Evolution Holdings (Guernsey) Limited
Evolution Insurance Company Limited

Solvency & Financial Condition Report

For year ended 30th June 2024

Contents

Introduction

The Solvency and Financial Condition Report ('SFCR') is an annual public disclosure requirement under the Solvency II Directive. It presents information on Evolution Holdings (Guernsey) Limited and subsidiaries ('the Group') business, performance, systems of governance, risk profile, valuation for solvency purposes, and capital management.

The principal trading company in the Group is Evolution Insurance Company Limited ('the Company') which partners with brokers and MGAs to provide insurance solutions for SME businesses and individuals.

The Group also includes Evolution Insurance Solutions Limited a United Kingdom insurance intermediary which is not considered material to the Group's financial position or risk profile.

For the year ended 30 June 2024 the Group reported a profit after tax of £1.9m (2023: £2.2m) and a solvency capital requirement (SCR) cover ratio of 197% (2023: 172%) which equates to excess own funds of £11.3m (2023: £8m). As at 30 June 2024, the Company reported own funds of £21.9m (2023: £18.3m) which are in excess of its SCR of £11.4m (2023: £10.8m).

The Board regularly assesses the ongoing developments arising from the macro events and their impact on the economic, political, and regulatory environment. The Board has considered the risks arising from these events, including the impact of inflation, and believes it has made adequate allowance within the financial position presented in this report. In addition, the Board is working with the Company's business partners to control costs while maintaining a constant focus on delivering good customer outcomes. The Company maintains a strong financial and liquidity position and therefore remains well positioned for any future adverse economic developments.

The Group continues to seek new business opportunities that will generate attractive returns to investors while maintaining sufficient own funds to meet the SCR plus a buffer to provide additional resilience to adverse events.

William Bidwell

A. Business & Performance

A1. Business

This report relates to Evolution Holdings (Guernsey) Limited ('EHGL') and its subsidiaries ('the Group'), an insurance holding company licensed in Guernsey and limited by shares. Since Guernsey is not in the European Economic Area, nor is it a Solvency II equivalent jurisdiction, Group supervision is carried out at the level of the insurance company.

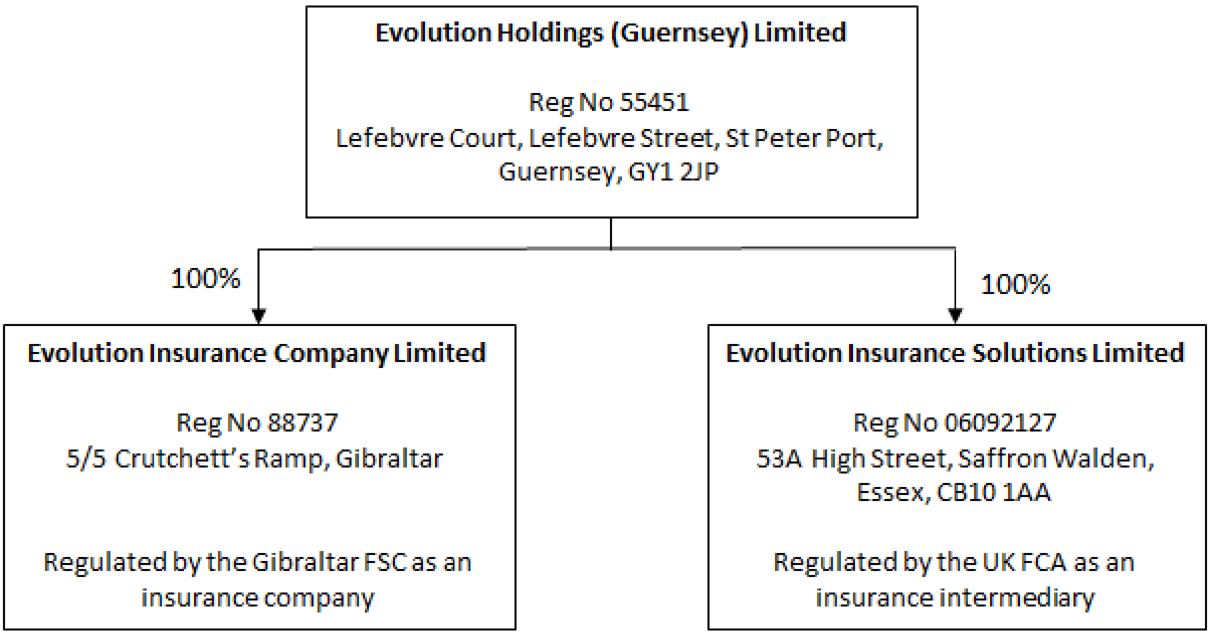
The principal trading Company of the Group is Evolution Insurance Company Limited ('EICL', 'the Company') which is 100% owned by EHGL. The other group company is also 100% owned by EHGL and is Evolution Insurance Solutions Limited ('EISL'), a UK regulated insurance intermediary.

The EHGL shareholders, with qualifying holdings, are Kenneth Acott, Patrick Tilley, and William Bidwell.

The table below summarises the domicile and purpose of each Group company.

Group Company	Domicile	Purpose
Evolution Holdings (Guernsey) Limited	Guernsey	A holding company which is parent to the other Group companies.
Evolution Insurance Company Limited	Gibraltar	A regulated insurance company which underwrites, inter alia, surety bonds, travel financial failure insurance, and home emergency insurance in the UK.
Evolution Insurance Solutions Limited	UK	A regulated insurance intermediary, EISL's core business is to underwrite surety bonds primarily on behalf of EICL. It is also responsible for policy administration and claims handling (within authority limits) on behalf of EICL and acts as EICL's agent for Insurance Premium Tax ('IPT').

The Group structure is detailed in the following diagram.



EICL and EISL are regulated as detailed below. EHGL is not regulated as a standalone company.

EICL Regulator	EISL Regulator
Gibraltar Financial Services Commission PO Box 940 Suite 3, Atlantic Suites Gibraltar Tel: +350 200 40283 www.fsc.gi	UK Financial Conduct Authority 12 Endeavour Square London E20 1JN Tel: +44 207 066 1000 www.fca.org.uk

The auditors for the Group companies are as follows:

EHGL	EICL	EISL
Grant Thornton Limited St James Place St James Street St Peter Port Guernsey. GY1 2NZ Tel: +44 1481 753400 www.grantthorntonci.com	BDO Limited 5.20 World Trade Centre 6 Bayside Road Gibraltar Tel: +350 200 47300 www.bdo.gi	Humphrey & Co Audit Services Ltd 7-9 The Avenue Eastbourne East Sussex BN21 3YA Tel: + 44 1323 730631 www.humph.co.uk

EICL is authorised to write insurance business in the UK and Gibraltar.

The Group's European Union (EU) exposure has reduced significantly since 2018. At 30 June 2024, EICL had 101 (30 June 2023: 102) live EU policies, comprising 12 in Ireland and 89 in the Netherlands. These policies are latent defects insurance (LDI) and insurance-backed guarantee (IBG) policies, with long durations.

The Group's other EU exposure is a Greek motor book which has been in run-off since 2019.

The Group has investigated the possibility of portfolio transfers for its EU risks but believes these would be challenging to execute and not necessarily in the best interest of customers. Accordingly, EICL wrote to the relevant national regulators, including those in Ireland, Greece, and the Netherlands, to outline the Group's intention to honour the policies and pay any valid claims as they fall due.

A2. Trading and Underwriting Performance

The principal trading activity of the Group is underwriting insurance business, and this is all performed within EICL. The performance for the last two years is set out in the following table.

£m	EICL		Group	
	2024	2023	2024	2023
Gross Written Premium (GWP)	12.2	12.3	12.2	12.3
Underwriting Profit	0.6	0.9	1.5	1.9
Profit After Tax	1.6	2.1	1.9	2.2

The Group GWP and Underwriting Profit by class of business for the years ended 30 June 2024 and 2023 is detailed in the following table. Materially all the GWP and Underwriting Result derive from UK business.

Class	Gross Written Premium		Underwriting Profit	
	2024	**2023**	**2024**	**2023**
	£'000	**£'000**	**£'000**	**£'000**
Credit & Suretyship (Surety)	1,543	1,772	731	671
Assistance	9,437	8,393	584	431
Miscellaneous Financial Loss (MFL)	1,234	2,120	178	746
Other	0	0	2	46
Total	**12,214**	**12,285**	**1,495**	**1,894**

During the last 12 months the Group reported gross written premium of £12.2m (2023: £12.3m). The level of premium in 2024 is in line with that achieved in 2023. The Assistance class is growing steadily and performing in line with expectations but this has been offset by lower premium in the Surety and MFL books. The Surety market has experienced a challenging period and the Group has reduced its premium levels to ensure a focus on better quality exposures. The reduction in MFL premium is due to minimal new premium from the closed Latent Defects Insurance books due to the time lapse since these books were closed.

