reinsurance purchase plan is reviewed and approved by the Executive Underwriting Management Committee for each LOB and by the relevant Board for each entity to ensure that risk appetite tolerances are maintained.

The expectation is that reinsurance is purchased to adequately protect the balance sheet in the event of a significant market event, a potential individual large risk loss or systemic losses caused by a single event. When purchasing reinsurance, the various risk appetites are measured and managed at both an overall organisation and a legal Entity level, including vertical protection, retentions versus annual aggregate losses (for catastrophe exposed lines), retentions versus LOB maximum line size (for attritional lines), net exposure to catastrophe losses, exposure to reinsurance credit losses and exposure to individual reinsurers.

Claims Management Risk

Nature of the Risk

Claims management risk may arise within the Group in the event of inaccurate or incomplete case reserves and claims settlements, poor service quality or excessive claims handling costs. These risks may damage the Group brand and undermine its ability to win and retain business or incur punitive damages. These risks can occur at any stage of the claim life cycle.

Managing & Mitigating the Risk

The Group's claims teams are focused on delivering quality, reliability and speed of service to both internal and external clients. Their aim is to adjust, and process claims efficiently, in accordance with the policy's terms and conditions, the regulatory environment and the business' broader interests. Prompt and accurate case reserves are set for all known claims liabilities, including provisions for expenses, as soon as a reliable estimate can be made of the claims liability.

The following risks are included in the Risk, Capital & Compliance Committee and Board's quarterly review of risk: incurred claim movements, case reserve stability, volume of denials and volume of complaints.

Reserving Risk

Nature of the Risk

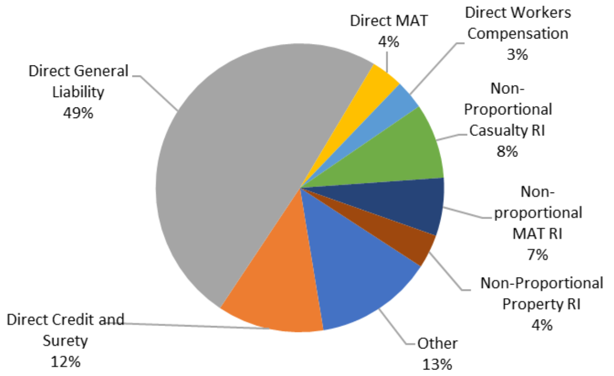
Reserving risk occurs within the Group where established insurance liabilities are insufficient through inaccurate forecasting, or where there is inadequate allowance for expenses and reinsurance bad debts.

Risk Profile & Concentration of the Risk

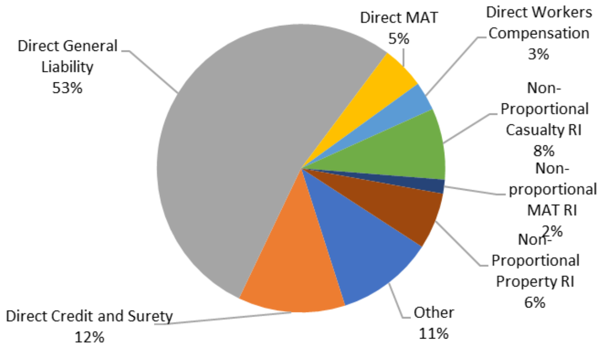
The pie charts below illustrate the concentration of Solvency II Net Claims Provisions, for Q4 2022 and Q4 2021, including unallocated loss adjustment expenses, for the Group and the Company.

Group

Q4 2022

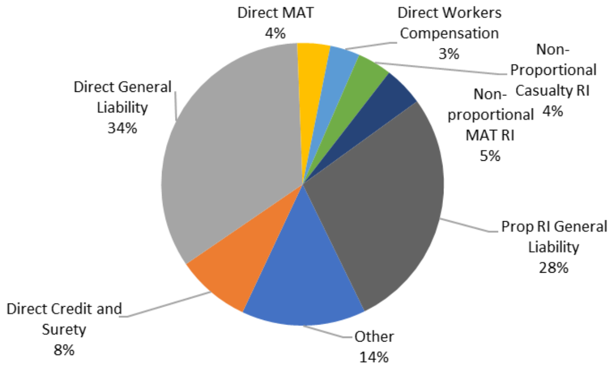


Q4 2021

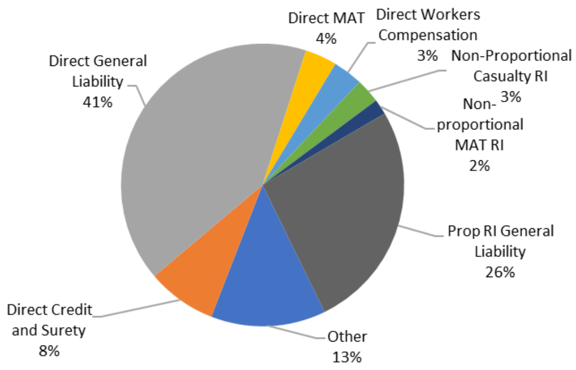


Company

Q4 2022



Q4 2021



Overall, net reserves for the Group have increased from Q4 2021 to Q4 2022 from $860.3 million to $1002.4 million, with the Company Q4 2022 net reserves being $872.3 million. The pie charts indicate that, on a Group and Company basis, the proportions between the various lines have generally remained stable, with the absolute increase in reserves reflecting the increase in volume of business written during 2022, as noted in Section A.

Managing & Mitigating the Risk

The objective of the Group's reserving policy is to produce accurate and reliable estimates that are consistent over time and across classes of business. The Group's reserving process is governed by the IBNR Committee, a subcommittee of the Board, which meets on a quarterly basis (more frequently if catastrophic events require). The membership of the IBNR Committee is comprised of executives, actuarial, claims and finance representatives. A fundamental part of the reserving process involves information from and recommendations by each underwriting team for each underwriting year and reserving class of business. These estimates are compared to the actuarial estimates (described in further detail below) and management's best estimate of IBNR is recorded. It is the policy of the Group to carry, at a minimum, the actuarial best estimate (sometimes referred to as the actuarial mid-point). It is not unusual for management's best estimate to be higher than the actuarial best estimate.

The actuarial reserving team uses a range of recognised techniques to project current paid and incurred claims and monitors claim development patterns. This analysis is then supplemented by a variety of tools including back testing, scenario testing, sensitivity testing and stress testing.

The following risks are included in the Risk, Capital & Compliance Committee and Board's quarterly review of risk: maintaining reserves at, or above, actuarial midpoint; monitoring any reserve deteriorations.

C2 – Market Risk

Nature of the Risk

Market risk arises where the value of assets and liabilities or future cash flows change as a result of fluctuations in economic variables, such as movements in foreign exchange rates, interest rates and market prices.

For foreign exchange risk, the Group's functional and reporting currency is the US Dollar and when possible, the Group generally hedges currency liabilities with assets in those same currencies of similar value and duration. Excess assets are generally held in US Dollars. The effect of this on foreign exchange risk is that the Group is mainly exposed to revaluation FX gains/losses of unmatched non-US Dollar denominated positions.

For interest rate risk, most of the Group's financial instruments, including cash, fixed rate bonds and certain financial assets measured at fair value, are exposed to movements in market interest rates.

Risk Profile & Concentration of the Risk

A full list of assets, under Solvency II valuation rules may be found in Quantitative Reporting Template (QRT) S.06.02. In summary, the split of assets for the Company and Group, as at 31 December 2022, is as follows:

Asset Type & Rating ($m)	Group 2022	Group 2021	Company 2022	Company 2021
Government Bonds AAA	105.0	87.4	92.4	77.6
Government Bonds AA+	75.4	85.6	66.3	74.3
Government Bonds AA	86.5	102.4	72.9	89.5
Government Bonds AA-	89.0	110.2	77.4	97.2
Government Bonds A+	38.2	34.8	30.6	29.9
Government Bonds A	18.5	31.5	10.8	22.5
Government Bonds A-	27.7	20.5	23.4	20.5
Government Bonds BBB+	10.3	18.7	8.9	18.7
Government Bonds BBB-	0.0	-	-	-
Corporate Bonds AAA	41.6	31.8	39.9	31.0
Corporate Bonds AA+	18.1	18.0	15.3	15.5
Corporate Bonds AA	17.6	12.2	8.5	8.1
Corporate Bonds AA-	103.7	90.4	78.1	76.3
Corporate Bonds A+	140.9	99.4	89.6	79.2
Corporate Bonds A	218.6	176.7	151.4	124.9
Corporate Bonds A-	203.9	177.3	144.1	135.2
Corporate Bonds BBB+	199.8	169.7	173.7	159.4
Corporate Bonds BBB	97.6	84.9	73.9	72.5
Corporate Bonds BBB-	23.9	19.0	20.9	17.5
Corporate Bonds BB+	-	-	-	-
Corporate Bonds BB	1.3	-	1.3	-
Collateralised Securities AAA	15.8	20.5	0.4	-
Collateralised Securities AA+	316.8	367.3	302.7	361.7
Cash & Cash Equivalents	111.2	279.1	59.8	154.3
Deposits other than cash equivalents	150.5	49.6	93.3	43.8
Collective Investment Funds	146.8	72.4	121.5	70.5
Investment in Subsidiary	17.1	15.6	253.3	238.7
Property (Other than own use)	0.2	0.2	0.2	0.2
Property, Plant & Equipment held for own use	7.2	7.1	5.3	5.1
Total	**2,283.3**	**2,182.3**	**2,016.0**	**2,024.1**

Key movements in the year are driven primarily by the investment of operational cash flows. It should be noted that there are no derivatives within the investment portfolio. The collateralised assets represent collateral for various Credit contracts.

Managing & Mitigating the Risk

Managing investment risk is fundamental to the operation and development of the Group's investment strategy and is key to the investment of Group assets.

The Investment Committee has an objective to ensure funds are invested in accordance with the 'prudent person principle', whereby: i) assets are of appropriate security, quality and liquidity; ii) are adequately diversified and are localised; and iii) broadly match the liabilities in terms of value and duration. This is achieved by: i) setting an appropriate strategy and risk appetite; ii) regular monitoring of the portfolio against key metrics (outlined at the end of the section); and iii) use of independent experts.

The investment strategy is developed by reference to an investment risk budget, set annually by the Board as part of the overall risk budgeting framework of the business. The investment risk budget is set at a level such that the amount of an investment loss, at the

1-in-200 Tail Value at Risk level, is limited to the Group's excess capital (above the SCR). The investment risk budget has been at a similar level since 2019.

Investment strategy is consistent with this risk appetite and investment risk is monitored on an ongoing basis with the assistance of New England Asset Management. The internal model includes an asset risk module, which uses an Economic Scenario Generator to simulate multiple simulations of financial conditions, to support stochastic analysis of investment risk. This is supplemented by bespoke analysis from our investment consultants. Internal model output is used to assess potential investment downsides, at different confidence levels, including '1 in 200' year event, which reflects Solvency II modelling requirements. In addition, we undertake regular scenario tests (which look at shock events such as yield curve shifts, credit spread widening, or the repeat of historic events) to assess the impact of potential investment losses.

Economic Scenario Generator outputs are regularly validated against actual market conditions, but (as noted below) the Group also uses a number of other qualitative measures to support the monitoring and management of investment risk.

For foreign exchange risk, the Group operates in five main currencies: US Dollars, Euros, Sterling, Australian Dollars and Swiss Francs. Transactions in all currencies are converted to the US Dollar functional currency on initial recognition with any balances on monetary items at the reporting date being translated at the US Dollar spot rate. Additionally, as a requirement under UK GAAP, for the purposes of applying the requirement of section 30 Foreign Currency Translation of Financial Reporting Standard (FRS) 102, "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

For interest rate risk, the Group manages interest rate risk by investing primarily in short duration financial assets along with cash. The Investment Committee monitors the duration of these assets on a regular basis.

Changes in interest rates also impact the present values of estimated Group liabilities, which are used for solvency calculations. Our investment strategy reflects the nature of our liabilities, and the combined market risk of investment assets and estimated liabilities is monitored and managed within specified limits.

The following risks are included in the Risk, Capital & Compliance Committee and Board's quarterly review of risk: investment returns, asset durations, currency mismatches, volume of risk assets and asset security ratings.

C3 – Credit Risk

Nature of the Risk

Credit risk arises where counterparties fail to meet their financial obligations in full as they fall due. The primary sources of credit risk for the Group are:

- Reinsurers – whereby reinsurers may fail to pay valid claims against a reinsurance contract held by the Group;
- Brokers and coverholders – whereby counterparties fail to pass on premiums or claims collected or paid on behalf of the Group;
- Investments – whereby issuer default results in the Group losing all or part of the value of a financial instrument;
- Financial institutions holding cash.

Risk Profile & Concentration of the Risk

This section is broken down between the primary sources of credit risk.

Reinsurers

The table below shows the credit rating, based on S&P ratings, of the reinsurers backing the reinsurance programme. As the programme is shared across all TMHCC International entities, the figures shown relate to all entities.

Reinsurer Rating	Proportion of Reinsurance Exposure[1]
AA+	0.0%
AA	5.0%
AA-	19.3%
A+	62.8%
A	3.2%
A-	1.1%
NR	8.5%

[1]: Reinsurance Exposures based on Excess of loss first loss contracts, across all entities

Investments

The credit weighting relating to assets is shown under C2 – Market Risk.

Managing & Mitigating the Risk

The Group's core business is to accept significant insurance risk and the appetite for other risks is low. This protects the Group's solvency from erosion from non-insurance risks so that it can meet its insurance liabilities.

The Group limits exposure to a single counterparty or a group of counterparties and analyses the geographical locations of exposures when assessing credit risk.

An approval system also exists for all new brokers and coverholders and their performance is carefully monitored. Regular exception reports highlight trading with non-approved brokers, and the Group's credit control function frequently assesses the ageing and collectability of debtor balances. Any large, aged items are prioritised and where collection is outsourced incentives are in place to support these priorities.

The Investment Committee has established comprehensive guidelines for the Group's Investment Managers regarding the type, duration and quality of investments acceptable to the Group to ensure credit risk relating to the investment portfolio is kept to a minimum. The performance of the Investment Managers is regularly reviewed to confirm adherence to these guidelines.

The Group has developed processes to formally examine all reinsurers before entering new business arrangements. New reinsurers are approved by the Reinsurance Approval Group, which also reviews arrangements with all existing reinsurers at least annually. Vulnerable or slow-paying reinsurers are examined more frequently. To assist in the understanding of credit risks, A.M. Best, Moody's and S&P ratings are used.

The following risks are included in the Risk, Capital & Compliance Committee and Board's quarterly review of risk: reinsurers security rating, reinsurance exhaustion, exposure to individual reinsurers, aged outward reinsurance balances, exposure to individual brokers, exposure to individual investment holdings.

C4 – Liquidity Risk

Nature of the Risk

Liquidity risk arises where cash may not be available to pay obligations when due at a reasonable cost. The Group is exposed to daily calls on its available cash resources, principally from claims arising from its insurance business. In the majority of cases, these claims are settled from premiums received.

Risk Profile & Concentration of the Risk

The table in Section C2 shows that a significant proportion of assets are readily realisable. These are spread among a wide group of issuers. For example, the government bonds are spread over 200 national or quasi-national government issuers for the Group, with the largest (the UK government) being about 8% of all government bonds. On top of this, the regular inflow of premiums means that a very high level of liquidity is maintained, should the need arise.

The total amount of the expected profit included in future premiums as calculated in accordance with Article 260(2), which is now on a gross of reinsurance basis, is $231.3 million for the Group and $154.7 million for the Company (2021: $209.1 million for the Group and $137.5 million for the Company). Future premiums come from either current balances or unincepted premiums. For current balances, it is assumed that they related to unearned business. Future profit is assessed by comparing these premiums to: i) losses derived by applying the same loss ratio as for the whole unearned premium reserve (UPR), which are derived from the Solvency II technical provision process and are based on actuarial Initial Expected Ultimate Loss Ratio or corresponding budget loss ratios (for those lines not actuarially analysed); and ii) expenses derived by using the expense ratio of the whole UPR, which are derived from the Solvency II technical provision process.

The following risks are included in the Risk, Capital & Compliance Committee and Board's quarterly review of risk: inwards and outwards aged debts, asset and liability duration measures.

Managing & Mitigating the Risk

The Group's approach is to manage its liquidity position so that it can reasonably survive a significant individual or market loss event (details of the Group's management of its exposure to loss scenarios are provided above under the heading of Underwriting Risk). This means that the Group maintains sufficient liquid assets, or assets that can be converted into liquid assets at short notice and without any significant capital loss, to meet expected cash flow requirements. These liquid funds are regularly monitored using cash flow forecasting to ensure that surplus funds are invested to achieve a higher rate of return. The Group can also draw on parental funds to bridge short-term cash flow requirements, should the need arise.

C5 – Operational Risk

Nature of the Risk

Operational risk arises from the risk of losses due to inadequate or failed internal processes, people, systems, service providers or external events. Operational risk includes conduct risk.

Risk Profile & Concentration of the Risk

The tables below show the top 5 worst case and near-term operational risks for HCCII, from the most recent Operational Risk scenario review undertaken in 2022.

Worst Case as at 31st December 2022 Operational Risks	Near Term as at 31st December 2022 Operational Risks
High Profile Third Party Disputes	Loss of Key Personnel
Business Continuity Risk	Cyber Resilience Risk
Loss of Key Personnel	Business Continuity Risk
Data Protection	Business Change Risk
Cyber Resilience Risk	Data Quality Risk

Managing & Mitigating the Risk

The Group actively manages and minimises operational risks where appropriate. This is achieved by implementing and communicating guidelines and detailed procedures and controls to staff and other third parties. The Group regularly monitors the performance of its controls and adherence to procedures through the risk management reporting process. Key components of the Group’s operational control environment include:

- modelling of operational risk exposures and scenario testing;
- management review of activities;
- documentation of policies and procedures;
- preventative, directive and detective controls within key processes;
- contingency planning; and
- other systems’ controls.

Addressing conduct risk has always been treated as a priority irrespective of the regulatory emphasis on the selling of financial products, including insurance products, to consumers. The Group’s primary objective is that all policyholders should receive fair treatment throughout the product lifecycle, which requires the effective management of conduct risk. However, conduct risk is not limited to the fair treatment of customers and our Conduct Risk Policy broadly defines conduct risk as ‘…the risk that detriment is caused to the company, our customers, clients or counterparties because of the inappropriate execution of our business activities.’

The Group therefore seek at all times to perform its business activities in a manner that is not only fair, honest and transparent but that also complies fully with applicable UK and International laws and regulations and internal policies and procedures. We ensure that this ethos is clearly communicated from the Board of Directors downwards to all members of staff and oversight is provided throughout the governance structure, primarily by way of the Product Governance and Distribution Committee. Day-to-day responsibility for monitoring the fair treatment of customers and broader aspects of conduct risk resides with the International Compliance Department which undertakes scheduled reviews as part of a comprehensive Compliance Monitoring schedule.

The following risks are included in the Risk, Capital & Compliance Committee and Board’s quarterly review of risk: turnover (including from key staff), salary and benefits benchmarking, staff sickness, IT and other projects, data quality, compliance with regulations and standards.

C6 – Other Material Risks

This section covers strategic, regulatory and group risks which the Group manages together, but which are outlined separately below. Sustainability Risk which could represent a material risk to the Group (and the Company) is also outlined, as well as uncertainties related to other current prominent risks, such as the Ukraine / Russia Conflict, Brexit, Operational Resilience, outsourcing, inflation risk and pandemic risk.

Strategic Risk

Nature of the Risk

This is the risk that the Group's strategy is inappropriate or that the Group is unable to implement its strategy. Where an event occurs outside the Group's strategic plan, this is escalated at the earliest opportunity through the Group's monitoring tools and governance structure.

Managing & Mitigating the Risk

On a day-to-day basis, the Group's management structure encourages organisational flexibility and adaptability, while ensuring that activities are appropriately coordinated and controlled. By focusing on the needs of their customers and demonstrating both progressive and responsive abilities, staff, management and outsourced service providers are expected to excel in service and quality. Individuals and teams are also expected to transact their activities in an open and transparent way. These behavioural expectations reaffirm low risk tolerance by aligning interests to ensure that routine activities, projects and other initiatives are implemented to benefit and protect resources of both local business segments and the Group as a whole.

The following risks are included in the Risk, Capital & Compliance Committee and Board's quarterly review of risk: combined ratio, net earnings versus budget, probability of a loss, expenses, Solvency II available assets.

Regulatory Risk

Nature of the Risk

Regulatory risk is the risk arising from not complying with regulatory and legal requirements. The operations of the Group are subject to legal and regulatory requirements within the jurisdictions in which it operates, and the Group's compliance function is responsible for ensuring that these requirements are adhered to. Regulatory risk includes capital management risk, which is owned by the finance team.