The reduction in Group underwriting profit to £1.5m (2023: £1.9m) is driven by the inclusion of a prudent claim reserve in respect of several complex claims. The underwriting performance is otherwise positive supported by the Assistance class and new business in the MFL class. The Group has reduced its "inflation reserve" in acknowledgement of the reduction in the level of inflation but there remains an explicit reserve reflecting the lag that often exists in claims inflation when compared to headline inflation.

A3. Investment Performance

EHGL's investments are primarily in the Group companies while EISL has investments of c.£0.2m (2023: £0.3m).

EICL invests primarily in marketable, investment grade, short-dated securities and commercial property. The Investment Committee proactively manages the risk profile of the investments and works closely with independent investment consultants to ensure the portfolio meets the requirements of the Company.

The associated income and expenditure on these investments for the years ended 30 June 2024 and 2023 is stated in the table below. The bond portfolio has benefited from the changes in yields over the last 12 months and the property portfolio continues to generate stable returns. The 2023 property income included unrealised gains following the triennial valuation of the commercial properties by an independent expert.

	2024		**2023**	
	Income	**Expenses**	**Income**	**Expenses**
Asset Class	**£'000**	**£'000**	**£'000**	£'000
Cash & Equivalents	616	1	315	1
Bond & Debt Instruments	1,601	18	(456)	24
Property	720	123	3,718	94
Total	**2,937**	**142**	**3,577**	**119**

A4. Performance of Other Activities

There is no other material income or associated expenses.

A5. Any Other Information

A5.1 Inflationary Pressures

Inflation returned as a key economic feature in recent years with UK price inflation exceeding 11% in 2022 but the rate has moderated significantly since then and stood at 2% in June 2024. However, the link between core inflation metrics and the drivers of claim costs is uncertain and will differ depending on the type of claim and duration to settlement, among other factors. As such the Group continues to hold an explicit inflation reserve.

The Group closely monitors the impact of the economic environment on premiums, claims, and the ability of customers to utilise insurance products as a means of protection.

A5.2 Climate Change

The Group has considered the impact of the physical and transition risks of climate change and identified this as a developing risk but have concluded that it does not have a material impact on the recognition and measurement of the assets and liabilities for the solvency valuation on 30 June 2024. This is because the financial assets are included at their economic value using the most up to date market information as discussed in Section D, therefore utilising market prices and expert judgement at the period end. Insurance liabilities are accrued based on past insurable events and are not expected to be materially affected by any future impact from climate change.

A5.3 Geo-Political Events

The Group's asset and insurance exposures are not considered to be directly exposed to developing events in the Ukraine and the Middle East. However, these events have and will continue to impact on the global economy and in particular the supply of key resources. These developments have been considered in the valuation of the assets and liabilities and are believed to be adequately allowed for within the values assessed as at 30 June 2024.

A5.4 Other

There is no other material information regarding the business and performance of the Group.

B. System of Governance

B1. General Information on System of Governance

The Group is headed by the EHGL Board which retains ultimate accountability for the governance of the Group. The EHGL Board have delegated responsibility for the operation of the System of Governance to the Board of EICL. The EHGL Board retains a presence on all group company boards, through a “shareholder” director.

Principles

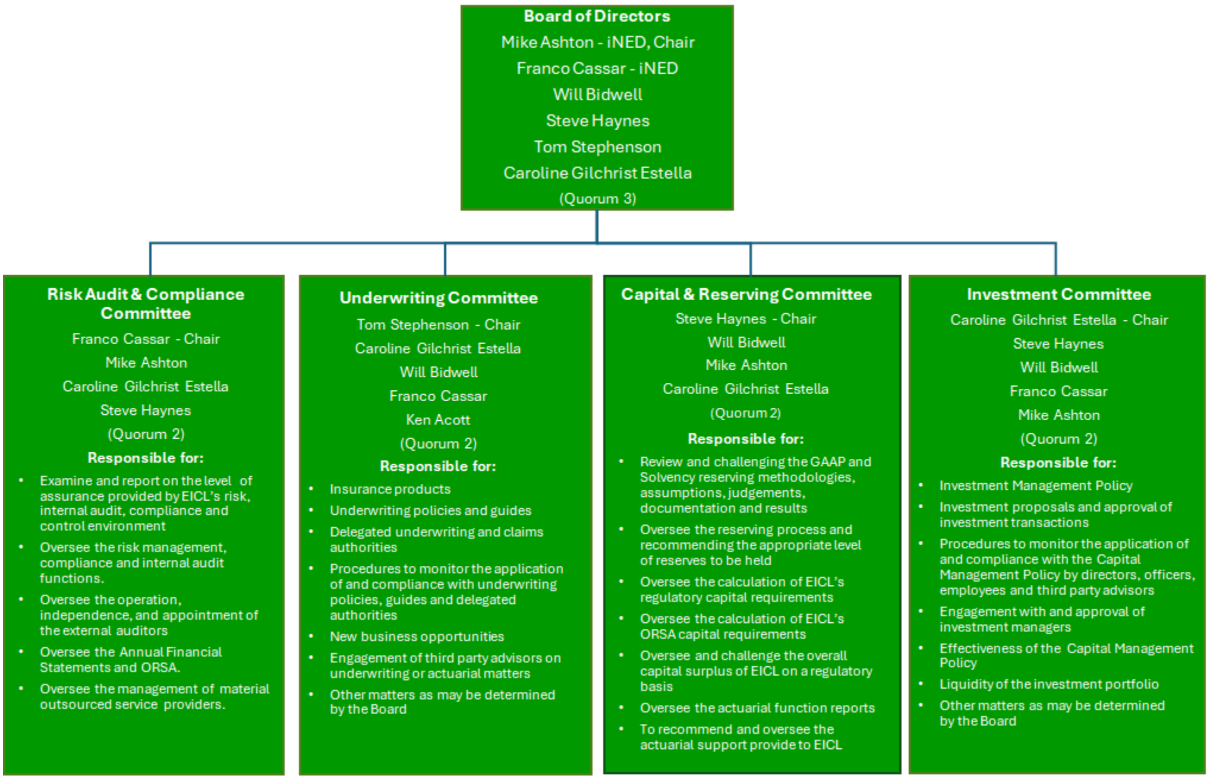
The governance framework implemented by the EICL Board, which applies to the Group, is based on the following principles:

- Governance drives a culture of accountability, delivering good customer and investor outcomes.
- Governance is clear and transparent, principles based and pragmatic, and reflects the Group’s and each company’s nature, size, and scale.
- The governance framework helps the business run effectively, adds value to decision-making and supports the achievement of the Group’s strategy.
- Governance is flexible and adaptive to change, cost efficient and effective.
- The governance approach meets and evidences regulatory requirements.

To lead and support the System of Governance, the following EICL Board and Committee structure has been approved by the EHGL Board.

Board and Committee Structure

The Board and Committee structure as at 31 October 2024 is detailed below.

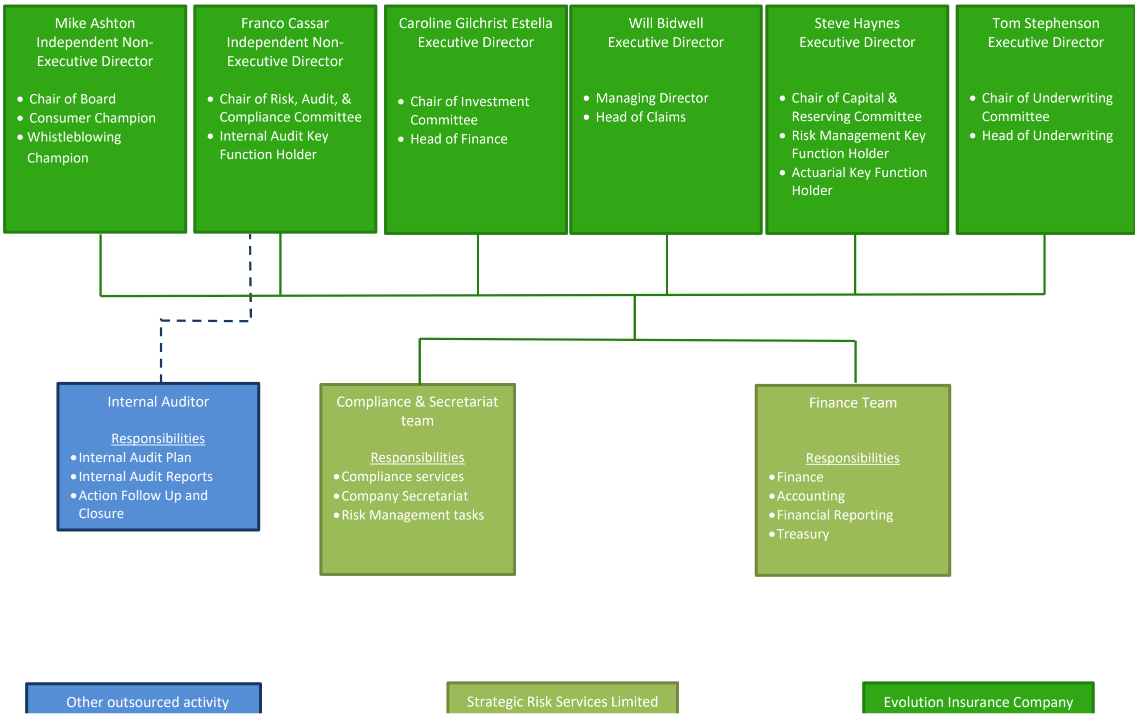


Since the last SFCR Mike Ashton has replaced Chris Wawn as independent Non Executive Director, Chair of the Board, and Consumer Champion.

Terms of Reference describe the purpose, responsibilities, membership, and authority delegated from the Board for each Committee. Relevant attendees are invited to Committees as determined by the Chair of each Committee.

Roles and Responsibilities

The Roles and Responsibilities of the Directors are detailed below. All directors are approved regulated individuals.



Key Function Holders and Regulated Individuals

The current Key Function holders are:

Key Function	Key Function Holder
Compliance	Cat McCarthy
Risk	Steve Haynes
Internal Audit	Franco Cassar
Actuarial Function	Steve Haynes

As part of the Regulated Individuals regime the following regulated roles have been approved by the Board and the regulator:

Head Of	Director
Finance	Caroline Gilchrist Estella
Underwriting	Tom Stephenson
Claims	Will Bidwell

Changes Since the last SFCR
- Franco Cassar replaced Chris Wawn as Head of Internal Audit; and
- Cat McCarthy was approved as Head of Compliance.

Directors Fees
The non-executive directors are paid a fixed fee for their services which is benchmarked to standard market rates. Executive directors are paid on a fixed remuneration basis. Two executive directors are entitled to an annual bonus. There is a remuneration policy in place to ensure benchmarking is performed regularly. EICL has no employees.
The annual bonus considers the performance of the business against its Key Performance Indicators. No share equity schemes or supplementary pension schemes are in operation.

Directors' remuneration including any annual bonus is approved by the Board, or if it is inappropriate to discuss at board level, it will be discussed with and approved by the independent non-executive directors. Directors abstain from discussion and decisions regarding their own remuneration to avoid conflicts of interest. Non-Executive Director and Director fees of £298k (2023: £243k) were paid by EICL during the reporting period.

B2. Fit and Proper Requirements

The Group and the Company recognise the value of fit and proper requirements and seek to ensure that directors, function holders and senior managers can perform their role effectively and in accordance with relevant business and regulatory requirements, and to manage EICL and the Group in a sound and prudent manner. Accordingly, all directors, key function holders and senior managers are required to meet the requirements set out in EICL's Fit and Proper Policy.

This policy requires that these individuals have an appropriate spread of skills for managing the business:
- appropriate personal characteristics (including being honest and of good repute and integrity);
- the required level of competence, knowledge, and experience; and
- financial soundness.

The Group ensures that any individual employed, or applying to be employed, in such a position is assessed to confirm that they fulfil the fit and proper requirements. For new candidates this includes reviewing the CV of the candidate, an in-depth interview, obtaining references (both personal and professional), and the performance of due diligence checks. For existing staff, the relevant Board performs a regular assessment of impacted individuals and seeks a personal attestation annually.

The Group also seeks to ensure that its Boards meet the Fit and Proper requirements by ensuring that collectively the Directors possess appropriate qualifications, experience, and knowledge about (at least) the following areas:

- Knowledge of Insurance and financial markets;
- Understanding of the Business strategy and model;
- Adequacy of the systems of governance;
- Knowledge of Financial matters, actuarial analysis and management information;
- Understanding of the regulatory frameworks and requirements; and
- Business Ethics

For EICL a review is led by the Chair of the Board supported by the Head of Compliance.

B3. Risk Management System including ORSA

The EHGL Board is accountable for Risk Management, although in practice day to day responsibility is delegated to the Risk Management Function Holder for EICL.

Risk Management Roles and Responsibilities

The Boards of each Group company are responsible for ensuring the effectiveness of the risk management system, setting that company's risk appetite, and approving risk management strategies and policies.

EICL has established a risk management framework which is used for the Group and applied to each subsidiary at a level proportionate to the complexity, nature, size of the business, whether it is subject to regulation, and the level of risk it presents to the Group.

The EICL Board delegates its risk management function to the Risk Management Key Function Holder and to the Risk, Audit & Compliance Committee ("RACC"). Should any risk management tasks be outsourced, the function holder is also responsible for the outsourced relationship, including monitoring the scope of work, service levels and for challenging the results. This individual is supported by the RACC in the execution of their role.

The key function holder and the RACC review, monitor and update as required, all the components of the risk management framework, engaging other Group and Company directors, key function, or key role holders, as necessary. This includes the Own Risk and Solvency Assessment process and the Risk Register.

EICL completes the Group solvency calculation and monitors Group solvency on behalf of EHGL and will liaise with the Group Board as necessary to ensure that the Group SCR is met and that risks to Group solvency are monitored and managed.

The Risk Management Process

The process of risk management is a continuous and systematic one, comprising five elements:

a) **Identification**. All Group directors ensure that risks are identified relating to their respective areas of responsibility, and in addition collectively identify risks to the overall business and Group. This includes risks outside the control of the Group.

b) **Assessment**. Only risks material to the Group are included in the Risk Register. Risks are assessed according to a matrix to evaluate their impact on the business if they materialised, and the probability of the risk materialising. The assessment is carried out on the risk with no mitigating controls in place ('gross' scores), and with mitigating controls in place ('net' scores). This assessment is then considered against the target or appetite score to determine any required changes in the level of risk or risk mitigation.

c) **Response**. All risks are dealt with as and when they arise, by the responsible director, EICL's RACC, the function holder, or the Board as appropriate. Decisions will be recorded on the Risk Register and detailed in the minutes of the relevant meeting.

d) **Monitoring**. The RACC reviews all items contained in the Risk Register at least quarterly. Risk controls on the Risk Register are incorporated into the Company's Compliance Monitoring Programme. Risks pertaining to a particular area of the business are regularly discussed with internal audit. The RACC and function holder also monitor the Company's adherence to stated risk appetites and tolerances.

e) **Reporting**. All directors report risk events as and when they occur, and ensure they are considered at the appropriate meeting. They ensure the Risk Register is updated with regard to impact and probability of the risk.

Risk Appetite and Tolerances

Risk Appetite is the nature and extent of the significant risks the Board is willing to take in achieving its strategic objectives, which is those risks that it wants to actively engage with. The risk appetite is a written statement with a target risk limit or trigger that usually lies between the upper and lower risk tolerance limits.

Risk Tolerance limits are 'lines in the sand' beyond which the Group will not go without prior Board approval. It is not necessarily appropriate or possible to attribute a risk tolerance to all risks. The Board will consider the Group's material risks and choose those for which a risk tolerance will be relevant and meaningful for the business, and which can be measured and monitored. In doing this it will also consider the risks' net scores from the Risk Register.

The EICL Board has established a risk tolerance and a risk appetite in respect of regulatory solvency.

Own Risk Solvency Assessment ('ORSA' or 'the Assessment')

EICL is responsible for completing an ORSA for the Group, incorporating EHGL. The Group ORSA includes a solo ORSA on EICL, as the only insurance entity in the Group.

The ORSA is a fundamental part of the Group's capital management processes under the Risk Management Framework. The ORSA consists of processes that are designed to ensure those risks mitigated by holding capital are appropriately assessed, the capital requirements are understood on a forward looking basis and that this insight is used to inform decision making.

The ORSA is a judgement by the Board of these risks and their impact on the Group's solvency and is the Board's view, not the regulator's (and not the view using the regulatory formula) on the forecast level of excess own funds. At the same time, a forecast is also performed using the regulatory basis.

On an annual basis, an ORSA report is presented to the Board which consolidates the findings from these processes, which include business planning, stress testing and scenario analysis, including reverse stress testing and regular monitoring of the Group solvency position. If there is a material change in the risk profile of the Group, then an updated ORSA report will be produced.

The latest ORSA report, approved by the Board in June 2024, includes the outcome of stress tests on the current and forecast balance sheet and risk profile of the Group. This demonstrates that on both an ORSA and regulatory basis the excess of own funds over the SCR, before any dividend payments, increases steadily over the assessment period.