Managing & Mitigating the Risk

The Group is committed to carrying out its business activities fairly, honestly, transparently and in compliance with legal and regulatory requirements, to enhance stakeholder trust. This approach is embedded in the Group's business and governance framework through policies, procedures and compliance monitoring. TMHCC Group's code of business conduct and ethics together with TMHCC International's employee handbook set out how we operate and include reference to specific policies, including: whistleblowing; anti-bribery, conflicts of interest and treating customers fairly statement. All new employees are provided with e-training modules that cover ethics, anti-bribery and data protection.

The Group estimates its Economic capital requirements using an internal ECM which, the Directors believe, is the most appropriate tool to determine the Company's medium term capital needs. However, the Company is currently outside of the PRA Internal Model Approval Process and since 1 January 2017 has measured regulated capital requirement using the Standard Formula SCR. The Board has reviewed the Standard Formula SCR against the ECM and has concluded that the Standard Formula SCR is appropriate. The Standard Formula SCR is measured against the Company's Solvency II Available Assets to monitor its Solvency. Given the inherent volatility of the Standard Formula SCR and Solvency II Available Assets, the Company carries an amount in excess of the regulatory minimum.

Group Risk

Nature of the Risk

Group risk occurs where business units fail to consider the impact of their activities on other parts of the Group, as well as the risks arising from these activities. There are two main components of group risk, Contagion and Reputation, which are explained below.

Contagion risk is the risk arising from actions of one part of the group which could adversely affect any other part of the group. The Group is a member of the TM Group and therefore may be impacted by the actions of any other group company.

Reputation risk is the risk of negative publicity as a result of the TM Group's contractual arrangements, customers, products, services and other activities.

Risk Profile & Concentration of the Risk

The Company engages in various intra-group transactions, which are transacted on an arm's length or open market basis, where relevant. Since the acquisition of TMHCC Group by Tokio Marine there has been an increase in intra-group transactions.

Managing & Mitigating the Risk

Contagion risk is managed by operating with clear and open lines of communication across the group to ensure all group entities are well informed and working to common goals.

For reputation risk, the Group's preference is to minimise reputation risks, but it is not possible nor beneficial to avoid them, as the benefits of being part of the group brand are significant. We consider reputation risk as an impact on all risk events in the Risk Register, but not as a risk in its own right.

Sustainability Risk

Nature of the Risk

The issue of Sustainability, whether it relates to the strategic and operational risks of addressing environmental, social and governance concerns, including climate change, or our social responsibilities to both our external and internal stakeholders, is not a new risk, but its profile has been raised significantly over the last few years.

Managing & Mitigating the Risk

Sustainability risk, including climate change risk, continues to be recognised as a key risk for the Group. 2022 has seen further work in terms of finalising the inclusion of sustainability risk within its governance and risk frameworks, which included: 1) development of a sustainability strategy; 2) drafting of a sustainability risk policy; 3) initial scoping of risk appetites, and risk metrics to monitor them; 4) further development of the specific Climate Risk sub-risk register; 5) implementation of ESG metrics to apply to the current investment portfolios; and 6) further initial work on potential quantitative impacts of climate change, including capital assessments and impacts from reverse stress tests. Work will continue on sustainability risk in 2023, particularly with regard to increasing the sophistication of the quantitative elements of the framework.

Operational Resilience

Nature of the Risk

Operational resilience, which relates to the ability of an insurer to absorb shocks and maintain smooth business services during adverse conditions, is another topic with a currently elevated profile.

Managing & Mitigating the Risk

The PRA/FCA regulatory March 2022 deadline required firms to identify their important business services, set impact tolerances for the maximum tolerable disruption and carry out mapping and testing to a level of sophistication necessary to do so. Following successfully achieving the deadline, including identifying important business services, completing resource mapping of all business processes and setting impact tolerances, the Operational Resilience project was completed and closed in October 2022, with responsibility for the ongoing remediation of identified gaps falling to the business, through the newly created Operational Resilience office, while the Enterprise Risk function will maintain oversight of the stress testing framework and the annual self-assessment requirements.

Inflation Risk

Nature of the Risk

Inflation risk, particularly social inflation, has become a hot topic in the industry.

Managing & Mitigating the Risk

The impact of inflation will vary widely, noting that a significant proportion of the business comprises short-tail, non-US business, where the inflation poses relatively little risk, although for some other lines of business (e.g. Energy) inflation has a greater impact.

Management, therefore has looked at the how the risk is being mitigated in the areas of underwriting, claims, reserving and capital modelling and have concluded that the mitigations are appropriate, while noting that explicit allowance for inflation has been incorporated within the year end reserving process and will be enhanced within the capital model. The explicit inflation adjustment on reserves is not considered to be material. In the current inflationary environment, the risk is being kept under close review.

Outsourcing & Supplier Management Risk

Nature of the Risk

As the organisation grows, reliance on outsourcing and supplier management also increases, through the ever-greater use of cloud service providers to ensure system/data back-up capabilities, or the increased use of coverholders, arising from new LOBs such as Delegated Property and Marine Cargo.

Managing & Mitigating the Risk

Outsourcing and supplier management is a key focus for the Group, in light of greater reliance on cloud service providers and increased use of coverholders. Strong risk governance in this area is vital to ensure uninterrupted service to both external and internal stakeholders. It is also a sub-component of Supply Chain risk, which is an area subject to increased scrutiny with regulatory focus on insurers and their ability to demonstrate their operational resilience in this regard. Against a backdrop of increased digitalisation of the insurance market and escalating cyber-security threats, robust supply chain management is paramount. A central Vendor Management System has been purchased as part of a project that will better ensure the performance of due diligence and monitoring against service standards. Resilience standards are also in the process of being developed to ensure that any disruption experienced by the Group’s material outsourcers does not impact the service they provide to the company.

Pandemic Risk

Nature of the Risk

Since March 2020, the Group has been monitoring and addressing the potential financial and operational risks created with the advent of the global Covid-19 pandemic.

Managing & Mitigating the Risk

Although Covid-19 continues to bring some uncertainty to the world at large, from the Group business perspective, the pandemic has developed broadly in line with expectations and the uncertainty has generally reduced. A potential indirect impact from Covid related to potential market volatility, as governments around the world continued to withdraw their national structural support during 2022. This has, to a certain extent, been superseded by the market volatility attributable to the Russia/Ukraine crisis, which is further discussed below. From an operational perspective, an additional potential risk was recognised during 2022, associated with the return to the office and new hybrid operating model. This was reflected by elevated statuses on two risks on the risk register during 2022, but with the successful implantation of the new operating model, these risks had returned to stable by the end of 2022.

Ukraine / Russia Conflict

Nature of the Risk

During Q1 2022, Russia invaded Ukraine following a period of high tension in the region. Beyond the humanitarian disaster this has brought, the escalation has led to some potential additional risks for the Group. These include: direct exposures; indirect impacts, such as inflation, market volatility, inwards and outwards misalignment, intragroup reinsurance; legal risks; cyber risks; further escalation (use of nuclear weapons, further countries involved).

Managing & Mitigating the Risk

The Group and Company continue to monitor the evolving military conflict in Ukraine, which commenced in February 2022 and the associated Russian and Belarusian exposures. The impact on the Group and Company is currently considered to be limited with only a few classes of business that have direct exposure. The indirect exposures are limited by the Group and Company’s cautious investment strategy and robust operational frameworks. The impact of the conflict on future business is also expected to be limited. Management will continue to actively monitor the situation and to assist our policyholders.

C7 – Any other information

Top 10 Risks

Risk Registers are produced, and risks managed at underlying entity level (i.e. Company and TME), rather than at the Group level. Therefore, this sub-section looks at the key risks in the Company register, with the TME key risks detailed in the bespoke TME SFCR. The table below identifies the top ten risks, on both a worst case and near-term scenario basis for the Company, as a result of the most recent risk register review and scoring exercise.

Worst Case As at 31st December 2022	Near Term As at 31st December 2022
Risks	**Risks**
Reserving Risk	Reserving Risk
Catastrophe/Large Losses Outside of Business Plan	Systemic Losses Outside of Business Plan
Systemic Losses Outside of Business Plan	Catastrophe/Large Losses Outside of Business Plan
Selection Risk	Selection Risk
Investment Market Volatility	Investment Market Volatility
Foreign Exchange Risk	Foreign Exchange Risk
Outwards Reinsurance Risks	Credit Rating Risk
Cyber Underwriting Risk	Outwards Reinsurance Risks
Inadequate Pricing Methodology	Loss of Key Personnel
High Profile Third Party Disputes	Failure of Investment Counterparty

On both a worst case and near-term basis, insurance and market risks constitute the majority of the top ten risks. These quantifications are derived from the Company's economic capital model. The operational and credit risks are calculated from scenario analysis performed with risk owners.

In addition to identifying the quantitative nature of the risks, we also look at the qualitative nature that takes into account the controls we have in the business to reduce these risks and assign residual score probability and impact assessments to each of the risks in turn, independently of the worst-case scenarios.

The business, by its very nature, has the potential for some significant losses and it is important that these exposures are mitigated. The Board is comfortable, based on the above analysis, that these risks are adequately mitigated and therefore would not expect these losses to occur, even in the tail.

Reverse Stress and Stress & Scenario Testing

As part of the overall process of risk control and in consideration of business strategy, capital setting and understanding the risk profile, various risks are considered by the business. These risks broadly fall into three areas:

- Risk of ruin, as considered via reverse stress tests (RSTs);
- Risk of multiple events on the business model and strategy considered via compound stress tests;
- Emerging risks that are potential risks to the business model and strategy.

The work completed in this area is key to ensuring the full range and impact of risks, both current and potential, is understood and represented in the capital model and risk register.

The following sub-sections provide further details of the three areas, with consideration as to how they could potentially impact the business on a forward-looking basis. The events described could happen in any of the following three years. However, the numerical analysis assumes that the events occur in the first future year, as this would be the most adverse time for them to occur.

Risk of Ruin via RSTs

The identification of the RSTs, incorporating events or combination of events that could threaten the viability of the business, was completed by a committee of senior and executive management representing Underwriting, Claims, Finance and Operations, with the support of the Enterprise Risk and Actuarial teams to quantify the potential exposures.

The two key risks for the company relate to Financial Lines Directors & Officers Liability (with regard to both reserving and underwriting risks) and European Windstorms. These risks have been captured (amongst other ones) in the four RSTs designed by the business.

The RSTs considered are shown in the table below. They were calibrated to threaten the viability of the business, which was defined as leading the Company's own funds to fall close to, or below, the Company's Standard Formula MCR, on either a one year or ultimate basis. Smaller reductions in net assets (which might, for example, initially lead to a breach of the SCR) are assumed to be replenished through a capital injection from the Group's parent, in the first instance.

RST1 ***Scenario driven by substantial underwriting losses***	RST 1.1 Possible scenarios: • Two natural catastrophes: windstorms, earthquakes, winter storm, etc, occurring in the same quarter. • Solar Flares: One of the largest geomagnetic storms causing blackouts, electrical disruptions, property damage. • The impact of a global pandemic causing aggregate underwriting losses. • Climate change: Exposures could be greater due to the extent of damage caused by climate change. With the severity of the assumptions made, this is estimated to be a 1 in 500 event. RST 1.2 Possible scenarios: • A natural catastrophe (EU/NA windstorms) followed by an opportunistic cyber-attack. • A terrorist attack triggering or coupled with a sophisticated cyber-attack. • The impact of a global pandemic causing aggregate underwriting losses. • Climate change: Exposures could be greater due to the extent of damage caused by climate change. With the severity of the assumptions made, this is estimated to be a 1 in 200 event. RST 1.3 A large global natural catastrophe impacting a large exposure, e.g. North Sea exposures, causing significantly large losses. Exposures could be greater due to the extent of damage caused by climate change. With the severity of the assumptions made, this is estimated to be a 1 in 500 event.
RST2 ***Scenario caused by a substantial economic recession***	An inflationary event that leads to economic and insurance/reinsurance market turmoil, followed by shareholder actions that impact the Company's Financial Lines account and reserve deteriorations on multiple lines. With the severity of the assumptions made, this is estimated to be a 1 in 500 event.
RST3 ***A combination of RST1 (UW losses) leading to an economic recession (RST2)***	Combination of RST1 leading to an economic recession (RST2), drivers include a large underwriting loss such as a Pandemic, Nat Cat(s), Cyber-attack leading to a recession. Exposures could be greater due to the extent of damage caused by climate change. With the severity of the assumptions made, this is estimated to be a 1 in 500 event.
RST4 ***Scenario where there is a significant reserve deterioration***	This scenario captures a substantial reserve deterioration triggered from latent claims or legislation changes leading to insurance losses. With the severity of the assumptions made, this is estimated to be a 1 in 500 event.

Risk of multiple events on business model via Compound Scenarios

On top of the RSTs, which are likely to cause the Company failure, we have identified various nearer term scenarios that help the business better understand risk drivers of HCCII. It was felt that these represented an appropriate set of 'near term' events that could realistically impact the business and could be used to help test the economic capital model at lower return periods. The scenarios were discussed and agreed by the same committees and individuals that assessed the RSTs.

The SSTs assessed were as follows:

Scenario	Summary of Scenario
SST1 ***Scenario driven by Operational Losses***	SST 1.1 - Significant Losses caused by a loss of key personnel. It is calibrated to an estimated 1 in 20-year event. SST 1.2 - Loss of key revenue stream. It is calibrated to an estimated 1 in 50-year event.
SST2 ***Large event and business continuity***	A combination of Nat Cat, pandemic or other large event which impacts business continuity. It is calibrated to an estimated 1 in 50-year event.
SST3 ***A significant loss impacting a LOB***	A significant loss impacting a LOB, arising from events such as the collapse of a major counterparty or political unrest. It is calibrated to an estimated 1 in 10-year event.
SST4 ***Cyber Loss***	Cyber-attack impacting the business. It is calibrated to an estimated 1 in 50-year event.
SST5 ***Latent Liability Claims***	A significant change in legislation causes previous outstanding losses to increase such as latent liability claims. It is calibrated to an estimated 1 in 20-year event.

Potential impacts of RSTs and SSTs

Each of the scenarios has been analytically assessed, with the expert judgements and assumptions recorded, along with the potential financial impact. The tables below provide an indication of the impact on each risk area, along with the impact on overall capital and solvency ratios. The impact below is on an overall Group basis. Relevant tests are run for the Company and the results/conclusions are similar.

Ultimate Basis

Scenario	Ins Risk	Cred Risk	Mkt Risk	Op Risk	Overall Capital Impact	Eligible Own Funds / SCR post scenario [1]	Eligible Own Funds / MCR post scenario [1]
RST1.1	$700m-$800m	$50m-$100m	$20m-$50m	$10m-$20m	$800m-$1,000m	<50%	<100%
RST1.2	$300m-$500m	$100m-$150m	$50m-$100m	$10m-$20m	$500m-$600m	50%-100%	100%-200%
RST1.3	$300m-$500m	$50m-$100m	<$10m	<$10m	$400m-$500m	50%-100%	200%-300%
RST2	$600m-$700m	$50m-$100m	$100m-$200m	$10m-$20m	$800m-$900m	<50%	<100%
RST3	$900m-$1000m	$100m-$150m	$100m-$200m	$10m-$20m	>$1000m	<50%	<100%
RST4	$800m-$900m	<$10m	<$10m	<$10m	$800m-$900m	<50%	100%-200%
SST1.1	<$10m	<$10m	<$10m	$80m-$90m	$60m-$90m	100%-125%	300%-400%
SST1.2	<$10m	<$10m	<$10m	$20m-$50m	$20m-$50m	100%-125%	400%-500%
SST2	$100m-$200m	<$10m	<$10m	<$10m	$100m-$200m	100%-125%	300%-400%
SST3	$90m-$100m	<$10m	<$10m	<$10m	$70m-$100m	100%-125%	300%-400%
SST4	$100m-$200m	<$10m	<$10m	<$10m	$100m-$300m	50%-100%	300%-400%
SST5	$10m-$20m	<$10m	<$10m	<$10m	$10m-$20m	100%-125%	400%-500%

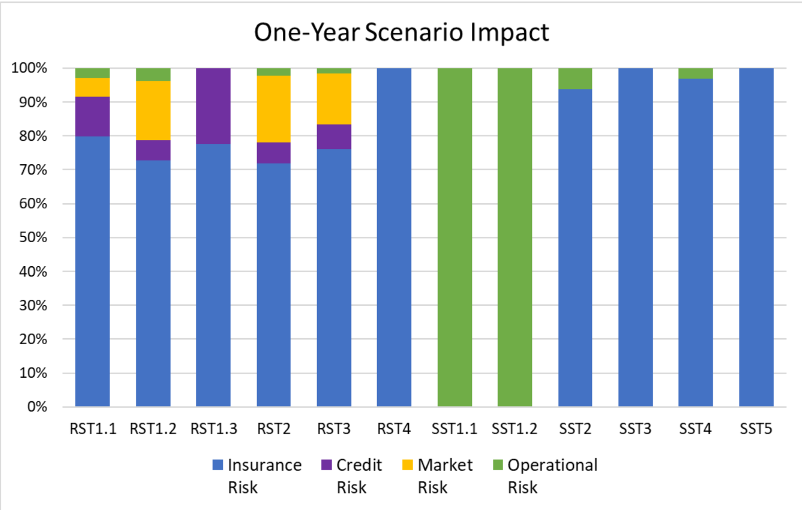
[1]*: Note using an ultimate capital impact to re-assess solvency ratios. Base Company Eligible Own Funds / SCR is c. 115.3%; base Company Eligible Own Funds / MCR is c. 423.4%*

One Year Basis

Scenario	Ins Risk	Cred Risk	Mkt Risk	Op Risk	Overall Capital Impact	Eligible Own Funds / SCR post scenario [1]	Eligible Own Funds / MCR post scenario [1]
RST1.1	$400m-$500m	$50m-$100m	<$40m	<$20m	$600m-$700m	<100%	100%-200%
RST1.2	$4300m-$400m	<$50m	$50m-$100m	<$20m	$400m-$500m	<100%	200%-300%
RST1.3	$200m-$300m	$50m-$100m	<$10m	<$10m	$200m-$300m	<100%	300%-400%
RST2	$600m-$700m	$50m-$100m	$100m-$200m	$20m-$30m	$700m-$800m	<100%	<100%
RST3	$900m-$1000m	$50m-$100m	$100m-$200m	<$20m	>$1000m	<100%	<100%
RST4	$700m-$800m	<$10m	<$10m	<$10m	$700m-$800m	<100%	100%-200%
SST1.1	<$10m	<$10m	<$10m	$30m-$60m	$30m-$60m	100%-200%	400%-500%
SST1.2	<$10m	<$10m	<$10m	$20m-$50m	$20m-$50m	100%-200%	400%-500%
SST2	$50m-$100m	<$10m	<$10m	<$10m	$100m-$200m	100%-200%	300%-400%
SST3	$50m-$100m	<$10m	<$10m	<$10m	$20m-$50m	100%-200%	100%-200%
SST4	$100m-$200m	<$10m	<$10m	<$10m	$20m-$50m	<100%	100%-200%
SST5	<$10m	<$10m	<$10m	<$10m	<$10m	100%-200%	400%-500%

[1]: Base Company Eligible Own Funds / SCR is c. 115.3%; base Company Eligible Own Funds / MCR is c. 423.4%

The chart below shows the breakdown of each of the scenarios into risk component proportions (based on the one-year basis).



ECM Validation of RST and SST Results

Part of the overall process of setting stress and scenario tests involves the business estimating various return periods for each of the above events. These return periods are then checked against the return periods produced by the ECM to validate the model tail events and ensure they are consistent in terms of frequency and severity to those expected by management, as well as corroborating the drivers of the tail events within the ECM.
The validation work indicates a high degree of correlation between management expectations and model output, for both frequency and severity.

Emerging and Developing Risks

Identification and analysis of emerging and developing risks is key to ensuring that the business strategy is sound and considers areas of potential impact that may not be apparent in today's environment.

The Group and Company define emerging risks as any issue perceived to be potentially significant, but which is not currently fully understood or allowed for in the business strategy, insurance terms, pricing, reserving or capital setting. Developing risks would also fit this definition, but with a clearer understanding of how the advent of the risk crystallising would likely impact current strategy.

Emerging risks are considered as those which might materialise over a three-to-five-year time horizon, while developing risks are those that have the potential to crystallise over the next three years, reflecting the timeframes of the business planning cycle.

Emerging and developing risks are considered when performing a number of key processes throughout the year. Initially these are considered as part of the annual strategic and business planning process involving all risk owners across the underwriting units, but also overlaid with assessment from support functions – as part of forecasting for the year(s) ahead. Each is asked to consider whether there are i) any emerging or developing risks in their area of ownership and ii) whether they believe this could have an adverse impact on achieving the stated objectives of the Group and the Company. In addition, emerging and developing risks are discussed within the quarterly review of the risk register and considered when reviewing the risk register for completeness.

In identifying emerging and developing risks, information is obtained from various sources; this provides integrity to the emerging and developing risks identified and ensures all key aspects of these risks are identified. The sources of information include the following:

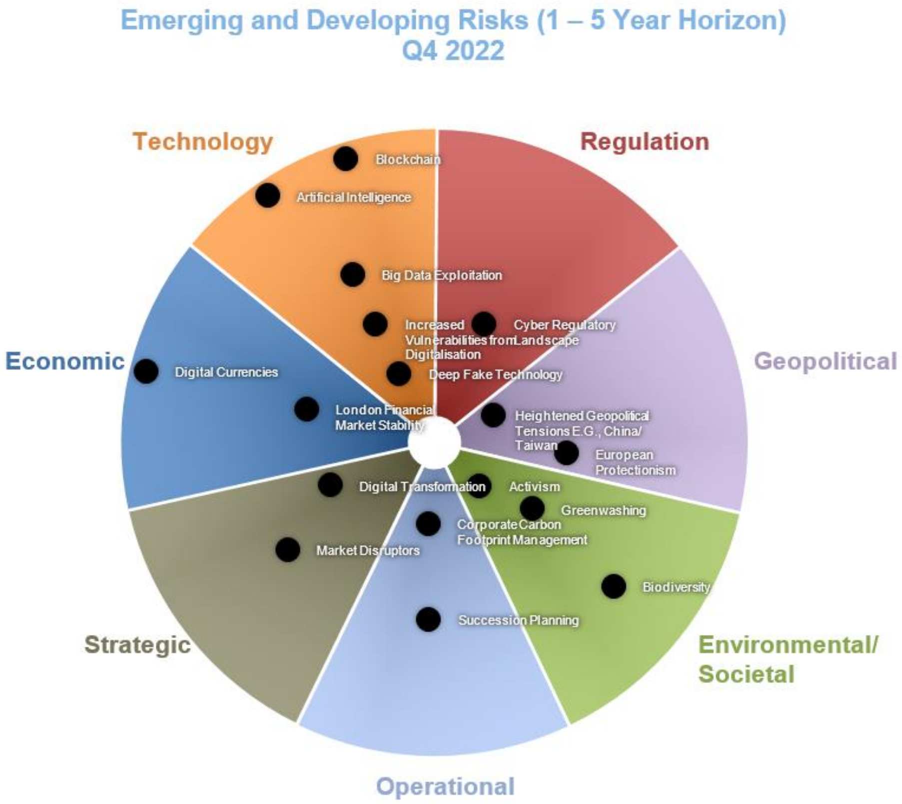
- Discussions with current risk and control owners with regards to specific emerging or developing risks to the business;
- Various journals, research papers and online sources are analysed;
- Market-wide emerging risk workshops are attended by the ERM team; and
- Monitoring of PRA/FCA supervisory statements.

Once the agreed list of emerging and developing risks is produced and analysed, the Enterprise Risk team are able to determine whether risks identified might be applicable to the Group and the Company and these are then listed on the Emerging and Developing Risks Register and anything considered pertinent is presented to the Risk, Capital & Compliance Committee for discussion.

If an emerging or developing risk, as part of the quarterly risk review, is considered to be becoming a current risk by the Risk & Capital Management Committee, the risk is transferred onto the Company risk register where the residual risk score is determined, and current controls can be assessed and monitored against the risk. This then forms part of the live risk register, and the risk is dropped from the Emerging and Developing Risk Register.

Overall, management believes the business monitors emerging and developing risks appropriately and considers their impact on the Group and Company proportionately.

The radar below provides details of those areas identified as emerging or developing risks as at Q4 2022. As noted above, the items included for consideration on the emerging and developing risk radar are tightly defined as those areas which are not currently allowed for in the business strategy, insurance terms, pricing, reserving or capital setting in any capacity. This creates a very focussed analysis of risks, affording the monitoring and management of these to be closely governed.



Section D – Valuation for Solvency Purposes

The Solvency II Directive (Article 75) requires that an economic, market consistent approach to the valuation of assets and liabilities is taken. The basis of preparation of the assets and liabilities for solvency purposes is aligned with the basis of preparation of the UK statutory financial statements, unless otherwise documented below. This applies to both the Group and Company Solvency II Own Funds valuation.

The Group and Company financial statements have been prepared in conformity with UK GAAP on a going concern basis. The details of the accounting policies used by the Group and Company can be found in the published consolidated financial statements of HCCII.

The table below shows the Group's balance sheet reconciliation from UK GAAP to the Solvency II asset and liabilities, as reported in the QRTs. An explanation of the Solvency II valuation methods and assumptions, including key differences to those used under UK GAAP is provided in the subsequent sections.

For the purposes of this SFCR, the adjustments from UK GAAP to Solvency II, have been grouped as follows:

- reclassification Adjustments (Reclass.) – reclassification of financial amounts between balance sheet lines (net impact of nil on the Solvency II balance sheet)
- valuation Adjustment for Technical Provisions (Valuation Adj. TPs) – net impact of moving from UK GAAP to Solvency II reserves, excluding reclassification items and removal of DAC and UPR
- valuation Adjustment for DAC & UPR (Valuation Adj. DAC & UPR) – removal of DAC and UPR
- valuation Adjustment for Other (Valuation Adj. Other) – Other includes removal of goodwill and intangibles and deferred tax adjustments

GROUP BALANCE SHEET RECONCILIATION FROM UK GAAP TO SOLVENCY II As at 31 December 2022	UK GAAP USD'000	Reclass. USD'000	Valuation Adj. TPs USD'000	Valuation Adj. DAC & UPR USD'000	Valuation Adj. Other USD'000	Solvency II USD'000	Solvency II as at 31 December 2021 USD'000
Assets							
Investments *(D1.1)*	2,133,618	31,232	-	-	-	2,164,850	1,896,109
Goodwill *(D1.2)*	75,927	-	-	-	(75,927)	-	-
Intangible Assets *(D1.3)*	41,435	-	-	-	(41,435)	-	-
Deferred Tax Assets *(D3.1)*	2,245	-	-	-	(2,245)	-	-
Deferred acquisition costs *(D1.4)*	135,488	-	-	(135,488)	-	-	-
Property, plant & equipment held for own use *(D1.5)*	7,239	-	-	-	-	7,239	7,092
Reinsurance recoverables from Non-Life *(D2)*	1,143,005	(131,874)	(195,290)	(216,466)	-	599,375	564,418
Insurance and intermediaries receivables *(D1.6)*	338,643	(231,452)	-	-	-	107,191	102,678
Reinsurance receivables *(D1.6)*	258,693	(161,843)	-	-	-	96,850	87,612
Receivables (trade, not insurance) *(D1.6)*	81,302	6,304	-	-	-	87,606	49,363
Cash and cash equivalents *(D1.7)*	122,335	(11,118)	-	-	-	111,217	279,074
Any other assets, not elsewhere shown *(D1.8)*	14,911	(14,142)	-	-	-	769	481
Total assets	**4,354,841**	**(512,893)**	**(195,290)**	**(351,954)**	**(119,607)**	**3,175,097**	**2,986,827**
Liabilities							
Technical provisions – Non-Life *(D2)*	2,700,636	(376,258)	63,359	(708,201)	-	1,679,536	1,584,747
Deferred tax liabilities *(D3.1)*	-	1,067	-	-	4,742	5,809	23,797
Insurance & intermediaries payables *(D3.2)*	46,412	-	-	-	-	46,412	39,329
Reinsurance payables *(D3.2)*	284,513	(131,873)	-	-	-	152,640	122,176
Payables (trade, not insurance) *(D3.2)*	2,324	-	-	-	-	2,324	2,123
Any other liabilities, not elsewhere shown *(D3.3)*	320,717	(5,829)	-	(61,275)	-	253,613	158,610
Total liabilities	**3,354,602**	**(512,893)**	**63,359**	**(769,476)**	**4,742**	**2,140,334**	**1,930,782**
Excess of assets over liabilities	**1,000,239**	**-**	**(258,649)**	**417,522**	**(124,349)**	**1,034,763**	**1,056,045**

The table below shows the Company's balance sheet reconciliation from the UK GAAP figures through the Solvency II reclassification and valuation adjustments to the Solvency II balances reported in the QRTs.

COMPANY BALANCE SHEET RECONCILIATION FROM UK GAAP TO SOLVENCY II	**UK GAAP**	**Reclass.**	**Valuation Adj. TPs**	**Valuation Adj. DAC & UPR**	**Valuation Adj. Other**	**Solvency II**	**Solvency II as at 31 December 2021**
31 December 2022	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
ASSETS							
Investments *(D1.1)*	2,058,045	11,351	-	-	(118,504)	1,950,892	1,864,760
Deferred Tax Assets *(D3.1)*	2,346	-	-	-	3,653	5,999	-
Deferred acquisition costs *(D1.4)*	111,171	-	-	(111,171)	-	-	-
Property, plant & equipment held for own use *(D1.5)*	5,325	-	-	-	-	5,325	5,065
Reinsurance recoverables from Non-Life *(D2)*	523,627	(98,969)	(74,291)	(112,356)	-	238,011	239,630
Insurance and intermediaries receivables *(D1.6)*	182,299	(142,920)	-	-	-	39,379	44,255
Reinsurance receivables *(D1.6)*	185,444	(120,824)	-	-	-	64,620	44,165
Receivables (trade, not insurance) *(D1.6)*	69,606	-	-	-	-	69,606	29,999
Cash and cash equivalents *(D1.7)*	59,826	-	-	-	-	59,826	154,296
Any other assets, not elsewhere shown *(D1.8)*	11,402	(11,351)	-	-	-	51	-
Total assets	**3,209,091**	**(362,713)**	**(74,291)**	**(223,527)**	**(114,851)**	**2,433,709**	**2,382,170**
LIABILITIES							
Technical provisions – Non-Life *(D2)*	1,851,318	(263,744)	128,907	(513,813)	-	1,202,668	1,164,238
Insurance & intermediaries payables *(D3.2)*	16,820	-	-	-	-	16,820	15,394
Reinsurance payables *(D3.2)*	132,502	(98,969)	-	-	-	33,533	39,306
Any other liabilities, not elsewhere shown *(D3.3)*	173,066	-	-	(23,003)	-	150,063	127,362
Total liabilities	**2,173,706**	**(362,713)**	**128,907**	**(536,816)**	**-**	**1,403,084**	**1,347,301**
Excess of assets over liabilities	**1,035,385**	**-**	**(203,198)**	**313,289**	**(114,851)**	**1,030,625**	**1,035,055**

The following sections provide further detail on the above and the valuation basis for each line of the balance sheet.

The only area where significant assumptions and judgments have been applied in the valuation process for the Solvency II balance sheet is in respect of the technical provisions. These assumptions and judgements are detailed in Section D2.

D1 – Assets

The Solvency II adjustments and valuation approach for each asset group in the above balance sheet are detailed below except for the technical reserves which are discussed in Section D2.

D1.1 – Investments

At 31 December 2022, the Group investments were as follows:

GROUP RECONCILIATION FROM UK GAAP TO SOLVENCY II	UK GAAP	Reclass.	Valuation Adj. Other	Solvency II	Solvency II as at 2021
31 December 2022	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Government bonds	446,460	4,137	-	450,597	491,143
Corporate bonds	1,057,834	9,138	-	1,066,972	879,340
Collateralised securities	331,772	867	-	332,639	387,788
Collective investments undertakings	146,835	-	-	146,835	72,420
Deposits other than cash equivalents	150,478	-	-	150,478	49,628
Holdings in related undertakings, including participations	-	17,090	-	17,090	15,551
Property (other than for own use)	239	-	-	239	239
Investments	**2,133,618**	**31,232**	**-**	**2,164,850**	**1,896,109**

At 31 December 2022, the Company investments were as follows:

COMPANY RECONCILIATION FROM UK GAAP TO SOLVENCY II	UK GAAP	Reclass.	Valuation Adj. Other	Solvency II	Solvency II as at 2021
31 December 2022	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Government bonds	379,204	3,497	-	382,701	430,116
Corporate bonds	789,696	7,057	-	796,753	719,731
Collateralised securities	302,321	797	-	303,118	361,666
Collective investments undertakings	121,523	-	-	121,523	70,511
Deposits other than cash equivalents	93,285	-	-	93,285	43,838
Holdings in related undertakings, including participations	371,777	-	(118,504)	253,273	238,659
Property (other than for own use)	239	-	-	239	239
Investments	**2,058,045**	**11,351**	**(118,504)**	**1,950,892**	**1,864,760**

Key movements in the year for the Group and Company are driven primarily by the investment of operational cash flows (see Section A3) in the period, offset by unrealised losses experienced during the year as a result of increased interest rates affecting the value of fixed rate bonds. Profit from underwriting activities reinvested in corporate bonds and collective investments undertakings has offset the impact of unrealised losses resulting in an increase in these investment categories.

Bonds, Securities, Equities and Collective Investment Undertakings

For the following section, 'the Group' is inclusive of 'the Company', with both entities adhering to the same investment valuation methods.

Solvency II Reconciliation and Valuation

Under UK GAAP, prepayments and accrued interest on fixed income investments is included within 'Other Assets'. The Solvency II reclassification adjustments in Bonds and collateralised securities, for the Group and the Company, respectively, are in relation to this accrued interest, being reclassified to investments under Solvency II.

The Group values its financial investments at fair value in accordance with FRS 102 which is consistent with the requirement under Solvency II. The Group categorises financial investments into levels 1, 2 and 3, reflecting the basis of valuation specified in FRS 102. As of 31 December 2022, more than 90% of its financial investments fell within the Level 2 category.

FRS 102 defines the disclosure of investments levels as follows:

- Level 1 – Inputs are based on quoted prices in active markets.

  The Group's Level 1 investments consist of US Treasuries, money market funds and equity securities traded in an active exchange market. The Group uses unadjusted quoted prices for identical instruments to measure fair value.

- Level 2 – Inputs are based on using observable prices for recent arm's length transactions for an identical asset that are available either directly as prices or indirectly from observable market data.

  The Group's Level 2 investments include most of its fixed maturity securities, which consist of US government agency securities, foreign government securities, municipal bonds (including those held as restricted securities), corporate debt securities, bank loans, middle market senior loans and foreign debt securities. The Group measures fair value for most of its Level 2 investments using observable market data, including benchmark securities or yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, bids, offers, default rates, loss severity and other economic measures.

  The Group is responsible for the prices used in its fair value measurements. The Group uses independent pricing services to assist itself in determining fair value of all its Level 2 investments. The pricing services provide a single price or quote per security. The Group uses data provided by its third-party investment managers to value the remaining Level 2 investments. To validate that these quoted prices are reasonable estimates of fair value, the Group performs various quantitative and qualitative procedures, including:

  1) evaluation of the underlying methodologies;
  2) analysis of recent sales activity;
  3) analytical review of the Group's fair values against current market prices; and
  4) comparison of the pricing services' fair value to other pricing services' fair value for the same investment.

  No markets for the Group's investments were judged to be inactive at period end. Based on these procedures, the Group did not adjust the prices or quotes provided by its independent pricing services or third-party investment managers as of 31 December 2022.

- Level 3 – Inputs are unobservable and not corroborated by market data.

  The Group has Level 3 securities in the form of investment in a private equity fund. The private equity fund is carried at net asset value. Changes in the net asset value are included in investment income.

  Collateralised securities, that is mortgage-backed and asset-backed securities (including collateralised loan obligations), are priced using indirect observable inputs including prices for similar assets and market corroborated inputs.

Participations and related undertakings

The participations and related undertakings included within the Company's financial statements are in respect of the subsidiaries held by the Company. These amounts are eliminated on consolidation in the assets of the Group, except for the Group's investment in Qdos and Gcube which amounted to $17.1 million in 2022 (2021: $15.6 million). These Group investments do not meet the definition of 'ancillary services undertakings', per article 335 of the delegated acts. As a result, they remain as a participation on the face of the Group Solvency II balance sheet.

The $118.5 million Solvency II valuation adjustment in the Company arises from the valuation of Qdos and Gcube on the 'adjusted equity method', with reference to Solvency II valuation rules, which include valuing intangible assets and goodwill at nil, as well as the variance between the investment in TME under UK GAAP and Solvency II valuation rules.

Property (other than for own use)

The investment property, which consists of occupied long leasehold industrial units, was reviewed at 31 December 2022 on an open market basis, using reasonable judgements and contemporary evidence available. The valuation of the property in these statements remains materially correct and no impairment is required.

D1.2 – Goodwill

GROUP RECONCILIATIONS FROM UK GAAP TO SOLVENCY II 31 December 2022	UK GAAP $'000	Valuation Adj. Other $'000	Solvency II $'000
Goodwill	75,927	(75,927)	-

Solvency II Reconciliation & Valuation

Goodwill arose from the acquisition of GCube in 2020 and the acquisition of Qdos and its subsidiary Qdos Broker and Underwriting Services Limited in 2018.

Under UK GAAP, Goodwill is stated at cost less accumulated amortisation and accumulated impairment expense and is amortised over its useful economic life.

For Solvency II, Goodwill is reviewed to identify if there is evidence of exchange of similar assets to indicate that they are saleable in a marketplace. In the absence of this evidence, Goodwill is valued at nil for Solvency II purposes.

No goodwill is held on the Company balance sheet.

D1.3 – Intangible Assets

GROUP RECONCILIATIONS FROM UK GAAP TO SOLVENCY II 31 December 2022	UK GAAP $'000	Valuation Adj. Other $'000	Solvency II $'000
Intangible assets	41,435	(41,435)	-

Solvency II Reconciliation & Valuation

Under UK GAAP, Intangible assets are stated at cost less accumulated amortisation and accumulated impairment losses. Amortisation is calculated, using a straight-line method, to allocate the depreciable amount of the assets to their residual values over their estimated useful lives. Amortisation and any impairment expense are charged to other charges in the non-technical account. Intangible assets' residual values and useful lives are reviewed, and adjusted, if appropriate, at the end of each reporting period. The effect of any change is accounted for prospectively.

Intangibles arose from the acquisition of GCube in 2020 and the acquisition of Qdos and its subsidiary Qdos Broker and Underwriting Services Limited in 2018. The intangibles assets are amortised over their useful economic lives on a straight-line basis which has been estimated to be fifteen years.

For Solvency II, intangible assets are reviewed to identify if there is evidence of exchange of similar assets to indicate that they are saleable in a marketplace. In the absence of this evidence, the Group's intangible assets are valued at nil for Solvency II purposes. All figures reported above have been detailed at their acquisition cost.

No intangible assets are held on the Company balance sheet.

D1.4 – Deferred Acquisition Cost

GROUP RECONCILIATIONS FROM UK GAAP TO SOLVENCY II	UK GAAP	Valuation Adj. DAC & UPR	Solvency II
31 December 2022	$'000	$'000	$'000
Deferred acquisition costs	135,488	(135,488)	-

COMPANY RECONCILIATIONS FROM UK GAAP TO SOLVENCY II	UK GAAP	Valuation Adj. DAC & UPR	Solvency II
31 December 2022	$'000	$'000	$'000
Deferred acquisition costs	111,171	(111,171)	-

Solvency II Reconciliation & Valuation

For UK GAAP, acquisition costs, which represent commission and other related expenses, are deferred over the period in which the related premiums are earned.

For Solvency II valuation purposes, DAC is valued at nil at the balance sheet date.

D1.5 – Property, Plant and Equipment

GROUP RECONCILIATIONS FROM UK GAAP TO SOLVENCY II	UK GAAP	Reclass.	Solvency II
31 December 2022	$'000	$'000	$'000
Property, plant & equipment held for own use	7,239	-	7,239

COMPANY RECONCILIATIONS FROM UK GAAP TO SOLVENCY II	UK GAAP	Reclass.	Solvency II
31 December 2022	$'000	$'000	$'000
Property, plant & equipment held for own use	5,325	-	5,325

Solvency II Reconciliation & Valuation

Under UK GAAP, the Group and Company value property, plant and equipment in the financial statements at cost less accumulated depreciation and accumulated impairment expense. Cost includes the original price, costs directly attributable to bringing the assets to its working condition for its intended use, dismantling and restoration costs. Tangible assets are capitalised and depreciated on a straight-line basis over their estimated useful lives.

For Solvency II purposes, the Directive states that property, plant and equipment should be valued on a basis that reflects its fair value. The Company believes that the depreciated cost of property, plant and equipment held on 31 December 2022 is a materially fair approximation for fair market value.

The Group Reclass. includes the reclass of property, plant & equipment held in the Group Qdos and GCube participations. Further explanation of the reclassification of items related to participations are detailed in Section D1.1.