B4. Internal Control System

The Group's internal controls are part of its compliance framework, being the first line of defence in the 'three lines of defence' model the Group has implemented.

1. Business Operations - Internal Controls. The measures that are incorporated into systems and processes to control day-to-day activities. Appropriate controls and control indicators are implemented to ensure compliance and to highlight any significant breakdown in controls or inadequacy of process.
2. Oversight Functions. The Company's Committees and functions oversee internal controls, including drafting and implementing policies and procedures, and monitoring compliance with them. This second line of defence includes the compliance and risk management functions.
3. Independent Assurance Providers. This is primarily the Internal Audit function, although the appointment of External Auditors also provides independent assurance.

There is a risk-based compliance monitoring programme in place to provide assurance that EICL fulfils all its legislative and regulatory requirements and adheres to its policies and procedures. This is completed by the Compliance Function on a quarterly basis and forms part of the compliance report to the RACC.

Compliance Function

The Compliance key function holder is responsible for ensuring the Company complies with all relevant rules, regulations, guidance and legislation with regard to both Gibraltar and UK requirements. The compliance function also reports to the Board on any relevant changes in the legal environment in which the Company operate. The key function holder is responsible for the completion of compliance tasks and has direct access to both the Board and the RACC.

The function is responsible for identifying and evaluating compliance risk, overseeing the implementation of controls for the risks identified, and monitoring their efficacy through the Compliance Monitoring Programme. Compliance reports are made to the Board at each meeting and advice provided to the business when requested. If any conflict of interest should arise, the function holder follows the Company's Conflicts of Interest Policy.

The Board supports the compliance function and shall make available such resource as is necessary and provide access to all relevant documentation and information from the business, for the Compliance Function to fulfil its aims.

B5. Internal Audit Function

The internal audit function considers the adequacy and effectiveness of the internal control system and other elements of the system of governance. It is objective and independent from the operational functions. These are regulatory requirements.

Internal audit performs an independent risk assessment and agrees what areas it will investigate with the RACC. It produces a report after each investigation describing its findings and its recommendations. This report is presented to the RACC, which ensures that appropriate actions are taken within an appropriate timescale. A summary of activity and investigation results, including progress towards implementing the recommendations, is provided to the RACC by the internal audit function.

The internal audit function is provided by an outsourced professional services firm, following a formal tender process. By using an external firm as internal auditor, the RACC are of the view that internal audit is independent and objective. The external firm does not provide any additional services to the Group, and their independence, effectiveness, and re-engagement are reviewed annually by the RACC.

Audit Plan

The RACC approves the internal audit risk based three-year plan prepared by the appointed third party provider every year, reviewing and revising this in accordance with business priorities and risk areas, and with input from key stakeholders.

The plan is presented to the Board for approval. Should the plan significantly change for any reason during the year, it will be resubmitted to the Board for authorisation. Performance against the plan is monitored by the RACC and any significant deviations reported to the Board as required.

Audit Reporting
An audit report is prepared and issued by the appointed third party provider Internal Auditor following the conclusion of each audit, including any management responses, for review by the RACC. A log of all internal audit recommendations raised during individual audits is collated and the status of action points are monitored to completion by the RACC.

B6. Actuarial Function

EICL is the only insurance entity in the Group and therefore the only one for which it is relevant to have an Actuarial Function as set out in the SII Directive.

EICL's actuarial function is the responsibility of the key function holder, who reports directly to the Board. The actuarial function is responsible for:

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

Each of these activities is undertaken at least annually and the outcomes reported to the Board.

B7. Outsourcing

Outsourcing is the use of a third party (either an affiliated entity within the same group or an external entity) to perform activities on a continuing basis that would normally be undertaken by the company. The third party to whom an activity is outsourced is a 'service provider'.

Outsourcing is considered where the Board believes that there is an advantage to the Company and its customers by using a service provider e.g. access to specialist resource, provision of services in the same jurisdiction as the customer, and cost benefits without a loss in the quality of service. The Board remains fully accountable for any activity or function outsourced and must ensure that the Company does not outsource any activity which will unduly raise its exposure to operational risk, its ability to fulfil its obligations to customers or its regulator, nor impede effective supervision by its regulator.

Robust governance and management oversight over the outsourcing process, combined with assurance provided by regular management information, are essential controls for managing outsourcing risk and these are all included within the Company's outsourcing policy. The policy also requires the Board to consider contingency arrangements if a service provider should fail.

<u>Outsourcing of critical or important operational functions or activities</u>
EHGL is a holding company and does not undertake any significant operational activity and its financial and operational management is outsourced to Strategic Risk Services (Guernsey) Limited.

EICL and EISL engage several suppliers to undertake important activities on their behalf. For each company, details of the activities and the jurisdictions they operate in are shown in the following table:

Critical Service Outsourced	Recipient Company	Jurisdiction
Underwriting, business acquisition, claims management, policy fulfilment & IPT compliance, for all lines of business, subject to delegated authorities	EICL	UK Greece
IT Helpdesk and day-to-day support	EISL	UK
Insurance Management (compliance, risk management tasks, company secretarial, accounting, banking & investments, regulatory reporting)	EICL	Gibraltar
Internal Audit	EICL	UK
Professional Services – legal and tax	EICL EISL	UK, Gibraltar UK
Management Accounting and Payroll	EISL	UK

B8. Adequacy of the System of Governance

The Group continually monitors, assesses, and enhances its system of governance. There have been no significant findings during the reporting period which have indicated to the Board that the system of governance is not adequate. The Board has in place a process of regularly evaluating the effectiveness of the systems of governance. In addition, governance falls within the remit of both internal and external audit and the risk management function continuously assesses relevant legislation, guidance, advice and best practice to ensure that the systems of governance are updated and maintained at all times. The Board also considers relevant industry advice and guidelines, for example the UK Financial Reporting Council's Corporate Governance Code, implementing these as appropriate for the size and complexity of the Group companies.

C. Risk Profile

The risk profile of the Group is not considered to be materially different to that of EICL. As such the following risk profile assessment is based on that for EICL, unless otherwise stated.

EICL faces risks spanning a range of categories including, but not limited, to those categories of risk that are encompassed by the Standard Formula and for which the holding of capital is considered an appropriate response. EICL maintains a Risk Register for recording these risks and considers these risks within the following categories:

Risk	Risk Description
Insurance / Underwriting	Insurance experience is different to current best-estimate assumptions.
Market	Adverse movement in asset values, asset income, interest rates or inflation.
Counterparty	A counterparty defaults on its obligations or fails to meet them on time.
Operational	Losses resulting from inadequate or failed internal processes, people, and systems or from external events.
Liquidity	The risk that EICL, though solvent, either does not have sufficient financial resources available to meet its obligations when they fall due or can secure them only at excessive cost.
Strategic (including Group & Reputational Risk)	Risks which can be quantified and understood, and which would have a major impact on the Group's business model and strategy. These could derive from either external or group events. The Group Risk component of strategy includes conflicts of interest, competition for financial resources, and the reputational impact from the activities of other parts of the group.

Liquidity Risk and Strategic Risk are not explicitly considered by the Standard Formula SCR but are included for completeness.

There have been no material changes in the material risks over the reporting period.

C1. Underwriting Risk

The nature of insurance business means that insurers are exposed to the possibility of claims arising on the business written. In underwriting insurance business EICL is therefore exposed to the following insurance risks:

Types of Insurance Risk	Risk Description
Premium or Pricing	The risk that the premium charged by the Company is inadequately priced or underwritten resulting in underwriting losses.
Reserving	The risk that the provisions / reserves established by the Company are not sufficient to meet the value of claims.
Catastrophe	The risk that there is a large loss arising from the insurance written.
Lapse	The risk that the rate at which policyholders cancel or do not renew their insurance is materially different to that assumed when the product is designed and priced

Underwriting concentration risk is limited due to the spread of classes, jurisdictions, and distribution channels. Where there is a significant concentration, this is mitigated via reinsurance arrangements or underwriting limits placed on intermediaries.

The overall level of underwriting risk has increased during the last 12 months in line with the growth in earned premium, driven by the Home Emergency book. The Group has a number of closed books which will run-off over the coming years and the exposures in these books combined with the growth in new business mean the Company's SCR is most sensitive to an adverse stress in Reserve Risk.

The means by which Underwriting risks are mitigated by the Company is set out below.

Premium Risk

EICL targets a balanced portfolio of insurance risks by reference to the underwriting class, risk duration, and risk driver. New business premium arises from the Surety, Assistance, and Miscellaneous Financial Loss, while the unearned premium is predominantly in Miscellaneous Financial Loss.