D1.6 – Receivables

GROUP RECONCILIATIONS FROM UK GAAP TO SOLVENCY II	UK GAAP	Reclass.	Solvency II
31 December 2022	$'000	$'000	$'000
Insurance and intermediaries receivables	338,643	(231,452)	107,191
Reinsurance receivables	258,693	(161,843)	96,850
Receivables (trade not insurance)	81,302	6,304	87,606
Total receivables	**678,638**	**(386,991)**	**291,647**

COMPANY RECONCILIATIONS FROM UK GAAP TO SOLVENCY II	UK GAAP	Reclass.	Solvency II
31 December 2022	**$'000**	**$'000**	**$'000**
Insurance and intermediaries receivables	182,299	(142,920)	39,379
Reinsurance receivables	185,444	(120,824)	64,620
Receivables (trade not insurance)	69,606	-	69,606
Total receivables	**437,349**	**(263,744)**	**173,605**

Solvency II Reconciliation & Valuation

For UK GAAP, receivables relating to outstanding premiums from policyholders are recognised in the financial statements as current assets. For Solvency II valuation purposes the outstanding premiums not yet due from policyholders are reclassed to the premium provisions element of the technical provisions

The insurance and intermediaries receivables balance represents premiums receivable due and past due adjusted for Solvency II as noted above. The balances are all due within 12 months and their fair value is not considered to be different to their amortised cost, so no further Solvency II adjustments are required.

The reinsurance receivables balance represents paid losses recoverable net of bad debt. The balances are all due within 12 months and their fair value is not considered to be different to their amortised cost, so no Solvency II adjustment is required.

The receivables (trade, not insurance) include various balances including inter-group receivables and tax. All amounts are due within 12 months and the UK GAAP values are considered to be appropriate fair value and therefore do not need to be adjusted for Solvency II.

D1.7 – Cash and cash equivalents

GROUP RECONCILIATIONS FROM UK GAAP TO SOLVENCY II	UK GAAP	Reclass.	Solvency II
31 December 2022	**$'000**	**$'000**	**$'000**
Cash and cash equivalents	122,335	(11,118)	111,217

COMPANY RECONCILIATIONS FROM UK GAAP TO SOLVENCY II	UK GAAP	Reclass.	Solvency II
31 December 2022	**$'000**	**$'000**	**$'000**
Cash and cash equivalents	59,826	-	59,826

Solvency II Reconciliation & Valuation

Under UK GAAP, cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

The cash reclassification detailed for the Group pertains to the reclassification of cash and cash equivalents as held in the Group Qdos and GCube participations. Further explanation of the reclassification of items related to participations are detailed in Section D1.1.

D1.8 – Other Assets

GROUP RECONCILIATIONS FROM UK GAAP TO SOLVENCY II	UK GAAP	Reclass.	Solvency II
31 December 2022	**$'000**	**$'000**	**$'000**
Any other assets, not elsewhere shown	14,911	(14,142)	769

COMPANY RECONCILIATIONS FROM UK GAAP TO SOLVENCY II	UK GAAP	Reclass.	Solvency II
31 December 2022	**$'000**	**$'000**	**$'000**
Any other assets, not elsewhere shown	11,402	(11,351)	51

Solvency II Reconciliation & Valuation

Under UK GAAP, prepayments and accrued interest on fixed income investments is included within 'Other Assets'. The Solvency II adjustments of $14.1 million and $11.4 million, for the Group and the Company, respectively, are in relation to this accrued interest, being reclassified to investments under Solvency II.

In addition to the above, the Group Reclass. includes the reclass of other assets held in the Group Qdos and GCube participations. Further explanation of the reclassification of items related to participations are detailed in Section D1.1.

D1.9 – Other Matters

The Company has not provided any unlimited guarantees and does not have any off-balance sheet assets.

D2 – Technical Provisions

At 31 December 2022, the total value of net technical provisions for the Group was $1,080.2 million, which included $90.9 million in respect of the risk margin. For the Company, the total value of net technical provisions was $964.6 million, which included $78.2 million in respect of the risk margin.

GROUP RECONCILIATIONS FROM UK GAAP TO SOLVENCY II 31 December 2022	UK GAAP $'000	Reclass. $'000	Valuation Adj. TPs $'000	Valuation Adj. DAC & UPR $'000	Solvency II $'000
Technical provisions - Non-Life	2,700,636	(376,258)	63,359	(708,201)	1,679,536
Reinsurance Recoverables from Non-Life	(1,143,005)	131,874	195,290	216,466	(599,375)
Net Technical Provisions	**1,557,631**	**(244,384)**	**258,649**	**(491,735)**	**1,080,161**

COMPANY RECONCILIATIONS FROM UK GAAP TO SOLVENCY II 31 December 2022	UK GAAP $'000	Reclass. $'000	Valuation Adj. TPs $'000	Valuation Adj. DAC & UPR $'000	Solvency II $'000
Technical provisions - Non-Life	1,851,318	(263,744)	128,907	(513,813)	1,202,668
Reinsurance Recoverables from Non-Life	(523,627)	98,969	74,291	112,356	(238,011)
Net Technical Provisions	**1,327,691**	**(164,775)**	**203,198**	**(401,457)**	**964,657**

Solvency II Reconciliation & Valuation

Under UK GAAP, UPR represents the proportion of premiums written in the year that relate to unexpired terms of policies in force at the balance sheet date, calculated on a time apportionment / risk profile basis.

The main Solvency II valuation adjustment to the technical reserves is to adjust out UPR, which is valued at nil under Solvency II.

The other Solvency II valuation adjustment represents the net impact on the claims reserves of applying the Solvency II valuation methodology detailed above that include the reclassification of not yet due premiums from debtors and creditors.

The table below details the net technical provisions by Solvency II LOB by best estimate and risk margin.

GROUP Net Technical Provisions	Net Best Estimate	Risk Margin	Net Technical Provision
31 December 2022	**$'000**	**$'000**	**$'000**
Medical expense insurance	(562)	11	(551)
Income protection insurance	14,547	1,087	15,634
Workers' compensation insurance	35,269	2,386	37,655
Marine, aviation and transport insurance	22,073	4,316	26,389
Fire and other damage to property insurance	100,897	6,563	107,460
General liability insurance	498,808	47,787	546,595
Credit and suretyship insurance	141,103	8,152	149,255
Assistance	327	23	350
Miscellaneous financial loss	9,999	626	10,625
Non-proportional health reinsurance	9,044	534	9,578
Non-proportional casualty reinsurance	82,013	9,687	91,700
Non-proportional marine, aviation and transport reinsurance	(9,985)	5,365	(4,620)
Non-proportional property reinsurance	85,669	4,422	90,091
Total	**989,202**	**90,959**	**1,080,161**

COMPANY Net Technical Provisions	Net Best Estimate	Risk Margin	Net Technical Provision
31 December 2022	**$'000**	**$'000**	**$'000**
Medical expense insurance	-636	6	(630)
Income protection insurance	2,339	152	2,491
Workers' compensation insurance	31,303	1,947	33,250
Marine, aviation and transport insurance	21,489	2,289	23,778
Fire and other damage to property insurance	83,880	4,925	88,805
General liability insurance	549,826	52,623	602,449
Credit and suretyship insurance	82,833	4,673	87,506
Assistance	311	17	328
Miscellaneous financial loss	7,239	280	7,519
Non-proportional health reinsurance	7,863	402	8,265
Non-proportional casualty reinsurance	39,367	3,692	43,059
Non-proportional marine, aviation and transport reinsurance	60,460	3,570	64,030
Non-proportional property reinsurance	193	3,614	3,807
Total	**886,467**	**78,190**	**964,657**

Technical provisions are valued in accordance with Article 77 of the Solvency II Directive which states that the value of technical provisions shall be equal to the sum of the best estimate and a risk margin.

The actuarial function carries out the valuation of technical provisions and ensures continuous compliance with the requirements set out in Articles 75 to 86 regarding the calculation of technical provisions and the risks arising from this calculation.

The actuarial function's involvement in the whole reserving process allows us to opine that the technical provisions at 31 December 2022 are sufficient and the methods/assumptions used are appropriate given the nature, scale and complexity of both the Group and the Company's risk profile.

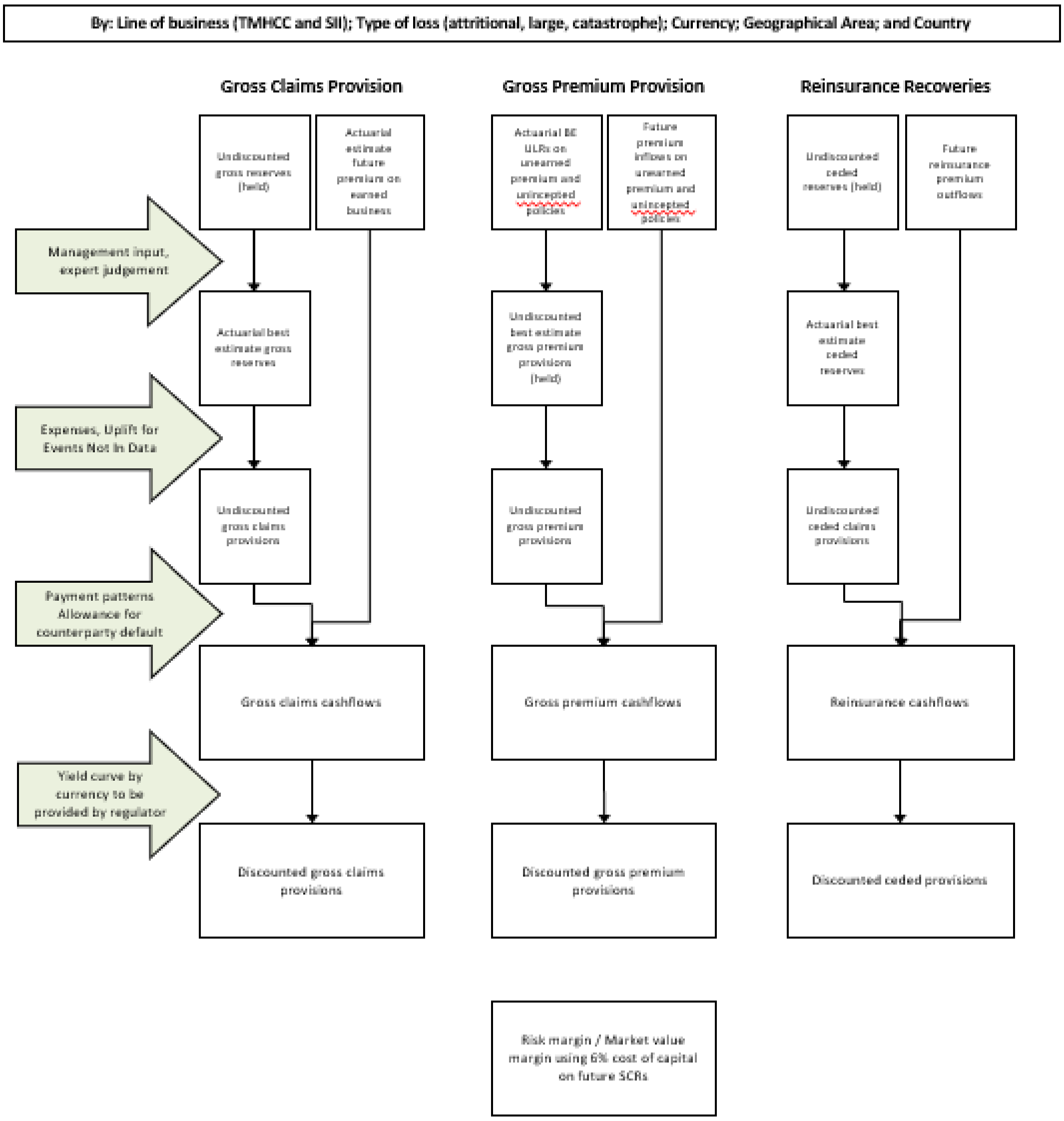
Sufficiency in this context means that the Group and the Company are satisfied that the process for estimating technical provisions is thorough and proportionate, and the resulting amounts are within a reasonable range that might be calculated by a number of different qualified people using various reasonable methods and assumptions.

The methodologies used are consistent across all material LOBs and the key items are summarised below.

Technical Provisions Calculation Overview

The Group and the Company build the technical provisions value from 3 components: i) the undiscounted best estimates, ii) discounting credit; and iii) risk margin.

The process is summarised in the flowchart below. Further details are found in the remaining sub-sections.



Undiscounted Best Estimate Claims Provisions

As part of the Group's and the Company's current reserving process, the starting point for valuing Solvency II claims provisions is the actuarial best estimate of provisions for claims including outstanding claims, IBNR and allocated loss adjustment expenses.

For the purpose of our analysis, we subdivide the data using TMHCC International LOBs, as defined in Section A, where segmentation is decided subject to similar coverage, reporting patterns, underwriting controls, claims handling and homogeneity of risks. These also reflect the way its business is underwritten, reported and managed. Further details may be found under the segmentation heading below.

In general, each LOB is written across multiple TMHCC International entities. The default position is that an analysis is carried out gross and net of reinsurance and that results are reported at both of these levels. In some cases, due to the lack of reinsurance or its immaterial nature, explicit allowance is not made for reinsurance. Also, as a default, the aggregate projected IBNR reserve is allocated to legal entity using earned premium as the weighting factor. This is reviewed for reasonableness and the approach modified if required. As at 31 December 2022, all LOBs were being allocated using earned premium.

Full analyses of reserves take place at least annually. During the full analyses, attritional claims and large losses gross and net of reinsurance are projected to ultimate using the following four standard actuarial methods:

1) Paid Chain Ladder;
2) Incurred Chain Ladder;
3) Incurred Bornhuetter-Ferguson;
4) Loss Ratio method.

The method selected depends on the accident or underwriting year, gross or net of reinsurance perspective and the LOB. This is documented within the reserving files and analysis spreadsheets. Generally, for more developed years, the Incurred Chain Ladder is used and for less developed years, the Incurred Bornhuetter-Ferguson method is used. For the years where the Incurred Bornhuetter-Ferguson or Loss Ratio method is used, the ultimate claim projected is sensitive to the Initial Expected Ultimate Loss Ratio assumption (also referred to as the 'prior loss ratio' assumption). The Group and Company base their Initial Expected Ultimate Loss Ratios on historical rebased loss ratios, taking into account premium rate changes and claims inflation.

Undiscounted Best Estimate Premium Provisions

The starting point of the premium provisions is the UPR and, for bound but not incepted (BBNI), an estimate of the premium relating to policies that have an inception date post the valuation date and a bound date pre the valuation date. The Group and the Company use historical and budget data to estimate the volume of premium related to BBNI policies. This approach allows for policies bound before the valuation date, but which have not yet been captured within the policy underwriting systems at the time of calculating the technical provisions due to typical processing delays.

For LOBs that undergo actuarial review as part of the Group's and Company's reserving process the undiscounted premium provision is calculated by applying the relevant actuarial best estimate ultimate loss ratios to the UPR and the BBNI premium amounts. Where no actuarial review has been undertaken budgeted loss ratios are assumed to represent this best estimate.

The actuarial best estimate ultimate loss ratios arise from actuarial reserving analysis and correspond to a central expectation based on relevant historical experience of prior years and adjusted where appropriate for changes in mix of business and anticipated premium rate movements and loss trends. Where the actuarial best estimate loss ratio does not include provision for large losses or catastrophes, management applies loads consistent with the internal model large loss and catastrophe parameters, to account for the future occurrence of these events.

Undiscounted Best Estimate Reinsurance Provisions

Reinsurance recoveries on claims provisions are calculated directly from the estimated cash flows from current ceded claims. Reinsurance recoveries on premium provisions are estimated differently depending on the type of reinsurance.

For LOBs with quota share reinsurance, the ceded cash flows are calculated by applying the ceded percentage to the estimated gross claim cash flow.

For LOBs with excess of loss reinsurance, there will be cessions on large and catastrophe losses. Identification of the reinsurance contracts that respond to the gross losses in the premium provisions is an important aspect of estimating reinsurance recoveries as well as the associated cost of this reinsurance cover. The key considerations are the basis of the reinsurance (losses occurring or risks-attaching), the inception date of the reinsurance contract and its binding status at the valuation date.

Losses-occurring-during reinsurance contracts that incept in the future will respond to losses that occur during the reinsurance policy period.

Unless the reinsurance contract is already bound at the valuation date, we include a portion of both reinsurance premiums payable and losses ceded to future losses-occurring-during reinsurance contracts to the extent that the cover relates to existing inwards business.

Risks-attaching-during reinsurance contracts that incept in the future will respond to losses incurred on policies that incept during the reinsurance treaty period only.

Reinsurance contracts that have already incepted will respond to losses, regardless of the basis. As such we make full provision for any reinsurance premiums or reinsurance reinstatement premiums payable in the future and the associated reinsurance recoveries.

The BBNI inward policies included in the technical provisions as at valuation date, will have reinsurance treaties, incepting during 2023, attaching to their premiums and losses. A corresponding portion of the cost of this reinsurance and expected ceded losses is included in the technical provisions.

In summary, the treatment of reinsurance premiums and recoveries is as follows:

Reinsurance contract status at point of valuation	Reinsurance premiums	Reinsurance recoveries
Incepted, bound Unincepted, bound	Future premiums due allowed for in full	Full allowance for expected future recoveries associated with losses arising from all incepted as well as bound-but-not-incepted inwards business that falls within scope of the technical provisions (where the purchase of reinsurance is subject to future management actions it is assumed that cover will be renewed on existing terms)
Unincepted, not bound	Allow for a portion of expected premiums payable under such reinsurance contract(s) relating to the run-off of existing incepted and bound-but-not-incepted inwards business	

Change in expense basis

Solvency II technical provisions are required to take account of all expenses that will be incurred in servicing insurance and reinsurance obligations. These expenses will include (but not be limited to) administrative expenses, investment management expenses, claims management expenses (including claims handling expenses) and acquisition expenses (including commissions). Any allowance for expenses should be calculated on the assumption of an ongoing business basis. This requirement is different to the approach typically adopted for statutory reporting purposes where only unallocated loss adjustment expenses are explicating considered separately, with allocated loss adjustment expenses generally included as part of the claim reserves.

Events Not In Data

Parameterization of models for estimating mean claims reserves using historic data will only allow for the scale of events that have been observed within the history. An Events Not In Data (ENIDs) loading ensures consideration of all possible future outcomes and so allows the 'true' mean to be determined.

At least three types of events should be considered:

- Outstanding events which could go one way or another with a material change in the reserves determined by the outcome, e.g. court cases establishing liability;
- Events which will affect only the premium provision, e.g. future catastrophes; and
- Events which will affect both the premium provision and claims provision, e.g. future latent claims.

Management adds an explicit load to the best estimate for ENIDs. The approach assumes that the distributions and Coefficients of Variation selected as part of the internal model parameterization represent truncated distributions. The level of realistically foreseeable events for this purpose is taken as 1-in-40/97.5%, noting that this is broadly in line with a once-in-a-career return period. An uplift factor is derived as the ratio of the 'true mean' to the 'mean only including realistically foreseeable events'. This factor is then scaled in line with the results of a qualitative scoring framework which assesses each LOB's relative exposure to ENIDs.

The explicit provision for ENIDs increases total technical provisions by around 1%-3% depending on business mix.

The catastrophe and large loss loads applied to prospective business should be considered in conjunction with the explicit ENID load. Catastrophe and large losses in the internal model are parameterised to best capture the prospective risk. The parameterization does not rely solely on historical losses but also on the nature and scale of current risk exposures. The catastrophe and large losses will model events not seen in Group's and Company's history. They can therefore be considered as contributing to bringing technical provisions from the 'foreseeable events' basis to 'all possible outcomes' required under Solvency II.

Counterparty Default Risk

The traditional reinsurer bad debt provision is generally increased to include potential losses on recoveries on premium provisions. For the current year, and consistent with the internal model assumptions, we have concluded that counterparty default risk on policyholder debtors, deposits with ceding institutions, and letters of credit is not material and thus is not included in technical provisions. These assumptions are consistent with the prior year.

Cash Flows and Discounting

Solvency II technical provisions are valued with consideration of the time value of money, and thus the potential investment income on reserves decreases the amounts of the liabilities. Cash flows are calculated by applying appropriate payment patterns to the undiscounted best estimates.

Payment patterns are derived using triangles of relevant historical paid losses. Where there is insufficient data to calculate a credible payment pattern from internal data, payment patterns from a similar LOB, adjusted or unadjusted, may be used or the payment pattern exhibited by a suitable benchmark dataset, such as the Lloyd's Market Association risk code triangles, may be used. Payment patterns may differ according to year of loss, whether the claims are attritional / large / catastrophe, or relate to gross or ceded cash flows.

The payment patterns are fitted to quarterly development data and we discount cash flows assuming payments take place at the end of each quarter.

The Group and the Company use the yield curves as provided by EIOPA and PRA. These are applied to the best estimates of undiscounted annual cash flows by currency. It should be noted that the Economic Scenario Generator is not used within the technical provision process.

Assumptions about policyholder behaviour

The two main areas of policyholder behaviour considered relate to lapses and renewal rates.

The valuation of the technical provisions assumes that the policies will remain in force including any policies where the policyholder has an option to lapse, or the Group and the Company have an option to lapse. In the expected course of events the Group and the Company do not operate a policy of cancelling contracts and historical experience implies a best estimate based on no material policyholder lapses. This assumption is unchanged since the last reporting period.