Most lines are distributed through intermediaries with underwriting authority delegated to them by EICL allowing them to bind business on behalf of the Company. This presents a risk in that the intermediary could underwrite outside of EICL's risk appetite, which is mitigated through robust controls, including:

- delegated authority limits being specified in the contracts with the intermediary;
- intermediaries being provided with pricing rates and underwriting guidelines which are regularly reviewed by the Underwriting Committee to ensure they are fit for purpose; and
- regular underwriting audits to review the procedures and controls of the intermediary and their compliance with the delegated authorities, pricing rates and underwriting guidelines.

Reserve Risk

The Company uses the services of external professional actuaries to assist in the determination of the reserves that EICL holds. Additional mitigation is achieved through the following processes:

- the Capital and Reserving Committee reviewing claims reserves to ensure they are appropriate;
- delegated authority holders being regularly monitored to ensure they are adhering to the claim's management and reserving philosophy and guidelines; and
- internally assessing the data quality and methodology used to calculate the reserves.

Catastrophe Risk

The Company is primarily exposed to catastrophic risks, particularly in the Surety line of business and partly driven by the requirements of the Solvency II standard model. This risk is mitigated via the use of corporate counter indemnities and Directors' guarantees as security coupled with close oversight and monitoring of the intermediary and checking adherence to the delegated authority.

Lapse Risk

The Company is exposed to lapse risk in relation to its Assistance class products. This risk is mitigated through a focus on good customer service and fair pricing of renewals.

C2. Market Risk

The Group is exposed to Market Risk through its financial assets and liabilities and its insurance assets and liabilities. The principal risk is that the proceeds from its financial assets are not sufficient to fund the obligations arising from the insurance or underwriting risk.

The main market risks which affect the Group are:

Types of Market Risk	Risk Description
Interest Rate	The risk that the fair value of interest rates adversely affects the value of assets or liabilities of the Group.
Spread	Spread risk is the sensitivity of the values of investments, primarily bonds and secured loans in respect of the Group, to changes in the level or in the volatility of credit spreads.
Property	The risk that there is a fall in the value of the property assets owned by the Group or used to secure the value of loans made by the Company.
Equity	The risk that there is a fall in the value of equities held by the Group.
Concentration	Concentration exposure is assessed in respect to exposure to any single name.
Currency	Currency risk arises from change in the level or volatility of exchange rates.

Prudent Person Principle

The Group and the Company are required to invest the assets used to cover the minimum capital requirement and the solvency capital requirement in accordance with the 'prudent person principle'. The prudent person principle defines that the assets must be invested in a manner that a 'prudent person' would (i.e. the decisions are generally accepted as being sound for the average person).

EICL assesses the cash needed over a three-year horizon based on the business plan, considering the liquidity of the assets. The bond portfolio is invested in short-dated instruments which, along with the cash and cash equivalents held, are designed to approximate the nature and duration of the insurance liabilities. In addition, the Company is exposed to medium to long term business for which the commercial property portfolio is considered an appropriate investment to counter the long-term effects of inflation.

The Investment Committee is charged with the responsibility of measuring, reporting, monitoring, control and management of the performance of all EICL's investable assets. This includes assessment of the prudent person principle.

The Investment Committee has engaged the services of external experts to assist with its responsibilities and the Board has issued terms of reference that impose limits and controls on the quality, liquidity, asset class, nature, duration and security of investments and investment assets.

The risk management actions employed to manage the individual risks are discussed below.

Interest

As interest rates fall the return on investments tends to decrease and the value of liabilities increase due to a lower discount factor. However, interest rate volatility can lead to asset valuation volatility and in particular lead to unrealised gains and losses on fixed income investments.

The Group manages interest risk by adopting a robust approach to matching its asset and liability exposures. In addition, the Group utilises third party advisers to support its investment decisions.

Spread

As credit spreads will typically be narrower for well rated securities than for poorly rated securities (and for short duration rather than long duration securities), the Group specifies credit quality limits to the conventional fixed income assets in its Investment Policy.

The Investment Management Procedures and Policy are reviewed at least annually to ensure that the mitigating guidelines in place are still appropriate for the Group and the risk environment in which it operates. There has been no material change in spread risk over the reporting period.

Property

EICL has a property investment portfolio, the majority of which consists of directly owned light industrial provincial properties which are then leased to provide a return on capital. The properties, while all based in the UK, are spread across different sectors (i.e. office, retail, industrial) to mitigate concentration risk.

The material risks presented by the property portfolio have not significantly changed over the reporting period. The Investment Committee assesses and monitors the risks presented by the property portfolio.

Equity

EHGL retains a small equity investment which is considered immaterial to the Group and does not impact the overall risk profile.

Concentration

The concentration exposure arises in respect of positions taken in the Group's bond portfolio, secured loans, and property exposures and counterparties in respect of its cash holdings and reinsurance recoveries. In respect to properties and loans, concentration exposure is considered where the individual properties are part of the same building or the same property holding company. Concentration of counterparties in respect of cash and reinsurance exposures is considered with counterparty risk in section C3.

Concentration risk in the bond portfolio is mitigated by the use of an external investment manager and investment in a pooled corporate bond fund. Concentration risk on property acquisitions is easier to control since the concentration exposure is considered as part of the due diligence on acquisition. Ongoing monitoring of the concentration risk is undertaken by the Investment Committee which monitors investment holdings against the Investment Management Policy and Procedures, which are reviewed at least annually to ensure that the mitigating guidelines in place are still appropriate for the Company and the risk environment in which it operates.

Concentration risk has remained consistent over the reporting period and the Group's risk profile is most sensitive to a fall in the value of commercial property.

Currency

The Company is exposed to two currencies, the Euro ("EUR") and British Sterling ("GBP"). All investments are held in GBP and therefore present no currency risk to the Company. The Company holds a Euro cash account for Euro premium funds and claims payments, to minimise the number of currency exchanges necessary, however it is exposed to currency risk as its accounting currency is GBP and the exchange rate will affect the value of transactions and balances.

The Investment Committee monitor currency exposure and make recommendations to the Board when appropriate. The level of currency risk is not material to the Group.

C3. Counterparty Risk

Counterparty risk (sometimes referred to as credit risk) is the risk that a counterparty will be unable to pay amounts in full when due.

The Group is principally exposed to Counterparty risk in the following areas:

- Counterparty exposure to reinsurers;
- Amounts due from insurance contract holders;
- Amounts due from insurance intermediaries; and
- Amounts held with banks and other financial institutions

The Underwriting Committee assesses the insurance and reinsurance related counterparty risk by reviewing the reinsurers' share of insurance liabilities and amounts overdue from the other insurance counterparties listed above (including how long overdue they are) at each Committee meeting. It monitors these amounts and whether they are in line with the Group's risk appetite, implementing additional risk mitigation measures or escalating to the Board if the risk appetite is exceeded. The Investment Committee considers the counterparty risk to banks and other financial institutions.

Counterparty risk presented by reinsurers is mitigated by:

- using 'A' rated reinsurers or better wherever possible;
- monitoring the credit rating of current and historic rated reinsurers;
- for non-rated reinsurers alternative mitigation measures are implemented, such as 'pay as paid' clauses in the contract or collateralised arrangements via 'funds withheld' accounts;
- using a select number of reinsurers (reducing contagion risk).

As at 30 June 2024, the largest exposure to a single reinsurer (net of collateral) amounted to 99% (2023: 99%) of the net exposures. This exposure is with an A- rated counterparty with the exposure all relating to Greek motor insurance, which is in run-off.

Counterparty risk relating to insurance contract holders and insurance intermediaries is mitigated by:

- performing due diligence on the financial stability of counterparties prior to entering into business relationships, and ongoing monitoring of same;
- some insurance intermediaries being connected parties;
- ensuring payment terms are included in business contracts; and
- requiring payment of premium in advance wherever possible.

Counterparty risk is also identified, assessed, and monitored through the Risk Register on which key market risks are recorded.

The risk mitigation measures outlined above are reviewed at least annually by the Underwriting and/or Investment Committee to ensure that they are still effective and appropriate for the Company and the risk environment in which it operates.

C4. Operational Risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people, and systems, or from external events.

EHGL is exposed to low levels of operational risk, being a holding company, as it outsources operational functions to Strategic Risk Services Limited. The majority of the operational risk in EISL is considered in assessing EICL's operational risk as its activity primarily relates to supporting the Surety and Travel Financial Failure Insurance business for the Company.

EICL's operational risk is identified, assessed, and monitored by the RACC with oversight from the Board, and recorded on the Risk Register. Mitigating measures are also recorded on the Risk Register and are monitored on a risk-based frequency. The most material categories of operational risk and how they are mitigated are set out below.

There have been no material changes to the operational risks the Group is exposed to over the reporting period. The Group's solvency is not sensitive to operational risk stresses.

Conduct and Customer risk

This risk arises where the Group behaves or operates in a way that could result in customer harm and where business decisions do not appropriately balance customer and financial implications. Conduct risk is a key consideration throughout the entire product lifecycle / customer journey and the delivery of good customer outcomes is considered in the Group's business processes and procedures. Key areas of regulatory focus include Pricing Practices reforms, new Consumer Duty rules, GI Value Measures, Operational Resilience, Outsourcing and Third Party Management.

The risk is mitigated by the following key controls:

- the Group operates a product governance framework that ensures regular assessment of the risks presented by the products and services provided;
- the Group has established an independent non executive director as its Consumer Champion and worked closely with its business partners to ensure the appropriate application of the Consumer Duty;
- the EICL Board review at each meeting detailed metrics that help to monitor and assess the outcomes achieved by the Group's customers; and
- the Group undertakes regular audits and performance reviews of its material service providers.

Technology and cyber risk

This is the risk arising from the unauthorised access, use, disclosure, disruption, modification, or destruction of information, including cyber risk which relates to criminal activity involving the unauthorised access to digital data and information assets and is mitigated by the following key controls:

- engagement of technology and cyber experts to help ensure the Group utilises appropriate and proportionate risk mitigation measures;
- ongoing training and awareness to our employees and third party partners; and
- investment in technology, as appropriate, to maintain the overall risk within appetite.

The Group was not impacted by the CrowdStrike outage in July 2024.

Outsourcing risk

This is the risk that a material service provider fails to meet its contractual obligations or goes into liquidation and is mitigated by the following key controls:

- contracts must be in place with all material service providers;
- appropriate risk assessment and due diligence must be conducted before entering into a new outsourcing arrangement; and
- at regular intervals, a service provider's stability and performance are monitored and measured against agreed service levels.

Regulatory & Legal risk

This is the risk that EICL and/or the Group breaches a regulatory or legal requirement resulting in a fine, sanction, and/or restriction/revocation of its licence.

This risk is mitigated by having sound corporate governance and internal controls, and a strong compliance culture. Internal controls are regularly assessed through the compliance monitoring programme and are also subject to internal audit. In addition, the Company has regular meetings with its Regulator and closely monitors legal developments in the jurisdictions in which it operates.

Financial crime risk
This is the risk that the Group is used as a vehicle for financial crime, e.g. money laundering, or suffers directly from financial crime e.g. is defrauded by a customer, employee or intermediary. Increased claims costs because of fraudulent claims effects EICL's profitability and potentially its solvency.

This risk is largely mitigated by having robust internal controls and corporate governance, including adhering to the 'four-eyes principle'. Internal controls are regularly monitored through the compliance monitoring programme and are also subject to internal audit.

External risk
This is the risk that an external event affects the operation of the Group or one (or more) of its material outsourced providers.

The risk is mitigated by the Group having a tested Business Continuity Plan ('BCP') and requiring such a tested BCP to be operated by its material service providers.

C5. Liquidity Risk

This is the risk that cash may not be available to pay obligations when due at a reasonable cost. EHGL and EISL have no material exposure to liquidity risk.

EICL manages its assets in such a manner to ensure an adequate proportion of invested funds is available to meet its expected and stressed cash outflows.

Liquidity risk is assessed and monitored by the Investment Committee, ensuring that there are sufficient funds available to meet both immediate and foreseeable cash flow requirements. This is done by reviewing balances in bank accounts and investments against expected requirements, bearing in mind maturities of investments and notice periods for withdrawals. Investments and cash are reviewed by the Board quarterly. The Investment Committee have set guidelines for the management of liquidity in the Investment Management Policy, which is reviewed at least annually to ensure that the mitigating guidelines in place are still appropriate for the Company and the risk environment in which it operates.

The property portfolio presents the greatest liquidity risk to the Company as property is likely to take some time to sell and a forced sale may result in a reduced return. This is mitigated by the Investment Committee adhering to the Investment Management Policy, and monitoring liquidity risk.

C6. Strategic Risk

Strategic risks are those that arise from the fundamental decisions that the Board take concerning the Group's objectives. Strategic risks are the risks of failing to achieve these business objectives. This includes Group risk which is the risk that adverse events or circumstances affecting one part of the Group damage the solvency, liquidity, results, or reputation of the other companies in the Group.

The risk is not considered material and is mitigated by the governance and risk management frameworks operating in the Group.

C7. Other Risks

The Group, along with most businesses, is currently exposed to an elevated range of external risks driven by global events such as the Ukraine War, Middle East crisis, climate change, pandemic risk, and regulatory / legislative changes. The Board believes that these external events are driving a number of outcomes which may have an adverse impact on the Group. These include:

- Inflationary changes;
- Supply chain challenges;
- Interest rate and yield curve changes;
- Decreased volume of insurable activity by retail customers;
- Reduced levels of business confidence;
- Increases in taxation;
- Pandemic risk
- Increase in the number of businesses entering administration or insolvency; and
- Increased fears over cyber-attacks.

The Board consensus is that it is not possible to make long term quantifiable forecasts on the impact of many of these risks.

The Group considers Economic, Social and Governance ("ESG") factors as part of its risk management processes, including the management of its market and credit exposures. When reviewing or considering the appointment of investment managers, account is taken of their approach with respect to sustainable investing, including voting policies and engagement.

The Group has a focus on the financial risks associated with climate change. The Board recognise the importance of understanding and managing the potential short and long-term implications of climate-related risk and have incorporated this risk within the existing risk management framework, to ensure appropriate oversight is maintained and enhanced over time. Climate change risk is classified as a driver of risks, rather than a standalone risk, reflecting its wide-reaching potential impact. Changes to the risk are monitored alongside other drivers of risk and any changes are assessed qualitatively and, if deemed appropriate, quantitatively. The output from this monitoring is an input into the Group's insurance, market, counterparty, and operational risk appetite and overall risk assessment. The Group has a low risk appetite for climate change related exposures and looks to adapt its strategy accordingly.

To support the Board in its ongoing impact assessment of these macro events the following qualitative assessment is reviewed and updated regularly:

Risk Category	Hazard	Potential Impact / Risk to the Company
Insurance	Climate Change	Increase in frequency & severity of property related claims
	Claims Inflation	General inflation risk combined with supply chain issues could result in increased claims inflation
	Insolvencies	Inflation, cash flow and loss of business confidence leads to an increase in business failures which could impact the Construction and Travel sectors
	New Business levels	The level of business is lower than hoped for driven by lower business growth and retail consumers looking to economise

Risk Category	Hazard	Potential Impact / Risk to the Company
Market	Yield curve and interest rates	Short term volatility combined with a longer-term adjustment to interest rates and yields may impact asset prices
	Property valuations	The economic downturn leads to an increase in rental defaults and /or puts pressure on rent rises to meet inflation pressures
	ESG	Restrictions in investments due to their actual or potential impact on the environment or due to social / governance factors associated with the investment.
Counterparty	Insolvencies / Downgrades	No downgrades or defaults are anticipated but there is an elevated risk and as such risk appetite is adjusted
Operational	Resilience	The Group closely monitors its operational resilience tolerances and risk appetite considering the external environment, including the risk of cyber-attack, pandemic, and disruption to the Gibraltar – Spain border.

C8. Stress Testing and Sensitivity Analysis for Material Risks

Sensitivity Testing

For all material risks, sensitivity tests are carried out to understand the impact on the business if an adverse movement occurred. In these tests, it is assumed that each change happens individually, with no change in any other risk. These tests can give valuable information about the risks the Group needs to manage or mitigate.

The impact of market movements on the solvency coverage now and over the strategic plan time horizon are assessed regularly. These assessments provide comfort that the business is resilient to market movements both now and in the foreseeable future.

Stress and Scenario Testing

Stress and scenario testing (‘SST’) is an important element of the Group’s risk management framework. A regular programme of stress and scenario testing considers what combination of events could occur that would adversely impact the business.

The Solvency Capital Requirement (“SCR”) (discussed in section E) is an example of an adverse scenario, where the main risks occur in combination. The excess of own funds above the SCR shows that even in extreme scenarios, the Group remains resilient and can continue to protect its policyholders.

As part of the SST work, each year a number of potential scenarios are identified and their impacts on the business assessed. As well as providing assurance about the resilience of the business, this exercise helps identify potential management actions that could be taken in extreme circumstances. A key outcome is that there is a broad suite of actions available and documented should this be required.
The results of this work are presented to the Board in line with the ORSA process, as discussed in section B3.

D. Valuation for Solvency Purposes

The Technical Provisions held by the Company and Group are not materially different. The Group assets are £1.6m (2023: £1.1m) higher than those in EICL (due to the investment in EISL and an insuretech company) and all restatements are made following the same methodology as for the Company. Accordingly, the information in this section relates to EICL.