Renewal rate assumptions are taken from underlying business plans at the LOB level for the following year. These are based on historical experience and underwriter judgement. The assumptions are materially unchanged since the last reporting period.

Risk Margin

Article 37 of the Delegated Acts sets out the formula which should be used to calculate the risk margin.

The risk margin is calculated as a part of technical provisions in order to ensure that the value of technical provisions is equivalent to the amount that an undertaking would be expected to require in order to take over and meet the transferred obligations.

The method used involves the following three step process:

- Calculation of SCRs that are required to support the technical provisions at time=0 and time=1.
- For estimating SCRs at t=2 onwards, we assume that future SCRs are proportional to the best estimate technical provision for the relevant year, including a cumulative uplift to allow for the increase in variability relative to the best estimate provisions. This is an appropriate simplification because the Company's exposure to catastrophe risk and underwriting risk is only significant at t=0 due to potential catastrophe losses and expected future premium income over the one-year time horizon starting at t=0. The SCR at t=1 is therefore considered suitably representative of the run-off risk profile in which catastrophe and other underwriting risk is expired.
- The projected SCRs are then multiplied by the cost of capital of 6% p.a. (as put forward by European Insurance and Occupational Pensions Authority) to determine the cost of providing this amount of eligible own funds. This cost is discounted by the risk-free rate and the sum of the discounted cost of capital for each future year over the lifetime of the business giving the total risk margin.

Overview of material changes in the level of technical provisions since last reporting period

Results for the year ended 31st December 2022 & prior year for the Group and the Company are set out below:

Group $'000	NET Technical Provisions Comparison to Prior Valuations 2022 (2022 YE FX Rates)	 2021 (2022 YE FX Rates)	 2021 (2021 YE FX Rates)
Claims Provisions	903,073	791,592	843,113
Premium Provisions	86,129	80,984	81,267
Total excluding Risk Margin	989,202	872,576	924,380
Risk Margin	90,959	90,572	95,949
Total including Risk Margin	**1,080,161**	**963,148**	**1,020,329**

COMPANY $'000	NET Technical Provisions Comparison to Prior Valuations 2022 (2022 YE FX Rates)	 2021 (2022 YE FX Rates)	 2021 (2021 YE FX Rates)
Claims Provisions	781,432	677,515	723,972
Premium Provisions	105,035	114,640	118,108
Total excluding Risk Margin	886,467	792,154	842,080
Risk Margin	78,190	77,635	82,528
Total including Risk Margin	**964,657**	**869,789**	**924,608**

On a Group basis, between 31 December 2021 and 31 December 2022, the technical provisions (excluding risk margin) increased by about $111 million, after allowing for FX rate movements. This is driven by an increase in claims provisions arising from movements in reserves on the Financial Lines account (growth in business and claims experience), continuing development of the relatively new Delegated Property and GCube LOBs across the TME and Company platforms, and the Surety and Energy accounts due to claims experience. The level of discounting credit has increased in line with the rise in yield curves across the significant currencies during the period. The risk margin has reduced since 31 December 2021, with the higher volume of earned reserves offset by the increased discounting credit, reflecting the movement in yield curves during the year.

On a Company basis, between 31 December 2021 and 31 December 2022, the technical provisions (excluding risk margin) increased by about $104 million, after allowing for FX rate movements. This is driven by an increase in claims provisions arising from movements in claims reserves on the Financial Lines account (growth in business and claims experience) and case estimates on the Delegated Property and GCube LOBs as these relatively new LOBs continue to mature. The level of discounting credit has increased in line with the rise in yield curves across all the significant currencies during the period. The risk margin has reduced since 31 December 2021, with the higher level of technical provisions offset by the increased discounting credit, reflecting the movement in yield curves during the year.

Segmentation

Calculation of technical provisions for application of the Standard Formula and for statutory reporting requires remapping of the internal LOB segmentation into Solvency II LOBs. In many cases, the Solvency II LOB is composed of multiple TMHCC International LOBs, or subsets thereof. TMHCC International LOBs are allocated to Solvency II LOB based on policy master class coding and transaction type. This allows for the unbundling of contracts into the corresponding Solvency II LOBs. The mapping is unchanged from the previous year.

Internal data, procedures and significant deficiencies

One of the operational risks faced by the Group and Company is that resulting from the use of poor-quality data in processes used for determining reserving and technical provisions. In order to mitigate this risk across TMHCC International's insurance entities, TMHCC International agreed a common Data Governance Policy in late 2011 which sets out how the organisation will document the data used to perform key business processes and ensure that it is fit for purpose. Since then, this Data Governance Policy has been applied to the Actuarial Reserving and Calculation of Technical Provisions, as they are critical business processes, with the Policy being reviewed on a regular basis.

In order to confirm that the data used to drive these processes is fit for purpose the Group and the Company have assessed data quality using the criteria we have adopted for Solvency II (appropriateness, completeness, consistency and accuracy) following the process described below:

- Produced a data-flow chart for each business process that shows the datasets that flow into and out of the process, along with the reconciliation points that ensure data is consistent throughout the process.
- Documented at field level, the datasets used to drive each business process and recorded this information in the Data Directory.
- Assigned each data set to a subject matter expert and asked them to complete a standard data quality template containing an assessment as to whether that data set is complete and appropriate for its intended business usage.
- Developed a series of automated reconciliation reports that highlight any data inconsistencies between IT systems.
- Introduced compliance procedures to ensure that all relevant manual reconciliations are completed whenever a specific business process is performed.
- Introduced audit procedures to assess, report on and remedy the accuracy of those data elements that are material to the organization and are manually entered into systems.

Having applied the Data Governance Policy as discussed above the organisation believes that it has significantly reduced the residual risk relating to the use of poor-quality data. The process of extracting and processing the technical provision data was significantly streamlined with the development of a Pillar 3 data mart dedicated to Solvency II reporting several years ago. The data mart is a joint initiative between the Business Intelligence and Finance teams with significant support provided by the Actuarial Function during its development.

One area of limitation has been identified, which relates to the lack of IBNR being available at the required level of granularity (e.g. origin period / currency / risk code combinations). This is remediated by incorporating allocation algorithms in the Pillar 3 data mart.

Group adjustments to individual technical provisions

The calculation of the Group technical provisions is based on the underlying legal entities, namely the Company and TME, and includes no specific adjustments other than to allow for any intra-entity eliminations where they are applicable. This approach has been taken in respect of claims and premium provisions (both gross and ceded).

Third country insurance and reinsurance undertakings

The Group's Branches in Europe are mainly in the EU. There are two that are not. Switzerland has equivalence under Solvency II and Norway which has enacted the Solvency II regime.

Consideration of assumptions or methods since the prior period

As part of the Solvency II technical provision process, various actual versus expected (A v E) analyses are undertaken, including comparison of projected technical provisions with actual technical provisions and comparisons line by line (on a GAAP basis).

During the year, the A v E analysis did not lead us to make any adjustments to our assessment of the appropriateness, accuracy and completeness of the data nor to the methodologies applied. In addition, the A v E analysis is considered as part of the annual full re-projection process which occurs in the 2nd or 3rd quarter depending on the LOB. The Group and Company took into account the A v E by LOB and updated methods and assumptions as appropriate. However, the adjustments made (to the actuarial selected ultimates and the assumptions) were not beyond what would normally be expected to filter through during parameter reviews dependent on historical data.

Description of the level of uncertainty associated with the value of technical provisions

Any estimates of loss and allocated loss adjustment expense liabilities are inherently uncertain. In our judgment, we have employed techniques and assumptions that are appropriate for the purposes of this analysis, and the conclusions presented herein are reasonable, given the information currently available. However, it should be recognised that the actual emergence of loss and allocated loss adjustment expense amounts will likely deviate, perhaps materially, from our estimates.

The Group's and the Company's reserves are dominated by Financial Lines, comprising a sizeable portfolio of International Directors and Officers business, and are mainly written through the Company. These lines tend to be both volatile and long tailed. In addition, the Group writes a small Employers' Liability book through the Company, which is exposed to potential latent disease claims.

Our Solvency II premium provision projections cover unexpired risks, and any period of future exposure is necessarily subject to a higher degree of uncertainty. This is especially the case for catastrophe-exposed classes of business (London Market LOBs), which are characterised by losses of an inherently uncertain low-frequency/high-severity nature.

Our selected point estimates are central estimates in the sense that they are not deliberately biased upwards or downwards. They do not necessarily represent a mid-point of the range of possible outcomes, as the potential for adverse movement generally exceeds the potential for favourable movement.

Sensitivity analysis around the technical provisions for the Group and the Company is undertaken annually. The conclusions of the 2021 year-end analysis were:

- The technical provisions are most sensitive to the earned reserve levels and the loss ratios assumed in the unearned provisions. For example, using 25th and 75th percentiles from the underlying reserve distribution, rather than best estimate would change the technical provisions in the region of 12% to 15%.
- The technical provisions are also sensitive to the discount rate used, to the extent that if discount rates returned to the levels seen before the Financial Crisis of 2008, this would have an impact on the technical provisions in the region of 13%.
- The technical provisions are not so sensitive to expense overruns or changes to the risk margin calculation (less than 5%).

The 2022 year-end analysis is to be undertaken later in 2023. It is expected that the 2022 year-end analysis will be broadly consistent with 2021's.

Transitional provisions on technical provisions, matching adjustment and volatility adjustment

The Group and the Company do not have any transitional provisions on technical provisions, nor make any matching or volatility adjustments.

The use of simplified approaches

A simplified approach is used within the risk margin calculation. Further details are provided in the risk margin section.

Assumptions about future management actions

The Group's and Company's technical provisions include one future management action relating to Reinsurance Structure, whereby it is assumed reinsurance that is in-force at the beginning of the year is maintained with regard to structure and cost.

This will impact the unearned and unincepted components of the technical provisions only; known claims will have attached to prior reinsurance, if applicable.

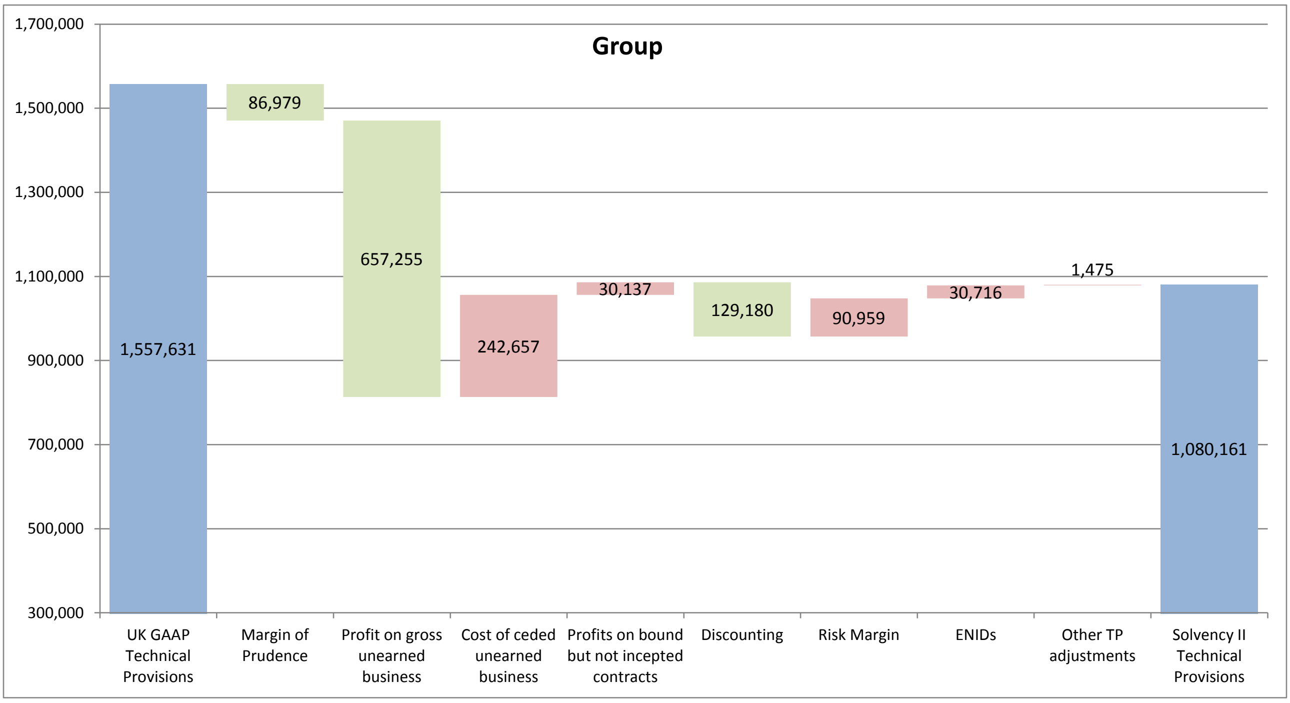
The secondary risk associated with this reinsurance - reinsurer credit risk - is also included in the technical provisions.

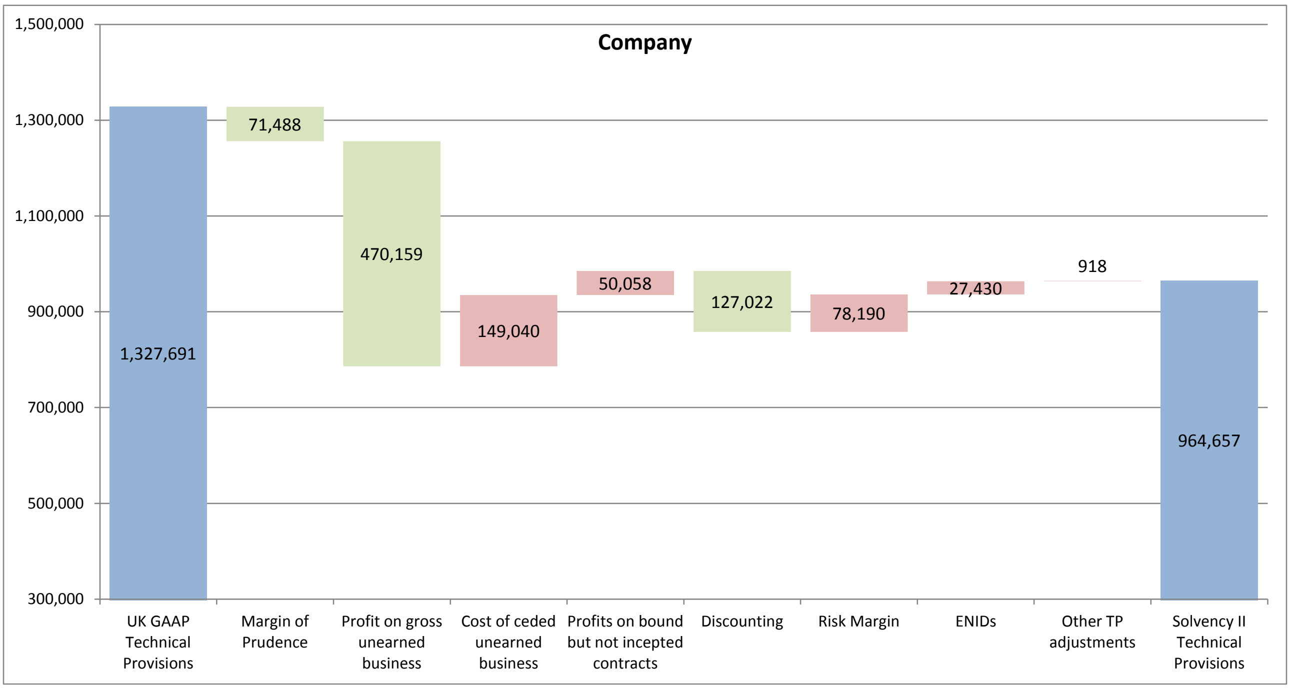
Differences to UK GAAP Technical Provisions

Differences between the current GAAP reserves and Solvency II technical provisions can be broken down into the following drivers:

- Removal of booked reserve margins (decrease)
- Emergence of profit on future premium, including removal of 100% UPR (usually decrease)
- Adjustments to earned provisions, including future development in earned premium where appropriate (usually decrease)
- BBNI policies (usually increase)
- Discounting (decrease)
- Risk margin (increase)
- Loading for ENIDs (increase)
- Change of expense basis (increase)

The waterfall chart below illustrates the impact of each of these on the Group and Company's GAAP and Solvency II reporting positions, followed by a table that provides the underlying figures for each component:





Reconciliation of Net Technical Provisions UK GAAP to Solvency II $'000	Group 2022	Group 2021	Company 2022	Company 2021
UK GAAP Technical Provisions	1,557,631	1,398,396	1,327,691	1,196,360
Removal of margin of prudence	(86,978)	(67,298)	(71,488)	(66,019)
Allowance for ENIDs (binary events)	30,716	24,468	27,430	22,274
Change of expense basis	81,547	73,116	56,383	52,539
Adjustments to earned provisions	1,475	1,193	918	654
Removal of unearned UK GAAP provisions	(491,740)	(487,972)	(401,464)	(404,320)
Future premium iro unearned incepted business	(231,169)	(232,141)	(159,810)	(165,326)
Projected losses arising from UPR	226,763	214,268	183,771	178,019
Future premium iro unincepted business	(46,220)	(41,722)	(52,345)	(41,335)
Projected losses arising from unincepted contracts	76,357	65,374	102,403	91,237
Discounting credit	(129,180)	(23,302)	(127,022)	(22,004)
Inclusion of risk margin	90,959	95,949	78,190	82,528
Solvency II Technical Provisions	**1,080,161**	**1,020,329**	**964,657**	**924,608**

Except for the explicit margin of prudence, all items are a function of the Solvency II valuation requirements. All items are in line with expectations, both with regard to direction and quantum. The movement in the Solvency II technical provisions over the year is discussed earlier in the sub-section**.**

D3 – Other Liabilities

The Solvency II adjustments and valuation approach for each liability group in the above balance sheet are detailed below except for the technical provisions that are discussed in sub-section D2.

There are no material classes of assets subject to leasing arrangements.

D3.1 – Deferred Tax

GROUP RECONCILIATIONS FROM UK GAAP TO SOLVENCY II 31 December 2022	UK GAAP $'000	Reclass. $'000	Valuation Adj. Other $'000	Solvency II $'000
Deferred tax assets	2,245	-	(2,245)	-
Deferred tax liabilities	-	1,067	4,742	5,809

COMPANY RECONCILIATIONS FROM UK GAAP TO SOLVENCY II 31 December 2022	UK GAAP $'000	Valuation Adj. Other $'000	Solvency II $'000
Deferred tax assets	2,246	3,653	5,999

Solvency II Reconciliation

The Solvency II valuation adjustment to the deferred tax liabilities represents the net impact of all the Solvency II valuation adjustments. The valuation principles for deferred tax under Solvency II are consistent with the UK GAAP approach used to prepare the financial statements.

Valuation

Deferred tax under UK GAAP is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax is calculated at the rates at which it is expected that the tax will arise. Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. Deferred tax balances are not discounted. The reconciling difference between UK GAAP and Solvency II deferred tax liability is, as mentioned above, the tax effect on the Solvency II adjustments.

D3.2 – Payables

GROUP RECONCILIATIONS FROM UK GAAP TO SOLVENCY II 31 December 2022	UK GAAP $'000	Reclass. $'000	Solvency II $'000
Insurance and intermediaries payables	46,412	-	46,412
Reinsurance Payables	284,513	(131,873)	152,640
Payables (trade, not insurance)	2,324	-	2,324
Total payables	**333,249**	**(131,873)**	**201,376**

COMPANY RECONCILIATIONS FROM UK GAAP TO SOLVENCY II 31 December 2022	UK GAAP $'000	Reclass. $'000	Solvency II $'000
Insurance and intermediaries payables	16,820	-	16,820
Reinsurance Payables	132,502	(98,969)	33,533
Payables (trade, not insurance)	-	-	-
Total payables	**149,322**	**(98,969)**	**50,353**

Solvency II Reconciliation

The Solvency II valuation adjustments to Insurance & intermediaries payables reflect not yet due balances that are reclassified to the technical provisions. The remaining balances are due or past due.

Valuation

The insurance and intermediaries payables represent premiums, commissions and claims payable. The balances are all due within 12 months and are considered to be stated at fair value that is not considered to be different to their amortised cost and accordingly no further Solvency II adjustment is required.

The reinsurance payables represent reinsurance premiums and commissions payable past due. All balances are due within 12 months and, once adjusted for Solvency II as noted above, their fair value is not considered to be different to their amortised cost so no additional Solvency II adjustment is required.

D3.3 – Other liabilities

GROUP RECONCILIATIONS FROM UK GAAP TO SOLVENCY II 31 December 2022	UK GAAP $'000	Reclass. $'000	Valuation Adj. Other $'000	Solvency II $'000
Any other liabilities, not elsewhere shown	320,717	(5,829)	(61,243)	253,613

COMPANY RECONCILIATIONS FROM UK GAAP TO SOLVENCY II 31 December 2022	UK GAAP $'000	Reclass. $'000	Valuation Adj. Other $'000	Solvency II $'000
Any other liabilities, not elsewhere shown	173,066	-	(23,003)	150,063

Solvency II Reconciliation and Valuation

The Solvency II adjustment is in respect of reinsurance acquisition costs, which represent commission and other related expenses that are deferred over the period in which the related premiums are earned under UK GAAP. For Solvency II valuation purposes, DAC is valued at nil at the balance sheet date.