D1. Assets

As at 30 June 2024, the Company held the following assets:

Asset Class	**GAAP Accounts Value (£'000)**	**Reclassification for Solvency purposes (£'000)**	**Solvency Valuation Adjustment (£'000)**	**Solvency Value (£'000)**	**Note**
Investments in properties	10,045	-	-	10,045	1
Reinsurer's share of claims outstanding	9,062	-	(525)	8,537	2
Debtors arising out of insurance operations	1,795	(1,795)	-	-	3
Deferred acquisition costs	3,523	-	(3,523)	-	4
Deferred claims fund	2,559	-	-	2,559	5
Other Assets and Prepayments	521	400	(43)	878	5
Cash and cash equivalents	964	-	-	964	6
Collective investment undertakings	26,318	-	-	26,318	6
Financial investments - other loans	1,969	-	-	1,969	7
Deferred taxation	-	-	262	262	8
TOTAL	**56,756**	**(1,395)**	**(3,829)**	**51,532**	

As at 30 June 2023, the Company held the following assets:

Asset Class	**GAAP Accounts Value (£'000)**	**Reclassification for Solvency purposes (£'000)**	**Solvency Valuation Adjustment (£'000)**	**Solvency Value (£'000)**	**Note**
Investments in properties	10,045	-	-	10,045	1
Reinsurer's share of claims outstanding	9,539	(204)	(498)	8,837	2
Debtors arising out of insurance operations	4,514	(4,514)	-	-	3
Deferred acquisition costs	3,546	-	(3,546)	-	4
Other Assets and Prepayments	544	3,095	(41)	3,598	5
Cash and cash equivalents	3,179	-	-	3,179	6
Collective investment undertakings	22,320	-	-	22,320	6
Financial investments - other loans	1,442	-	-	1,442	7
Deferred taxation	-	-	344	344	8
TOTAL	**55,129**	**(1,623)**	**(3,741)**	**49,765**	

Reclassifications for solvency purposes are reclassifications to the technical provisions, whereas solvency valuation adjustments are valuation differences applied on a line-by-line basis.

Supporting Notes

The valuation principles applied to these assets are consistent with those used in the GAAP accounts.

1. Investments in property – these are valued based on the most recent external valuation report, or cost if the acquisition was less than three years ago. Properties are valued at least every three years. The last valuation was at 30 June 2023 and the Board performed an expert judgement review of that valuation as at 30 June 2024 and determined that no adjustment was required.
2. Reinsurance share of claims provisions – The adjustments made to its reinsurance recoveries in its GAAP accounts in recording the reinsurance share of claims provisions for solvency purposes are set out in section D2, including items such as discounting, ENIDs, and defaults.
3. Debtors arising out of insurance operations – valued based on the best estimate of the recoverable value, discounted to present value where the expected recovery is greater than one year. Reclassified for solvency purposes to net off technical provisions.
4. Prepayments and deferred acquisition costs – GAAP value based on the estimated unutilised benefit as at the balance sheet date. These are disallowed for solvency purposes.
5. Other assets – valued based on the best estimate of the recoverable or realisable value. Adjustments for solvency purposes in 2024 included disallowing prepayments which are not cashflow generative and therefore disallowed under Solvency II.
6. Cash and equivalents; deposits other than cash equivalents; and collective investment undertakings (CIU) – valued at the amount held at the period end, translated using the year end exchange rate where appropriate. Includes a reallocation of the cash element of the CIU holdings.
7. Financial investments – all the financial investments for the company have been looked through to identify the underlying exposures. The cash elements of the CIU holdings have been reallocated to Cash and equivalents.
8. Deferred tax asset – the revaluation is based on the expected tax benefit once the valuation adjustments to transition to solvency valuations unwind.

D2. Technical Provisions

Technical Provisions measure the value of EICL policies and are comprised of two main calculations:

- the Best Estimate of Liabilities (BEL) which is the Company's realistic assessment of every policy's future cash flows while it remains active over the life of the contract; and
- the Risk Margin which represents the estimated cost of the capital a third-party insurer would be required to hold to support the Company's insurance business over its period of run-off.

The technical provisions by line of business are set out in the following table:

	As at 30 June 2024			As at 30 June 2023		
Line of business	Best Estimate of Liabilities (£'000)	Risk margin (£'000)	Technical provisions (£'000)	Best Estimate of Liabilities (£'000)	Risk margin (£'000)	Technical provisions (£'000)
Motor vehicle liability	5,857	31	5,888	6,030	54	6,084
Fire & damage to property	64	4	68	140	15	155
Credit and suretyship	3,848	210	4,058	3,833	412	4,245
Assistance	2,173	119	2,292	2,338	252	2,590
Miscellaneous financial loss	13,791	575	14,366	14,383	1,191	15,574
Total	**25,733**	**939**	**26,672**	**26,724**	**1,924**	**28,648**

Areas of Uncertainty in Technical Provisions

In calculating the Technical Provisions there are a number of areas where informed or expert judgement is required. The key areas of uncertainty around the calculation of technical provisions are:

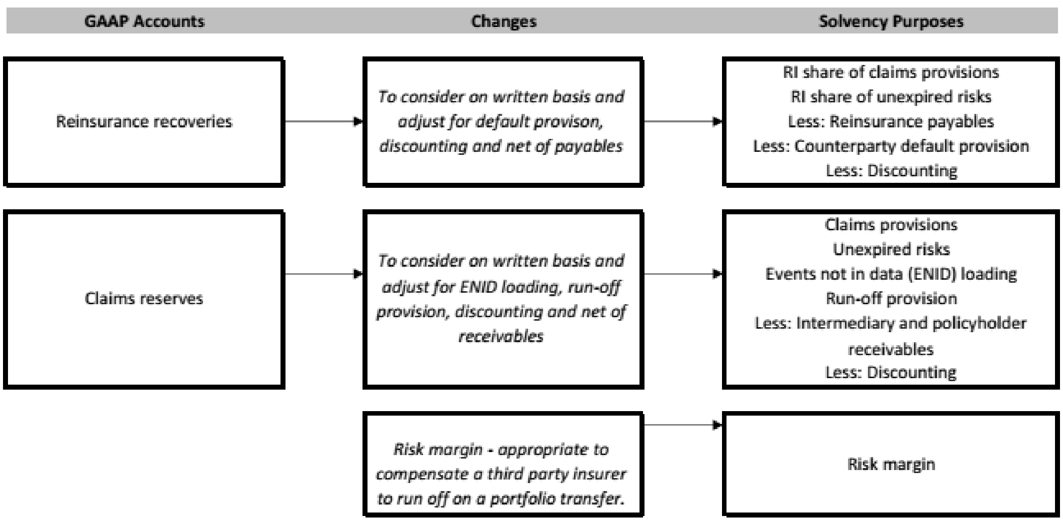
a. Estimation of outstanding loss reserves ("OSLR") – while information about claims is generally available, assessing the cost of settling the claim is subject to some uncertainty.
b. Estimation of the losses relating to claims which have been incurred but not reported ("IBNR") – this is subject to a greater degree of uncertainty than estimating the OSLR since the nature of the claims is not known at the time of calculating the technical provision.
c. Estimation of claims arising on business which has not yet expired ("unexpired risks") – this is uncertain as the claims have not yet been incurred but are expected to be incurred on the business where the Company has written premium but this has not yet been earned.
d. Market environment – changes in the market environment increase the inherent uncertainty affecting the business.
e. Events not in data ('ENID loading') – estimating a provision for events not in data is subject to uncertainty as the events being reserved for have not been observed in the data underlying the actuarial projections.
f. Provision for expenses – estimating a provision for expenses required to run-off bound obligations of the Company (assuming that new business continues to be underwritten) is uncertain due to the estimations around the period of the run-off, base costs, forecast levels of new business and inflation.
g. Risk margin – is uncertain due to the requirement to forecast future solvency capital requirements over the period of a run-off. This therefore shares the uncertainties of the runoff provision, as well as the inherent uncertainties around forecasting future solvency capital requirements.

The Company manages the risks around these uncertainties through the following actions:

- Ongoing monitoring of claims, including regular reviews of claims handling functions.
- Maintaining reinsurance arrangements to limit the impact of adverse claims development.
- Internal controls through the underwriting committee and actuarial function which monitor claims development and reinsurance arrangements.
- Regular internal and external actuarial reviews.

Reconciling GAAP Reserves to Technical Provisions

The changes required to transition from Claims Reserves in the EICL Financial Statements (GAAP Reserves) to the Technical Provisions for solvency purposes are consistent for all lines of business, and can be summarised as follows:



The detailed adjustments made by the Company to transition balances from GAAP reserves to solvency Technical Provisions are set out below. The Company has not applied the matching adjustment, volatility adjustment, transitional risk-free interest term structure or the transitional deduction in calculating its technical provisions.

1. Claims provisions – The Company is not required to make any adjustments to its claims provisions in its GAAP accounts in recording the claims provisions for solvency purposes.