The reclassification includes the reclass of investments in Qdos and GCube, as detailed in sub-section D1.1.

The remainder of the other liabilities includes obligations relating to Surety collateral, accrued premium taxes, settlements for investment purchases and staff costs and tax accruals. These balances are valued initially at fair value and subsequently at amortised cost under UK GAAP. There are no material differences between UK GAAP value and fair value under Solvency II.

D3.4 – Other Provisions and Contingent Liabilities

The Group and the Company do not have any other provisions and do not have any material contingent liabilities outside of the normal course of insurance.

D3.5 – Employee benefits

Employee benefits include a contributory company pension scheme which, owing to the nature of the scheme (unlike a defined benefit contribution scheme), does not feature on the UK GAAP and Solvency II balance sheets of the Group or Company.

D4 – Alternative methods for valuation

The Group and the Company have not applied any alternative methods of valuation.

D5 – Any other information

There is no additional information that requires disclosure.

Section E – Capital Management

Both the Group and the Company are single shareholder entities. They have no debt financing, nor do they have any material plans to issue new shares in the short or medium term. The capital planning process is dynamic and forward-looking and is informed by the output from its risk management activities and the ORSA process. The Group and the Company carry an S&P rating of A+ and the Company benefits from a parental guarantee provided by HCC Insurance Holdings, Inc.

As such, capital planning activities consider current and anticipated changes in the Group's risk profile, such as those reflected in its three-year business plan, and forecasting the related impact on capital. In addition, as part of its capital planning, the Group integrates projected capital needs with its business planning and financial forecasting processes.

The Group has defined a specific capital risk appetite with thresholds and limits that trigger actions, including the source of capital and/or associated corrective actions, to ensure the maintenance of appropriate capital level at all times. These appetites have been developed in line with regulatory requirements under the Solvency II regime whilst also including an appropriate level of prudence over and above minimum levels. These are monitored through the Risk and Capital Management Committee on a regular basis.

Own Funds are comprised of items on the balance sheet, which are referred to as basic Own Funds consisting of paid-up ordinary share capital, and a reconciliation reserve.

E1 – Own Funds

Group Own Funds

At valuation date, the Own Funds held by the Group were $1,034.8 million (2021: $1,056.0 million). All Own Funds qualify as Tier 1 capital and are unrestricted. The Group's common equity consisted of share capital totalling $206.7 million (2021: $206.7 million) and retained earnings and other reserves totalling $828.0 million (2021: $849.3 million). Other reserves and retained earnings are not separately disclosed in Own Funds. They are notionally included in the reconciliation reserve, which reconciles the total excess of assets over liabilities with identifiable capital instruments included in Own Funds. The table below sets out the constituent parts of the reconciliation reserve:

RECONCILIATION RESERVE 31 December 2022	2022 $'000	2021 $'000
Excess of assets over liabilities	1,034,763	1,056,045
less:		
Own Share Capital	206,735	206,735
Reconciliation reserve	**828,028**	**849,310**

There are no restrictions to the fungibility and transferability of Own Funds eligible to cover the Group SCR, with all Own Funds items issued by the parent company. For the purposes of the Group Own Funds, these have been calculated using fully consolidated data, other than Qdos and GCube, as mentioned within Section A1. Intra-group transactions, primarily in relation to ancillary services companies such as HCC Credit Services Limited have been consolidated on a line-by-line basis.

Group Eligible Own Funds

AVAILABLE FUNDS 31 December 2022	Total $'000	Tier 1 unrestricted $'000	Tier 1 restricted $'000	Tier 2 $'000	Tier 3 $'000
Total eligible funds to meet the SCR	1,034,763	1,034,763	-	-	-
Total eligible funds to meet the Minimum Consolidated Group SCR	1,034,763	1,034,763	-	-	-

The classification into tiers is relevant for the determination of Own Funds that are eligible for covering the SCR and the regulatory minimum consolidated group SCR.

The table below represents the ratios of eligible Own Funds that the Group holds to cover the SCR and the minimum consolidated group SCR:

Eligible Own Funds to cover capital requirements $'000	2022	2021
Eligible II Own Funds	1,034,763	1,056,045
SCR	896,827	729,990
Minimum Consolidated Group SCR	245,122	223,771
Excess Own Funds over SCR (surplus)	137,936	326,055
Eligible Own funds to meet MCR	789,641	832,274
Coverage Ratio (i.e. Own Funds/SCR)	115%	145%
Own Funds as a Percentage of Minimum Consolidated Group SCR	422%	472%

Eligible Own Funds have decreased in the year to $1034.8 million (2021: $1,056.0 million) representing a coverage ratio of 115% (2021: 145%). The group continued to generate capital during the year. However, this capital was reduced by a dividend payment of $115.0 million in June 2022 and unrealised losses experienced as a result of rising interest rates in response to persistent fears of rapid inflation.

Solo Own Funds

At 31 December 2022, the Own Funds held by the Company were $1,030.6 million (2021: $1,035.0 million). The majority of Own Funds qualify as Tier 1 capital and are unrestricted; the Company has a deferred tax asset of $6.0 million qualifying as Tier 3. The Company's common equity consisted of share capital totalling $233.2 million (2021: $233.2 million), share premium of $19.1 million (2021: $19.1 million) and retained earnings and other reserves totalling $781.3 million (2021: $782.7 million).

RECONCILIATION RESERVE $'000	2022	2021
Excess of assets over liabilities	1,030,625	1,035,055
less:		
Own Share Capital	233,242	233,242
Share premium	19,115	19,115
Deferred tax asset	5,999	-
Reconciliation reserve	**772,269**	**782,698**

Solo Eligible Own Funds

The classification into tiers is relevant for the determination of Own Funds that are eligible for covering the SCR and the regulatory MCR. At least 80% of the MCR must be covered by Tier 1 capital and Tier 3 capital is not eligible to cover the MCR at all. The table below represents for the SCR and MCR with respect to tiers:

AVAILABLE FUNDS	Total	Tier 1 unrestricted	Tier 1 restricted	Tier 2	Tier 3
31 December 2022	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Total eligible funds to meet the SCR	1,030,625	1,024,626			5,999
Total eligible funds to meet the MCR	1,024,626	1,024,626			

The table below represents the ratio of eligible Own Funds that the company holds to cover the SCR and MCR:

Eligible Own Funds to cover capital requirements 31 December 2022	2022 $'000	2021 $'000
Eligible Own Funds	1,030,625	1,035,055
SCR	712,683	637,835
MCR	198,475	182,981
Eligible Own Funds over SCR (surplus)	317,942	397,220
Eligible Own funds to meet MCR over MCR	826,151	852,074
Coverage Ratio (i.e. Own Funds/SCR)	145%	162%
Eligible Own Funds to meet MCR as a Percentage of MCR	516%	566%

Coverage ratio has decreased to 145% from 162% during the year. This is driven by increase in the SCR in 2022 as a result of the increase in business volumes in the year and in the 2023 budget, flowing into the Non-life Catastrophe risk sub-module in the Standard Formula. Eligible Own Funds are broadly consistent with 2021, as profits from underwriting have been offset by unrealised losses and a dividend payment of $115.0 million in June 2022.

Material differences between equity in the financial statements and the excess of assets over liabilities

Assets and liabilities are calculated differently between Solvency II and UK GAAP resulting in reclassifications and differences in valuation including:

- DAC is not recognised under Solvency II;
- Intangibles and goodwill are disallowed;
- Technical provisions are calculated on a discounted best estimate basis;
- Deferred tax changes due to valuation differences under Solvency II.

The differences arising from the change in valuation are reported in the table below:

EXCESS OF ASSETS OVER LIABILITIES - ATTRIBUTION OF VALUATION DIFFERENCES $'000	Group $000 2022	Company $000 2022
Total of reserves and retained earnings from financial statements	**1,000,239**	**1,035,385**
Arising from Solvency II asset valuations	(669,851)	(412,671)
Arising from Solvency II Technical Provisions	644,842	384,908
Arising from Solvency II other liabilities	56,533	23,003
Excess assets over liabilities	**1,034,763**	**1,030,625**

E2 – Solvency Capital Requirements and Minimum Capital Requirements

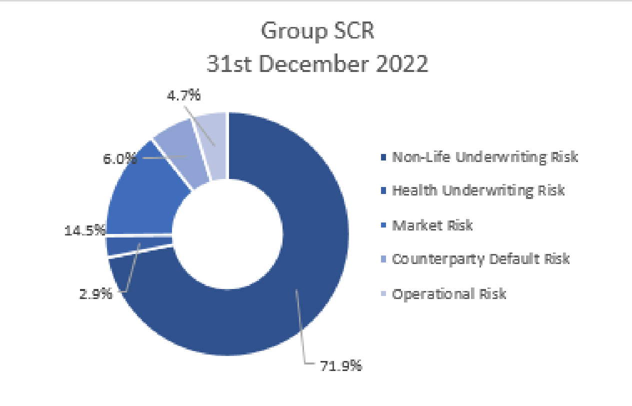
Group Solvency Requirement

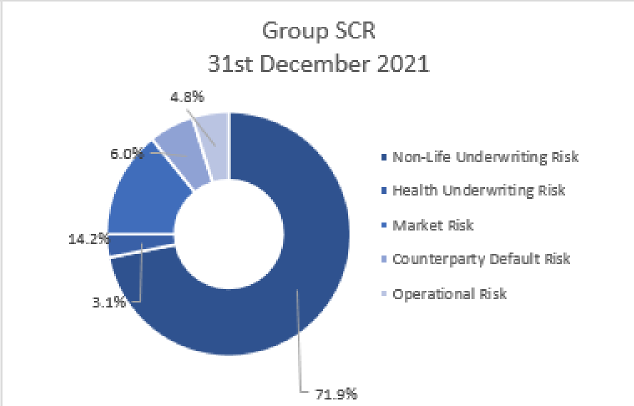
At 31 December 2022, the Group SCR was $896.8 million (2021: $730.0 million). The SCR is calculated as set out in Article 336 of the Delegated Acts, using fully consolidated data throughout.

The Group has assessed and confirmed the appropriateness of the SCR as calculated using the Standard Formula.

The SCR's key Risk Modules for the Group are set out in the table below and shown in the diagram before diversification credit:

Capital Requirement for each Risk Module Net SCR	2022 $'000	2021 $'000
Non-Life Underwriting Risk	769,226	667,789
Health Underwriting Risk	31,152	28,386
Market Risk	155,087	131,721
Counterparty Default Risk	63,725	55,816
Diversification Credit	(160,232)	(138,859)
Operational Risk	50,514	44,664
Pre-Deferred Tax Standard Formula SCR	909,472	789,517
Loss Absorbing Capacity of Deferred Tax	(12,645)	(59,527)
Final SCR	**896,827**	**729,990**





The 2022 breakdown of the SCR into its underlying risk categories remains broadly similar to 2021. The growth in the SCR in 2022 predominately reflects the increase in business volumes in the year and in the 2023 budget, flowing into the Non-life Catastrophe risk sub-module in the Standard Formula. The increase in market risk is driven by increased future cash flows on the interest rate risk sub-module due to growth in the bond portfolio.

The diversification ratio between risk modules of the Basic SCR at 31 December 2022 is 16% (2021: 16%). This represents the diversification between risk components and is driven by the relative size of each risk module and the correlations between them. The level of diversification benefit is checked against the Group's validated economic capital model to confirm its appropriateness.

The increase in the Group Minimum Consolidated Group SCR to $245.1 million (2021: $223.7 million) is driven by an increase in in business volumes (net written premiums) and reserves (net best estimate), with details being found in Sections A and D, respectively.

Overall Minimum Consolidated SCR	2022 $'000	2021 $'000
Linear Minimum Consolidated Group SCR	245,122	223,771
SCR	896,827	729,990
Minimum Consolidated Group SCR cap	403,572	328,496
Minimum Consolidated Group SCR floor	224,207	182,498
Combined Minimum Consolidated Group SCR	245,122	223,771
Absolute floor of the Minimum Consolidated Group SCR	4,271	4,190
Minimum Consolidated Group SCR	**245,122**	**223,771**

Calculation of Minimum Consolidated Group SCR (inputs) $'000 31 December 2022	Net (of reinsurance / SPV) best estimate and Technical Provisions calculated as a whole	Net (of reinsurance) written premiums in the last 12 months
Medical expense insurance and proportional reinsurance	-	124
Income protection insurance and proportional reinsurance	14,547	21,984
Workers' compensation insurance and proportional reinsurance	35,269	11,794
Motor vehicle liability insurance and proportional reinsurance	-	-
Other motor insurance and proportional reinsurance	-	-
Marine, aviation and transport insurance and proportional reinsurance	22,073	134,403
Fire and other damage to property insurance and proportional reinsurance	100,897	171,232
General liability insurance and proportional reinsurance	498,808	241,372
Credit and suretyship insurance and proportional reinsurance	141,103	207,868
Legal expenses insurance and proportional reinsurance	-	-
Assistance and proportional reinsurance	327	1,629
Miscellaneous financial loss insurance and proportional reinsurance	9,999	7,851
Non-proportional health reinsurance	9,044	8,507
Non-proportional casualty reinsurance	82,013	16,623
Non-proportional marine, aviation and transport reinsurance	85,669	56,370
Non-proportional property reinsurance	-	81,503

There have been no periods of non-compliance or material changes with the SCR or the Minimum Consolidated Group SCR during the year.

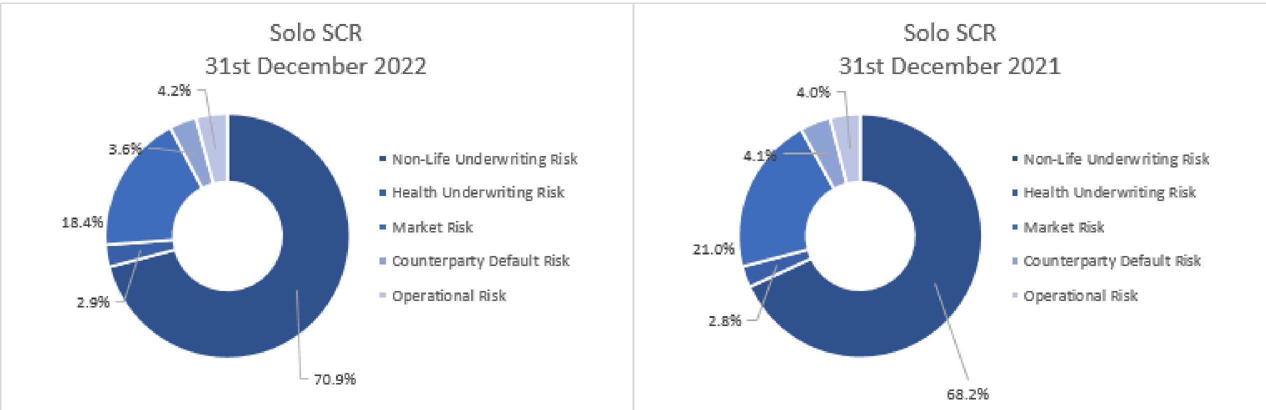
Solo Solvency Requirement

At 31 December 2022, the SCR of the Company is $712.7 million (2021: $637.8 million). The SCR is calculated using the Standard Formula. The Company does not apply any simplifications or undertaking specific parameters in the calculation.

The Company has assessed and confirmed the appropriateness of the SCR as calculated using the Standard Formula.

The SCR's key Risk Modules for the Company are set out in the diagram below before Diversification Credit:

Capital Requirement for each Risk Module $'000	**Net SCR 2022**	**Net SCR 2021**
Non-Life Underwriting Risk	606,676	556,903
Health Underwriting Risk	25,028	22,929
Market Risk	157,607	171,383
Counterparty Default Risk	30,544	33,373
Diversification Credit	(137,539)	(142,196)
Operational Risk	35,530	32,567
Pre-Deferred Tax SCR	717,846	674,959
Loss Absorbing Capacity of Deferred Tax	(5,163)	(37,124)
Final Standard Formula SCR	**712,683**	**637,835**



The 2022 breakdown of the SCR into its underlying risk categories remains broadly similar to 2021. The growth in the SCR in 2022 predominately reflects the increase in business volumes in the year and in the 2023 budget, flowing into the Non-life Catastrophe risk sub-module in the Standard Formula.

The diversification ratio between risk modules of the Basic SCR at 31 December 2022 is 17% (2021: 18%). This represents the diversification between risk components and is driven by the relative size of each risk module and the correlations between them. It is driven by the relative size of each risk module and the correlations between them. The level of diversification benefit is checked against the Company's validated economic capital model to confirm its appropriateness.

The increase in the Company's MCR to $245.1 million from $223.7 million is driven by an increase in business volumes (net written premiums) and reserves (net best estimate), with details being found in Sections A and D, respectively.

Overall Minimum Consolidated SCR	**2022 $'000**	**2021 $'000**
Linear MCR	198,475	182,981
SCR	712,683	637,835
MCR cap	320,707	287,026
MCR floor	178,171	159,459
Combined MCR	198,475	182,981
Absolute floor of the MCR	4,271	4,190
MCR	**198,475**	**182,981**

Calculation of MCR (inputs) $'000 31 December 2022	Net (of reinsurance / SPV) best estimate and Technical Provisions calculated as a whole	Net (of reinsurance) written premiums in the last 12 months
Medical expense insurance and proportional reinsurance	-	-
Income protection insurance and proportional reinsurance	2,339	4,450
Workers' compensation insurance and proportional reinsurance	31,303	8,507
Motor vehicle liability insurance and proportional reinsurance	-	-
Other motor insurance and proportional reinsurance	-	-
Marine, aviation and transport insurance and proportional reinsurance	21,489	55,627
Fire and other damage to property insurance and proportional reinsurance	83,880	143,334
General liability insurance and proportional reinsurance	549,826	229,235
Credit and suretyship insurance and proportional reinsurance	82,834	145,611
Legal expenses insurance and proportional reinsurance	-	-
Assistance and proportional reinsurance	311	1,629
Miscellaneous financial loss insurance and proportional reinsurance	7,239	2,527
Non-proportional health reinsurance	7,863	7,388
Non-proportional casualty reinsurance	39,367	14,943
Non-proportional marine, aviation and transport reinsurance	60,460	56,370
Non-proportional property reinsurance	193	81,503

There have been no periods of non-compliance or material changes with the SCR or the MCR during the year. The SCR has not used any undertaking specific parameters or simplifications in its SCR calculations.

E3 – Use of the duration-based equity risk sub-module in the calculation of the Solvency Capital Requirement

The duration-based equity risk sub-module is not used in the calculation of the SCR for either the Group or the Company.

E4 – Differences between the standard formula and any internal model used

Not applicable.

E5 – Non-compliance with the Minimum Capital Requirement and non-compliance with the Solvency Capital Requirement

There were no instances of non-compliance with the MCR or SCR for the Company, or with the Minimum Consolidated Group SCR or SCR for Group, during the year.

E6 – Any other information

Undertaking-specific parameters and matching adjustments

The Group does not have any Undertaking-specific parameters or a matching adjustment.

Other material information for capital management

The Group does not consider any other material information for managing capital.

Simplified calculation in the Standard Formula

No material simplifications are used in calculating the Standard Formula.

Share Capital

No share capital was issued during 2022 or 2021.

Dividend

During the year, the Group and Company paid dividends totalling $115.0 million (2021: $Nil).

No dividend is recommended for 2022.

Solvency II – UK Developments

As a result of the UK's exit from the EU on 31 January 2020, the British government is repealing and replacing retained EU-derived financial services statute law (including Solvency II), through the Financial Services and Markets Bill. This Bill, introduced into Parliament in July 2022, is not yet law at the time of publication of this document.

The government, working with the PRA, is currently performing a review of Solvency II legislation. In November 2022, the government announced its proposals: key aspects relevant to the Group and Company relate to the calculation of the risk margin. The Group and Company are monitoring developments in Solvency II/UK legislation closely but note that future changes in legislation have no impact on the reporting period.

Section F – ANNEX: Quantitative Reporting Templates

This Annex lists the annual QRTs submitted to the PRA on behalf the Group and the Company in respect of the year ended 31 December 2022.

The following QRTs are presented in this annex:

Form	Description	HCCII (Solo)	TMHCCIH(I) (Group)
S.02.01.02	Balance Sheet	✓	✓
S.05.01.02	**Premiums, claims and expenses by LOB**	✓	✓
S.05.02.01	Premiums, claims and expenses by country	✓	✓
S.17.01.02	**Non-Life Technical Provisions**	✓	
S.19.01.21	Non-Life insurance claims	✓	
S.23.01.01	**Own funds**	✓	
S.23.01.22	Own funds		✓
S.25.01.21	**SCR for undertakings on Standard Formula**	✓	
S.25.01.22	SCR for groups on Standard Formula		✓
S.28.01.01	**MCR – Only Life or Non-Life insurance or reinsurance activity**	✓	

Solo Quantitative Reporting Templates

S.02.01.02
Balance Sheet
Amounts in $'000

Assets		Solvency II value C0010
Goodwill	R0010	
Deferred acquisition costs	R0020	
Intangible assets	R0030	
Deferred tax assets	R0040	5,999
Pension benefit surplus	R0050	-
Property, plant & equipment held for own use	R0060	5,325
Investments (other than assets held for index-linked and unit-linked contracts)	**R0070**	**1,950,892**
Property (other than for own use)	R0080	239
Holdings in related undertakings, including participations	R0090	253,273
Equities	*R0100*	-
Equities - listed	R0110	-
Equities - unlisted	R0120	-
no split between listed and unlisted (Statutory column)		
Bonds	*R0130*	*1,482,572*
Government Bonds	R0140	382,702
Corporate Bonds	R0150	796,753
Structured notes	R0160	-
Collateralised securities	R0170	303,117
Collective Investments Undertakings	R0180	121,523
Derivatives	R0190	-
Deposits other than cash equivalents	R0200	93,285
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	-
no split between loans & mortgages (Statutory column)		
Reinsurance recoverables from:	**R0270**	**238,011**
Non-life and health similar to non-life	R0280	238,011
Non-life excluding health	R0290	221,387
Health similar to non-life	R0300	16,624
no split between non-life excluding health and health similar to non-life (Statutory column)		
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	39,378
Reinsurance receivables	R0370	64,621
Receivables (trade, not insurance)	R0380	69,606
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	59,826
Any other assets, not elsewhere shown	R0420	51
Total assets	**R0500**	**2,433,709**

S.02.01.02
Balance Sheet
Amounts in $'000

Liabilities

Technical provisions – non-life	**R0510**	**1,202,668**
Technical provisions – non-life (excluding health)	**R0520**	**1,142,669**
Technical provisions calculated as a whole	R0530	-
Best Estimate	R0540	1,066,986
Risk margin	R0550	75,683
Technical provisions – health (similar to non-life)	**R0560**	**59,999**
Technical provisions calculated as a whole	R0570	-
Best Estimate	R0580	57,492
Risk margin	R0590	2,507
Technical provisions – life (excluding index-linked and unit-linked)	**R0600**	**-**
Technical provisions – health (similar to life)	**R0610**	**-**
Technical provisions calculated as a whole	R0620	-
Best estimate	R0630	-
Risk margin	R0640	-
Technical provisions – life (excluding health and index-linked and unit-linked)	**R0650**	**-**
Technical provisions calculated as a whole	R0660	-
Best Estimate	R0670	-
Risk margin	R0680	-
Technical provisions – index-linked and unit-linked	**R0690**	**-**
Technical provisions 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	-
Debts owed to credit institutions resident domestically	ER0801	-
Debts owed to credit institutions resident in the euro area other than domestic	ER0802	-
Debts owed to credit institutions resident in rest of the world	ER0803	-
Financial liabilities other than debts owed to credit institutions	R0810	-
debts owed to non-credit institutions	ER0811	-
debts owed to non-credit institutions resident domestically	ER0812	-
debts owed to non-credit institutions resident in the euro area other than domestic	ER0813	-
debts owed to non-credit institutions resident in rest of the world	ER0814	-
other financial liabilities (debt securities issued)	ER0815	-
Insurance & intermediaries payables	R0820	16,820
Reinsurance payables	R0830	33,534
Payables (trade, not insurance)	R0840	-
Subordinated liabilities	**R0850**	**-**
Subordinated liabilities not in Basic Own Funds	R0860	-
Subordinated liabilities in Basic Own Funds	R0870	-
Any other liabilities, not elsewhere shown	R0880	150,063
Total liabilities	**R0900**	**1,403,084**

Excess of assets over liabilities	**R1000**	**1,030,625**

S.05.01.02

Premiums Claims and Expenses by Line of Business

Non-Life (direct business/ accepted proportional and accepted non – proportional reinsurance)

Amounts in $'000

		Line of Business for: non-life insurance and reinsurance obligations (direct business and accepted proportional reinsurance)											
		Medical expense insurance	Income protection insurance	Workers' compensation insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance	Legal expenses insurance	Assistance	Miscellaneous financial loss
		C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0120
Premiums written													
Gross - Direct Business	R0110	148	5,321	22,177	-	-	84,715	183,934	319,703	169,588	-	682	7,657
Gross - Proportional reinsurance accepted	R0120	1	300	-	-	-	10,340	17,129	117,028	-	-	355	14
Gross - Non-proportional reinsurance accepted	R0130												
Reinsurers' share	R0140	210	2,740	2,610	-	-	31,740	44,573	85,811	47,341	-	19	6,628
Net	**R0200**	**-61**	**2,881**	**19,567**	**0**	**0**	**63,315**	**156,490**	**350,920**	**122,247**	**0**	**1,018**	**1,044**
Premiums earned		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Gross - Direct Business	R0210	187	6,084	20,058	-	-	89,583	160,993	334,989	169,134	-	685	9,438
Gross - Proportional reinsurance accepted	R0220	1	1,245	-	-	-	10,080	17,431	117,827	-	-	331	20
Gross - Non-proportional reinsurance accepted	R0230												
Reinsurers' share	R0240	204	3,290	2,351	-	-	36,140	41,100	87,906	44,048	-	18	8,441
Net	**R0300**	**-16**	**4,039**	**17,708**	**0**	**0**	**63,523**	**137,323**	**364,909**	**125,087**	**0**	**998**	**1,016**
Claims incurred		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Gross - Direct Business	R0310	749	(2,125)	9,009	-	-	74,294	52,625	200,651	55,100	-	8	(32,058)
Gross - Proportional reinsurance accepted	R0320	(26)	1,473	-	-	-	4,160	6,022	67,181	-	-	116	1
Gross - Non-proportional reinsurance accepted	R0330												
Reinsurers' share	R0340	854	231	1,148	-	-	45,145	4,662	66,636	5,237	-	56	(32,945)
Net	**R0400**	**-131**	**-883**	**7,861**	**0**	**0**	**33,308**	**53,985**	**201,196**	**49,863**	**0**	**68**	**888**
Changes in other technical provisions		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Gross - Direct Business	R0410	-	-	-	-	-	-	-	-	-	-	-	-
Gross - Proportional reinsurance accepted	R0420	-	-	-	-	-	-	-	-	-	-	-	-
Gross - Non-proportional reinsurance accepted	R0430												
Reinsurers' share	R0440	-	-	-	-	-	-	-	-	-	-	-	-
Net	**R0500**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Expenses incurred	**R0550**	**-8**	**2,351**	**7,812**	**0**	**0**	**15,578**	**53,829**	**101,231**	**53,487**	**0**	**463**	**489**
Other expenses	R1200												
Total expenses	**R1300**												

S.05.01.02
Premiums Claims and Expenses by Line of Business
Non-Life (direct business/ accepted proportional and accepted non – proportional reinsurance)
Amounts in $'000

		Line of Business for: accepted non-proportional reinsurance				Total
		Health	Casualty	Marine, aviation, transport	Property	
		C0130	C0140	C0150	C0160	C0200
Premiums written						
Gross - Direct Business	R0110	-	-	-	-	793,925
Gross - Proportional reinsurance accepted	R0120					**145,167**
Gross - Non-proportional reinsurance accepted	R0130	7,218	28,922	70,348	130,862	**237,350**
Reinsurers' share	R0140	245	9,874	30,455	28,352	**290,598**
Net	**R0200**	**6,973**	**19,046**	**39,895**	**102,510**	**885,845**
Premiums earned		0.00	0.00	0.00	0.00	**0**
Gross - Direct Business	R0210					**791,151**
Gross - Proportional reinsurance accepted	R0220					**146,935**
Gross - Non-proportional reinsurance accepted	R0230	8,625	33,027	69,430	135,166	**246,248**
Reinsurers' share	R0240	1,354	12,371	30,161	29,963	**297,347**
Net	**R0300**	**7,271**	**20,656**	**39,269**	**105,203**	**886,987**
Claims incurred		0.00	0.00	0.00	0.00	**0**
Gross - Direct Business	R0310					**358,253**
Gross - Proportional reinsurance accepted	R0320					**78,927**
Gross - Non-proportional reinsurance accepted	R0330	5,456	21,130	38,676	46,640	**111,902**
Reinsurers' share	R0340	(386)	5,303	23,253	24,701	**143,895**
Net	**R0400**	**5,842**	**15,827**	**15,423**	**21,939**	**405,186**
Changes in other technical provisions		0.00	0.00	0.00	0.00	-
Gross - Direct Business	R0410					-
Gross - Proportional reinsurance accepted	R0420					-
Gross - Non-proportional reinsurance accepted	R0430	-	-	-	-	-
Reinsurers' share	R0440	-	-	-	-	-
Net	**R0500**	-	-	-	-	-
Expenses incurred	**R0550**	**2,912**	**5,854**	**17,260**	**29,427**	**290,685**
Other expenses	R1200					-
Total expenses	**R1300**					-

S.05.02.01
Premiums Claims and Expenses by Country
Amounts in $'000

		Total Top 5 and home country	Home Country	Top 5 countries (by amount of gross premiums written) - non-life obligations				
		C0070	C0010	C0020	C0030	C0040	C0050	C0060
R0010			United Kingdom (After Brexit)	United States of America (US)	Singapore (SG)	Switzerland (CH)	India (IN)	Australia (AU)
		C0140	C0080	C0090	C0100	C0110	C0120	C0130
Premiums written								
Gross - Direct Business	R0110	**716,188**	668,181	7,672	7,568	2,059	15,969	14,737
Gross - Proportional reinsurance accepted	R0120	**69,180**	13,007	22,420	5,818	27,032	898	4
Gross - Non-proportional reinsurance accepted	R0130	**111,263**	48,540	13,533	28,956	7,654	6,446	6,133
Reinsurers' share	R0140	**233,480**	177,936	9,862	23,886	4,541	7,805	9,449
Net	**R0200**	**663,150**	**551,792**	**33,763**	**18,456**	**32,204**	**15,509**	**11,425**
Premium earned								
Gross - Direct Business	R0210	**713,248**	663,321	8,910	6,670	2,351	19,083	12,913
Gross - Proportional reinsurance accepted	R0220	**70,680**	17,661	22,284	3,907	25,648	1,176	4
Gross - Non-proportional reinsurance accepted	R0230	**101,267**	45,788	13,238	24,585	6,812	4,811	6,033
Reinsurers' share	R0240	**237,276**	179,586	10,668	25,104	3,997	9,191	8,731
Net	**R0300**	**647,919**	**547,184**	**33,763**	**10,058**	**30,815**	**15,879**	**10,219**
Claims incurred								
Gross - Direct Business	R0310	**316,833**	306,791	3,697	956	254	2,741	2,394
Gross - Proportional reinsurance accepted	R0320	**31,999**	4,258	11,271	722	15,237	511	-
Gross - Non-proportional reinsurance accepted	R0330	**29,334**	10,992	8,078	5,094	1,786	3,383	1
Reinsurers' share	R0340	**105,025**	89,727	4,549	3,664	2,174	4,911	-
Net	**R0400**	**273,141**	**232,313**	**18,497**	**3,109**	**15,103**	**1,724**	**2,396**
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**	192,023	160,202	8,023	10,402	6,961	3,750	2,685
Other expenses	**R1200**							
Total expenses	**R1300**	192,023						

S.17.01.02

Non-Life Technical Provisions
Amounts in $’000

		Direct business and accepted proportional reinsurance											
		Medical expense insurance	Income protection insurance	Workers' compensation insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance	Legal expenses insurance	Assistance	Miscellaneous financial loss
		C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0120	C0130
Technical provisions calculated as a whole	R0010												
Direct business	R0020												
Accepted proportional reinsurance business	R0030												
Accepted non-proportional reinsurance	R0040												
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP calculated as a whole	R0050												
Technical Provisions calculated as a sum of BE and RM													
Best estimate													
Premium provisions													
Gross	R0060	8	-117	5,296	-	-	-3,756	3,862	34,674	9,800	-	147	805
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0140	349	-119	748	-	-	11,533	-21,588	-40,776	-3,377	-	-11	1,363
Net Best Estimate of Premium Provisions	R0150	-340	2	4,548	-	-	-15,289	25,449	75,450	13,177	-	158	-558
Claims provisions													
Gross	R0160	-343	4,791	35,545	-	-	58,182	67,585	618,622	86,774	-	71	22,926
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0240	-46	2,457	8,809	-	-	21,426	9,174	144,618	17,140	-	-82	15,146
Net Best Estimate of Claims Provisions	R0250	-297	2,336	26,755	-	-	36,778	58,430	474,376	69,657	-	153	7,797
Total Best estimate - gross	R0260	-334	4,675	40,841	-	-	54,426	71,447	653,296	96,574	-	218	23,731
Total Best estimate - net	R0270	-637	2,339	31,303	-	-	21,489	83,880	549,826	82,834	-	311	7,239
Risk margin	R0280	6	152	1,947	-	-	2,289	4,925	52,623	4,673	-	17	280
Amount of the transitional on Technical Provisions													
Technical Provisions calculated as a whole	R0290												
Best estimate	R0300												
Risk margin	R0310												
Technical Provisions													
Technical provisions - total	R0320	-328	4,826	42,789	-	-	56,715	76,372	705,919	101,247	-	236	24,010
Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total	R0330	303	2,336	9,538	-	-	32,937	-12,433	103,470	13,741	-	-93	16,491
Technical provisions minus recoverables from reinsurance/SPV and Finite Re- total	R0340	-631	2,490	33,250	-	-	23,778	88,805	602,449	87,506	-	329	7,519

S.17.01.02
Non-Life Technical Provisions
Amounts in $'000

		Accepted non-proportional reinsurance:				Total Non-Life obligations
		Non-proportional health reinsurance	Non-proportional casualty reinsurance	Non-proportional marine, aviation and transport	Non-proportional property reinsurance	
		C0140	C0150	C0160	C0170	C0180
Technical provisions calculated as a whole	**R0010**					–
Direct business	R0020					–
Accepted proportional reinsurance business	R0030					–
Accepted non-proportional reinsurance	R0040					–
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP calculated as a whole	R0050					–
Technical Provisions calculated as a sum of BE and RM						
Best estimate						
Premium provisions						
Gross	R0060	-911	-4,277	-9,280	-48,470	-12,219
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0140	-166	-14,204	-33,581	-17,426	-117,255
Net Best Estimate of Premium Provisions	**R0150**	-746	9,926	24,301	-31,043	105,035
Claims provisions						
Gross	R0160	13,222	38,953	133,128	57,241	1,136,697
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0240	4,619	9,536	97,173	26,046	356,016
Net Best Estimate of Claims Provisions	R0250	8,610	29,440	36,161	31,236	781,432
Total Best estimate – gross	R0260	12,310	34,676	123,847	8,771	1,124,478
Total Best estimate – net	**R0270**	7,863	39,367	60,460	193	886,467
Risk margin	**R0280**	402	3,692	3,570	3,614	78,190
Amount of the transitional on Technical Provisions						
Technical Provisions calculated as a whole	R0290					–
Best estimate	R0300					–
Risk margin	R0310					–
Technical Provisions						
Technical provisions - total	R0320	12,712	38,368	127,415	12,386	1,202,668
Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total	R0330	4,447	-4,691	63,386	8,579	238,011
Technical provisions minus recoverables from reinsurance/SPV and Finite Re- total	R0340	8,265	43,059	64,030	3,808	964,657

S.19.01.21

Non-Life Insurance Claims
Amounts in $'000

S.19.01.21.01
Gross Claims Paid (non-cumulative) – Development Year (Absolute Amount)

Gross Claims Paid (non-cumulative)

		Development 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											-31
-9	R0160	10,810	31,349	20,133	12,664	14,589	20,296	17,298	1,845	14,385	2,675	
-8	R0170	9,794	29,632	39,648	31,045	7,931	48,971	13,333	15,575	2,703		
-7	R0180	10,480	39,710	49,760	20,808	55,449	21,447	34,787	19,594			
-6	R0190	23,828	75,420	43,069	37,457	4,100	14,767	58,312				
-5	R0200	9,522	51,128	43,988	45,366	21,412	9,019					
-4	R0210	28,505	70,881	37,490	14,772	2,506						
-3	R0220	9,320	95,151	53,083	31,019							
-2	R0230	7,440	70,017	39,127								
-1	R0240	8,069	70,889									
0	R0250	11,685										

S.19.01.21.02
Gross Claims Paid (non-cumulative) – Current year, Sum of years (Cumulative)

		In Current year	Sum of years (cumulative)
		C0170	C0180
	R0100	(31)	(31)
	R0160	2,675	146,045
	R0170	2,703	198,632
	R0180	19,594	252,035
	R0190	58,312	256,953
	R0200	9,019	180,435
	R0210	2,506	154,155
	R0220	31,019	188,572
	R0230	39,127	116,584
	R0240	70,889	78,958
	R0250	11,685	11,685
Total	R0260	**247,498**	**1,584,023**

S.19.01.21.03

Gross Undiscounted Best Estimate Claims Provision (non-cumulative) – Development Year (Absolute Amount)

Gross undiscounted Best Estimate Claims Provisions

		Development 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											6,385
-9	R0160	0	0	0	95,046	83,801	52,238	35,949	37,022	19,719	18,785	
-8	R0170	0	0	96,047	80,499	71,355	37,250	34,885	32,586	23,598		
-7	R0180	0	135,126	127,682	116,875	99,763	76,223	51,737	42,802			
-6	R0190	84,379	117,933	121,563	72,860	80,388	88,934	65,435				
-5	R0200	105,050	142,273	116,388	95,606	80,923	94,658					
-4	R0210	103,285	171,675	178,827	163,680	133,330						
-3	R0220	132,878	195,576	192,522	166,025							
-2	R0230	135,049	205,785	215,796								
-1	R0240	151,627	284,851									
0	R0250	175,978										

S.19.01.21.04

Gross Discounted Best Estimate Claims Provision - Current year, Sum of years (Cumulative)

		Year end (discounted data)
		C0360
	R0100	6,040
	R0160	16,720
	R0170	21,490
	R0180	37,086
	R0190	59,378
	R0200	84,496
	R0210	120,403
	R0220	148,796
	R0230	193,605
	R0240	256,813
	R0250	156,504
Total	R0260	**1,101,332**

S.23.01.01
Own Funds
Amounts in $'000

S.23.01.01.01
Own Funds

		Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
		C0010	C0020	C0030	C0040	C0050
Basic own funds before deduction for participations in other financial sector as foreseen in article 68 of Delegated Regulation 2015/35						
Ordinary share capital (gross of own shares)	R0010	233,242	233,242			
Share premium account related to ordinary share capital	R0030	19,115	19,115			
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	772,270	772,270			
Subordinated liabilities	R0140					
An amount equal to the value of net deferred tax assets	R0160	5,999				5,999
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**	1,030,625	1,024,626	-	-	5,999

		Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
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**					

		Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
Available and eligible own funds						
Total available own funds to meet the SCR	**R0500**	1,030,625	1,024,626			5,999
Total available own funds to meet the MCR	**R0510**	1,024,626	1,024,626			
Total eligible own funds to meet the SCR	**R0540**	1,030,625	1,024,626			5,999
Total eligible own funds to meet the MCR	**R0550**	1,024,626	1,024,626			
SCR	**R0580**	712,682				
MCR	**R0600**	198,475				
Ratio of Eligible own funds to SCR	**R0620**	145%				
Ratio of Eligible own funds to MCR	**R0640**	516%				

S.23.01.01.02

		C0060
Reconciliation reserve		
Excess of assets over liabilities	R0700	1,030,625
Own shares (held directly and indirectly)	R0710	
Foreseeable dividends, distributions and charges	R0720	
Other basic own fund items	R0730	258,355
Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	R0740	
Reconciliation reserve	R0760	772,270
Expected profits		
Expected profits included in future premiums (EPIFP) - Life Business	R0770	
Expected profits included in future premiums (EPIFP) - Non- life business	R0780	154,743
Total Expected profits included in future premiums (EPIFP)	**R0790**	154,743

S.25.01.21
Solvency Capital Requirement – for undertakings on Standard Formula
Amounts in $'000

S.25.01.21.01
Basic Solvency Capital Requirement

		Gross solvency capital requirement
		C0040
Market risk	R0010	157,607
Counterparty default risk	R0020	30,544
Life underwriting risk	R0030	-
Health underwriting risk	R0040	25,028
Non-life underwriting risk	R0050	606,676
Diversification	R0060	-137,539
Intangible asset risk	R0070	-
Basic Solvency Capital Requirement	**R0100**	**682,316**

S.25.01.21.02
Calculation of Solvency Capital Requirement

Calculation of Solvency Capital Requirement

		C0100
Total capital requirement for operational risk	R0130	35,530
Loss-absorbing capacity of technical provisions	R0140	-
Loss-absorbing capacity of deferred taxes	R0150	-5,163
Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC	R0160	-
Solvency capital requirement excluding capital add-on	**R0200**	**712,683**
Capital add-on already set	R0210	-
Solvency capital requirement	**R0220**	**712,683**
Solvency capital requirement		-
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	
Method used to calculate the adjustment due to RFF/MAP nSCR aggregation	R0450	4 - No adjustment
Net future discretionary benefits	R0460	

Approach to tax rate

		Yes/No
		C0109
Approach based on average tax rate	R0590	2 - No

Calculation of loss absorbing capacity of deferred taxes

		Before the shock	After the shock
		C0110	C0120
DTA	R0600	5,999	136,692
DTA carry forward	R0610		
DTA due to deductible temporary differences	R0620	5,999	136,692
DTL	R0630		

Calculation of loss absorbing capacity of deferred taxes

		LAC DT
		C0130
LAC DT	R0640	-5,163
LAC DT justified by reversion of deferred tax liabilities	R0650	
LAC DT justified by reference to probable future taxable economic profit	R0660	
LAC DT justified by carry back, current year	R0670	-5,163.17
LAC DT justified by carry back, future years	R0680	
Maximum LAC DT	R0690	-5,163.17

S.28.01.01
Minimum Capital Requirement – Only Life or Non- Life insurance or reinsurance activity
Amounts in $'000

S.28.01.01.01
Linear formula component for Non-Life insurance and reinsurance obligations

		Non-life activities
		C0010
MCR_{NL} Result	R0010	138,475

S.28.01.01.02
Background information

MCR calculation Non Life		Non-life activities	
		Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance) written premiums in the last 12 months
		C0020	C0030
Medical expense insurance and proportional reinsurance	R0020		
Income protection insurance and proportional reinsurance	R0030	2,339	4,450
Workers' compensation insurance and proportional reinsurance	R0040	31,303	8,507
Motor vehicle liability insurance and proportional reinsurance	R0050	0	0
Other motor insurance and proportional reinsurance	R0060	0	0
Marine, aviation and transport insurance and proportional reinsurance	R0070	21,489	55,627
Fire and other damage to property insurance and proportional reinsurance	R0080	83,880	143,334
General liability insurance and proportional reinsurance	R0090	549,826	229,235
Credit and suretyship insurance and proportional reinsurance	R0100	82,834	145,611
Legal expenses insurance and proportional reinsurance	R0110	0	0
Assistance and proportional reinsurance	R0120	311	1,629
Miscellaneous financial loss insurance and proportional reinsurance	R0130	7,239	2,527
Non-proportional health reinsurance	R0140	7,863	7,388
Non-proportional casualty reinsurance	R0150	39,367	14,943
Non-proportional marine, aviation and transport reinsurance	R0160	60,460	56,370
Non-proportional property reinsurance	R0170	193	81,503

S.28.01.01.03
Linear formula component for life insurance and reinsurance obligations

Linear formula component for life insurance and reinsurance obligations

MCR calculation Life		Life activities	
		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		

S.28.01.01.04
Total capital at risk for all life (re)insurance obligations

		Non-life activities
		C0010
MCR_{L} Result	R0200	

S.28.01.01.05

Overall MCR calculation

Overall MCR calculation		C0070
Linear MCR	R0300	198,475
SCR	R0310	712,682
MCR cap	R0320	320,707
MCR floor	R0330	178,171
Combined MCR	R0340	198,475
Absolute floor of the MCR	R0350	4,271
		C0070
Minimum Capital Requirement	**R0400**	**198,475**

Group Quantitative Reporting Templates

S.02.01.02
Balance Sheet
Amounts in $'000

		Solvency II value
		C0010
Assets		
Goodwill	R0010	
Deferred acquisition costs	R0020	
Intangible assets	R0030	
Deferred tax assets	R0040	
Pension benefit surplus	R0050	
Property, plant & equipment held for own use	R0060	7,239
Investments (other than assets held for index-linked and unit-linked contracts)	**R0070**	**2,164,850**
Property (other than for own use)	R0080	239
Holdings in related undertakings, including participations	R0090	17,090
Equities	*R0100*	*-*
Equities - listed	R0110	-
Equities - unlisted	R0120	-
Bonds	*R0130*	*1,850,208*
Government Bonds	R0140	450,597
Corporate Bonds	R0150	1,066,972
Structured notes	R0160	-
Collateralised securities	R0170	332,639
Collective Investments Undertakings	R0180	146,834
Derivatives	R0190	-
Deposits other than cash equivalents	R0200	-
Other investments	R0210	150,478
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**	**599,375**
Non-life and health similar to non-life	R0280	599,375
Non-life excluding health	R0290	567,852
Health similar to non-life	R0300	31,524
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	107,191
Reinsurance receivables	R0370	96,850
Receivables (trade, not insurance)	R0380	87,606
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	111,217
Any other assets, not elsewhere shown	R0420	769
Total assets	**R0500**	**3,175,097**

S.02.01.02
Balance Sheet
Amounts in $’000

Liabilities

Technical provisions – non-life	**R0510**	**1,679,536**
Technical provisions – non-life (excluding health)	**R0520**	**1,585,697**
Technical provisions calculated as a whole	R0530	-
Best Estimate	R0540	1,498,756
Risk margin	R0550	86,941
Technical provisions – health (similar to non-life)	**R0560**	**93,840**
Technical provisions calculated as a whole	R0570	-
Best Estimate	R0580	89,821
Risk margin	R0590	4,019
Technical provisions – life (excluding index-linked and unit-linked)	**R0600**	**-**
Technical provisions – health (similar to life)	**R0610**	**-**
Technical provisions calculated as a whole	R0620	-
Best estimate	R0630	-
Risk margin	R0640	-
Technical provisions – life (excluding health and index-linked and unit-linked)	**R0650**	**-**
Technical provisions calculated as a whole	R0660	-
Best Estimate	R0670	-
Risk margin	R0680	-
Technical provisions – index-linked and unit-linked	**R0690**	**-**
Technical provisions 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	5,809
Derivatives	R0790	-
Debts owed to credit institutions	R0800	-
Financial liabilities other than debts owed to credit institutions	R0810	-
Insurance & intermediaries payables	R0820	46,412
Reinsurance payables	R0830	152,640
Payables (trade, not insurance)	R0840	2,324
Subordinated liabilities	**R0850**	**-**
Subordinated liabilities not in Basic Own Funds	R0860	-
Subordinated liabilities in Basic Own Funds	R0870	-
Any other liabilities, not elsewhere shown	R0880	253,613
Total liabilities	**R0900**	**2,140,334**

Excess of assets over liabilities	**R1000**	**1,034,763**

S.05.01.02

Premiums Claims and Expenses by Line of Business

Non-Life (direct business/ accepted proportional and accepted non – proportional reinsurance)

Amounts in $'000

		Line of Business for: non-life insurance and reinsurance obligations (direct business and accepted proportional reinsurance)											
		Medical expense insurance	Income protection insurance	Workers' compensation insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance	Legal expenses insurance	Assistance	Miscellaneous financial loss
		C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0120
Premiums written													
Gross - Direct Business	R0110	179	33,630	25,268	-	-	208,442	274,080	535,982	223,350	-	682	21,193
Gross - Proportional reinsurance accepted	R0120	1	395	-	-	-	11,276	23,865	14,351	-	-	355	18
Gross - Non-proportional reinsurance accepted	R0130												
Reinsurers' share	R0140	210	15,171	3,159	-	-	88,027	118,289	188,715	54,477	-	19	15,641
Net	**R0200**	**-31**	**18,854**	**22,109**	**-**	**-**	**131,691**	**179,655**	**361,622**	**168,873**	**-**	**1,018**	**5,569**
Premiums earned		-	-	-	-	-	-	-	-	-	-	-	-
Gross - Direct Business	R0210	217	35,233	23,252	-	-	212,871	243,227	552,451	225,893	-	685	23,165
Gross - Proportional reinsurance accepted	R0220	1	1,322	0	-	-	11,782	22,081	14,616	-	-	331	24
Gross - Non-proportional reinsurance accepted	R0230												
Reinsurers' share	R0240	204	16,242	2,862	-	-	96,703	110,849	202,727	51,643	-	18	17,834
Net	**R0300**	**14**	**20,313**	**20,390**	**-**	**-**	**127,950**	**154,459**	**364,340**	**174,251**	**-**	**998**	**5,355**
Claims incurred		-	-	-	-	-	-	-	-	-	-	-	-
Gross - Direct Business	R0310	713	10,939	10,590	-	-	150,475	86,134	314,811	95,850	-	8	-22,420
Gross - Proportional reinsurance accepted	R0320	-26	1,473	-	-	-	5,707	4,305	12,449	-	-	116	0
Gross - Non-proportional reinsurance accepted	R0330												
Reinsurers' share	R0340	854	5,632	1,380	-	-	104,310	21,481	127,786	14,275	-	56	-26,019
Net	**R0400**	**-167**	**6,781**	**9,210**	**-**	**-**	**51,872**	**68,958**	**199,476**	**81,575**	**-**	**68**	**3,599**
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**	**8,384**	**8,894**	**-**	**-**	**38,570**	**61,281**	**101,427**	**70,228**	**-**	**463**	**1,354**
Other expenses	R1200												
Total expenses	**R1300**												

S.05.01.02

Premiums Claims and Expenses by Line of Business

Non-Life (direct business/ accepted proportional and accepted non – proportional reinsurance)

Amounts in $'000

		Line of Business for: accepted non-proportional reinsurance				Total
		Health	Casualty	Marine, aviation, transport	Property	
		C0130	C0140	C0150	C0160	C0200
Premiums written						
Gross - Direct Business	R0110	-	-	-	-	1,322,806
Gross - Proportional reinsurance accepted	R0120					**50,261**
Gross - Non-proportional reinsurance accepted	R0130	8,547	50,671	77,583	171,406	**308,207**
Reinsurers' share	R0140	453	32,059	34,303	38,973	**589,496**
Net	**R0200**	**8,094**	**18,612**	**43,280**	**132,432**	**1,091,778**
Premiums earned		-	-	-	-	-
Gross - Direct Business	R0210					**1,316,994**
Gross - Proportional reinsurance accepted	R0220					**50,157**
Gross - Non-proportional reinsurance accepted	R0230	9,819	51,240	76,344	179,253	**316,656**
Reinsurers' share	R0240	1,460	20,293	34,030	40,941	**595,806**
Net	**R0300**	**8,359**	**30,947**	**42,314**	**138,311**	**1,088,001**
Claims incurred		-	-	-	-	-
Gross - Direct Business	R0310					**647,100**
Gross - Proportional reinsurance accepted	R0320					**24,024**
Gross - Non-proportional reinsurance accepted	R0330	6,663	24,613	58,036	88,056	**177,368**
Reinsurers' share	R0340	-417	1,970	23,468	49,486	**324,259**
Net	**R0400**	**7,080**	**22,643**	**34,569**	**38,569**	**524,233**
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**	**3,149**	**7,020**	**18,610**	**39,821**	**359,198**
Other expenses	R1200					-
Total expenses	**R1300**					-

S.05.02.01
Premiums Claims and Expenses by Country
Amounts in $’000

		Total Top 5 and home country	Home Country	Top 5 countries (by amount of gross premiums written) - non-life obligations				
		C0070	C0010	C0020	C0030	C0040	C0050	C0060
R0010			United Kingdom (After Brexit)	Spain (ES)	Germany (DE)	France (FR)	United States of America (US)	Singapore (SG)
		C0140	C0080	C0090	C0100	C0110	C0120	C0130
Premiums written								
Gross - Direct Business	R0110	**1,097,216**	717,688	194,081	86,838	83,079	7,559	7,971
Gross - Proportional reinsurance accepted	R0120	**25,275**	3,330	-	432	54	1,463	19,996
Gross - Non-proportional reinsurance accepted	R0130	**157,516**	73,534	3,924	11,192	7,073	48,195	13,598
Reinsurers' share	R0140	**513,259**	203,364	159,678	69,409	41,565	29,090	10,153
Net	**R0200**	**766,748**	**591,188**	**38,327**	**29,054**	**48,640**	**28,127**	**31,413**
Premium earned								
Gross - Direct Business	R0210	**1,096,123**	708,871	201,359	84,041	82,716	10,137	8,999
Gross - Proportional reinsurance accepted	R0220	**26,142**	4,469	-	785	44	996	19,848
Gross - Non-proportional reinsurance accepted	R0230	**150,288**	72,005	4,203	11,013	6,976	42,739	13,353
Reinsurers' share	R0240	**522,046**	203,395	166,874	66,865	42,072	31,822	11,019
Net	**R0300**	**750,507**	**581,950**	**38,688**	**28,974**	**47,664**	**22,050**	**31,182**
Claims incurred								
Gross - Direct Business	R0310	**583,798**	361,033	133,576	34,749	46,658	3,970	3,811
Gross - Proportional reinsurance accepted	R0320	**17,275**	442	-	1,078	0	60	15,696
Gross - Non-proportional reinsurance accepted	R0330	**99,007**	25,391	(1,442)	55,474	(1,028)	12,599	8,013
Reinsurers' share	R0340	**303,831**	129,308	89,799	54,007	10,095	9,935	10,687
Net	**R0400**	**396,250**	**257,558**	**42,336**	**37,294**	**35,536**	**6,694**	**16,832**
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	**226,184**	170,184	4,556	2,868	27,462	13,010	8,103
Other expenses	R1200	-						
Total expenses	**R1300**	226,184						

S.23.01.22

Own Funds

Amounts in $'000

S.23.01.22.01

		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	206,735	206,735			
Non-available called but not paid in ordinary share capital at group level	R0020					
Share premium account related to ordinary share capital	R0030					
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	828,028	828,028			
Subordinated liabilities	R0140					
Non-available subordinated liabilities at group level	R0150					
An amount equal to the value of net deferred tax assets	R0160					
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	R0220					
Deductions						
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**	1,034,763	1,034,763			
Ancillary own funds						
Unpaid and uncalled ordinary share capital callable on demand	R0300					
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					
2009/138/EC	R0360					
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						
UCITS management companies - Total	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	**R0520**	1,034,763	1,034,763			
Total available own funds to meet the minimum consolidated group SCR	**R0530**	1,034,763	1,034,763			
Total eligible own funds to meet the consolidated group SCR (excluding own funds from other financial sector and from the undertakings included via	**R0560**	1,034,763	1,034,763			
Total eligible own funds to meet the minimum consolidated group SCR	**R0570**	1,034,763	1,034,763			
Consolidated Group SCR	**R0590**	896,827				
Minimum consolidated Group SCR	**R0610**	245,122				
Ratio of Eligible own funds to the consolidated Group SCR (excluding other financial sectors and the undertakings included via D&A)	**R0630**	115%				
Ratio of Eligible own funds to Minimum Consolidated Group SCR	**R0650**	422%				
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**	1,034,763	1,034,763			
SCR for entities included with D&A method	**R0670**					
Group SCR	**R0680**	896,827.09				
Ratio of Eligible own funds to group SCR including other financial sectors and the undertakings included via D&A	**R0690**	115%				

S.23.01.22.02

Reconciliation Reserves

		C0060
Reconciliation reserve		
Excess of assets over liabilities	R0700	1,034,763
Own shares (held directly and indirectly)	R0710	
Foreseeable dividends, distributions and charges	R0720	
Other basic own fund items	R0730	206,735
fenced funds	R0740	
Other non available own funds	R0750	
Reconciliation reserve	**R0760**	**828,028**
Expected profits		
Expected profits included in future premiums (EPIFP) - Life Business	R0770	
Expected profits included in future premiums (EPIFP) - Non- life business	R0780	231,256
Total Expected profits included in future premiums (EPIFP)	**R0790**	**231,256**

S.25.01.22

Solvency Capital Requirement – for undertakings on Standard Formula

Amounts in $'000

S.25.01.22.01

Basic Solvency Capital Requirement

		Gross solvency capital requirement
		C0040
Market risk	R0010	155,087
Counterparty default risk	R0020	63,725
Life underwriting risk	R0030	-
Health underwriting risk	R0040	31,152
Non-life underwriting risk	R0050	769,226
Diversification	R0060	-160,232
Intangible asset risk	R0070	-
Basic Solvency Capital Requirement	**R0100**	**858,959**

S.25.01.22.02

Calculation of Solvency Capital Requirement

Calculation of Solvency Capital Requirement

		C0100
Adjustment due to RFF/MAP nSCR aggregation	R0120	
Total capital requirement for operational risk	R0130	50,514
Loss-absorbing capacity of technical provisions	R0140	
Loss-absorbing capacity of deferred taxes	R0150	-12,646
Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC	R0160	
Solvency capital requirement excluding capital add-on	**R0200**	**896,827**
Capital add-on already set	R0210	
Solvency capital requirement	**R0220**	**896,827**
Solvency capital requirement		
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	
Method used to calculate the adjustment due to RFF/MAP nSCR aggregation	R0450	4 - No adjustment
Net future discretionary benefits	R0460	
Minimum consolidated group solvency capital requirement	R0470	245,122
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 req	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**	**896,827**

S.32.01.22
Undertakings in scope of the group

Country	Identification code of the undertaking	Type of code of the ID of the undertaking	Legal Name of the undertaking	Type of undertaking	Legal form
C0010	C0020	C0030	C0040	C0050	C0060
GB	213800DGPY4ZCTVJVQ23	1 - LEI	HCC International Insurance Co PLC	2 - Non life insurance undertaking	companies limited by shares or by guarantee or unlimited
GB	213800XX1W9F44RNUZ85	1 - LEI	TM HCC Insurance Holdings (International) Limited	5 - Insurance holding company as defined in Article 212(1) (f) of Directive 2009/138/EC	companies limited by shares or by guarantee or unlimited
LU	213800OFIWVHWHUYHI98	1 - LEI	Tokio Marine Europe S.A.	2 - Non life insurance undertaking	companies limited by shares or by guarantee or unlimited
GB	213800DGPY4ZCTVJVQ23GB30216	2 - Specific code	Qdos Broker and Underwriting Services Limited	99 - Other	companies limited by shares or by guarantee or unlimited
GB	213800DGPY4ZCTVJVQ23GB10208	2 - Specific code	QDOS Holdings Limited	99 - Other	companies limited by shares or by guarantee or unlimited
GB	213800DGPY4ZCTVJVQ23GB30202	2 - Specific code	HCCI Credit Services Limited	10 - Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35	companies limited by shares or by guarantee or unlimited
GB	213800DGPY4ZCTVJVQ23JO30301	2 - Specific code	Rattner Mackenzie Limited	10 - Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35	companies limited by shares or by guarantee or unlimited
GB	213800DGPY4ZCTVJVQ23GB10101	2 - Specific code	HCC Diversificacion y Soluciones S.L.	10 - Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35	companies limited by shares or by guarantee or unlimited
GB	213800DGPY4ZCTVJVQ23GB30217	2 - Specific code	GCube Underwriting Limited	99 - Other	companies limited by shares or by guarantee or unlimited
GB	213800DGPY4ZCTVJVQ23GB30218	2 - Specific code	Renewable Energy Loss Adjusters Limited	99 - Other	companies limited by shares or by guarantee or unlimited

Category (mutual/non mutual)	Supervisory Authority	% capital share	% used for the establishment of consolidated accounts	% voting rights	Level of influence	Yes/No	Method used and under method 1, treatment of the undertaking
C0070	C0080	C0180	C0190	C0200	C0220	C0240	C0260
2 - Non-mutual	The Prudential Regulation Authority	100.00%	100.00%	100.00%	1 - Dominant	1 - Included in the scope	1 - Method 1: Full consolidation
2 - Non-mutual	The Prudential Regulation Authority	100.00%	100.00%	100.00%	1 - Dominant	1 - Included in the scope	1 - Method 1: Full consolidation
2 - Non-mutual	Commissariat aux Assurances	100.00%	100.00%	100.00%	1 - Dominant	1 - Included in the scope	1 - Method 1: Full consolidation
2 - Non-mutual		100.00%	100.00%	100.00%	1 - Dominant	1 - Included in the scope	3 - Method 1: Adjusted equity method
2 - Non-mutual		100.00%	100.00%	100.00%	1 - Dominant	1 - Included in the scope	3 - Method 1: Adjusted equity method
2 - Non-mutual		100.00%	100.00%	100.00%	1 - Dominant	1 - Included in the scope	1 - Method 1: Full consolidation
2 - Non-mutual		100.00%	100.00%	100.00%	1 - Dominant	1 - Included in the scope	1 - Method 1: Full consolidation
2 - Non-mutual		100.00%	100.00%	100.00%	1 - Dominant	1 - Included in the scope	1 - Method 1: Full consolidation
2 - Non-mutual		100.00%	100.00%	100.00%	1 - Dominant	1 - Included in the scope	3 - Method 1: Adjusted equity method
2 - Non-mutual		100.00%	100.00%	100.00%	1 - Dominant	1 - Included in the scope	3 - Method 1: Adjusted equity method