   The claims provisions as at 30 June 2024 were £19,804k (2023: £19,306k). The increase from 2023 reflects a prudent management reserve of £1,000k in respect of several complex claims offset by reserve releases in the Assistance and MFL classes following the independent actuarial review.

2. Reinsurance share of claims provisions – The Company has made no adjustments to its reinsurance recoveries in its GAAP accounts in recording the reinsurance share of claims provisions for solvency purposes other than those described.

   The reinsurance share of claims provisions as at 30 June 2024 was £9,062k (2023: £9,538k). The reduction from 2024 reflects the run-off of the Greek motor book of business.

3. Premium provisions / Unexpired risks – The Company has estimated the claims which will be payable on unexpired risks (sometimes termed 'premium provisions') based on the ultimate loss ratios and large loss experience from the claims provisions.

   The premium provision as at 30 June 2024 was £7,281k (2023: £8,412k) and has reduced due primarily to a reduction in the unearned premiums on the Latent Defect Insurance lines in the MFL class of business as these lines are one year closer to being fully earned.

4. Reinsurance share of premium provisions – The Company has estimated the amounts recoverable on premium provisions based on the ultimate loss ratios and large loss experience from the claims provisions.

   The reinsurance share of premium provisions as at 30 June 2024 was £nil (2023: £nil).

5. Intermediary and policyholder receivables are transferred from technical assets to technical liabilities for solvency purposes. There are no valuation differences between GAAP accounts and intermediary and policyholder receivables for solvency purposes.

   The net insurance receivables as at 30 June 2024 were £1,076k (2023: £1,026k).

6. Reinsurance payables/receivables are netted off the reinsurance recoveries for solvency purposes. There are no valuation differences between GAAP Accounts and net reinsurance payables/receivables for solvency purposes.

   The net reinsurance payable as at 30 June 2024 was £nil (2023: £204k).

7. Events not in data ("ENID") – Technical provisions for solvency purposes are required to allow for all possible events, including those that may not have been historically realised before. Such events not presented in a set of observable historical loss data are often called events not in data.

This is a difference in valuation methodology compared to the GAAP accounts which consider prudent estimates which can be reasonably foreseen, and therefore leads to a loading on the technical provisions to consider the probability weighted effect of events which have not previously been observed.

The Company has undertaken an assessment of previously unobserved events for each line of business and sought to consider the probability weighted effect of such events and given the business model, believe that such unobserved events are unlikely.

The net ENID loading applied by the Company as at 30 June 2024 was £770k (2023: £830k).

8. Counterparty default provision – The Company has considered a provision for default by one or more of its reinsurance providers. The provision is based on the total exposure to the counterparty, the rating of the counterparty and the existence of any collateral arrangements with the counterparty. The Company estimates the counterparty default provision and considers each of the exposures, net of collateral arrangements in existence. It then applies the estimated probability of default by rating and derives a weighted average probability of default.

   As at 30 June 2024 the Company has calculated the weighted average probability of default of reinsurers to be 0.1% (2023: 0.2%), and the resultant counterparty default adjustment was £8k (2023: £19k).

9. Expense provision – Technical provisions for solvency purposes are required to take account of all expenses that will be incurred in servicing insurance obligations. This is commonly referred to as an expense or run-off provision as it therefore considers all future expenses which would be incurred to allow the existing obligations to run-off.
   The provision applied by the Company as at 30 June 2024 was £2,299k (2023: £2,142k).

10. Discounting – Discounting has been applied in the technical provisions based on the sterling yield curve as at 30 June 2024 as issued by the European Insurance and Occupational Pensions Authority ("EIOPA").

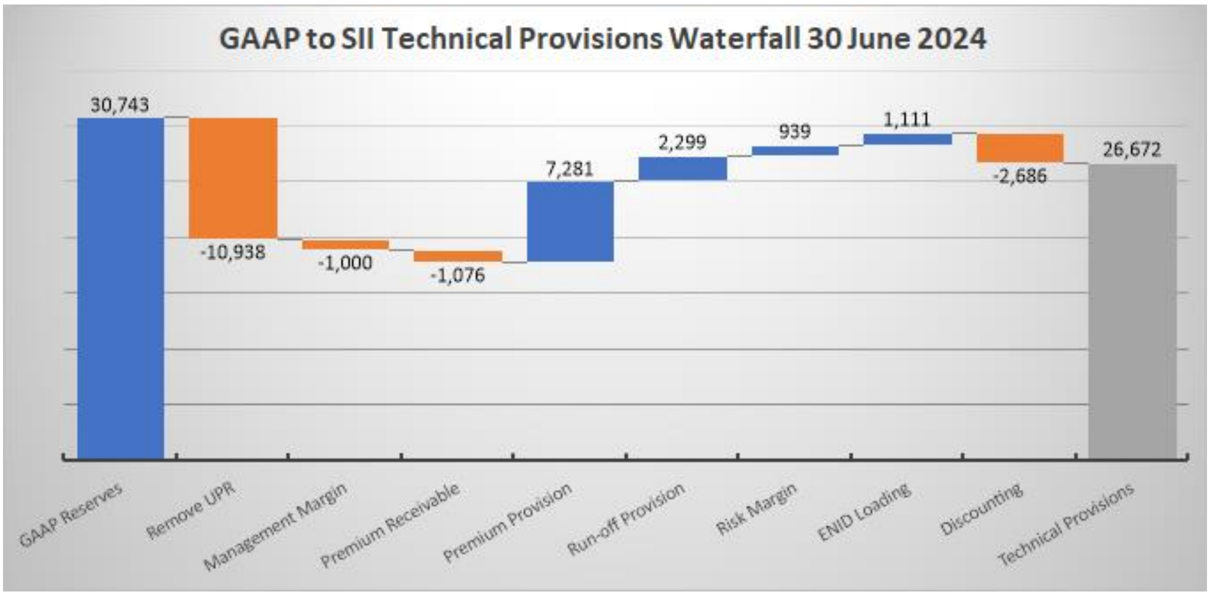
    The impact of discounting on the gross technical provisions was £2,686k (2023: £3,295k), and on the reinsurance share of technical provisions the impact of discounting was £857k (2023: £833k), the changes reflecting movements in the underlying yield curve and adjustments to the claims payment patterns.

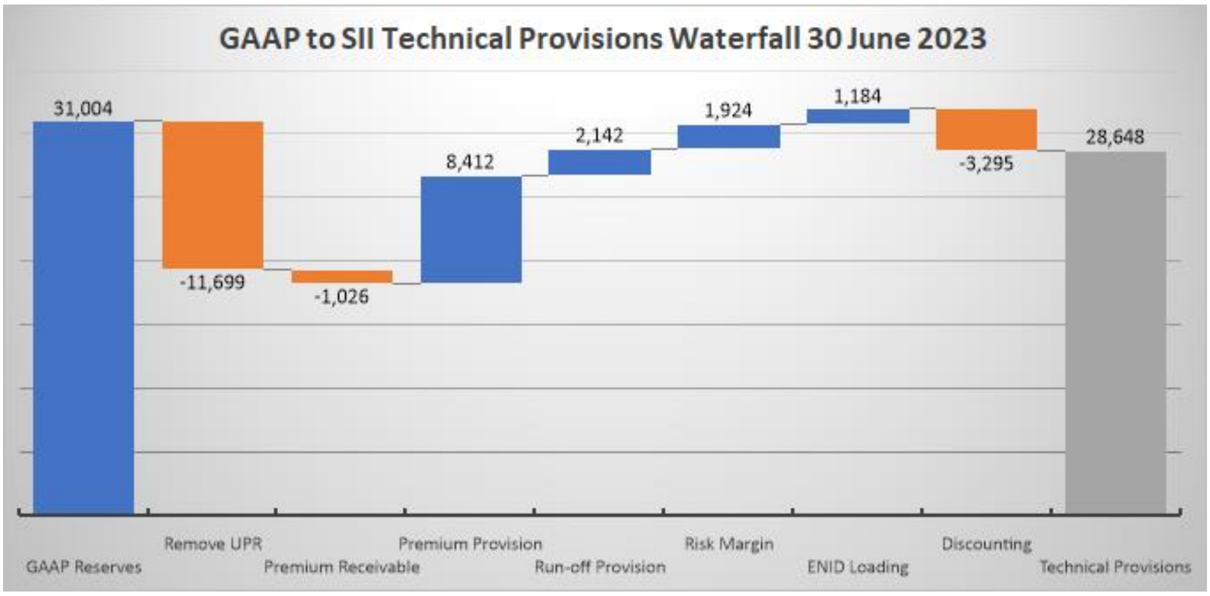
11. Risk Margin – The risk margin has been considered to ensure that the value of the technical provisions is equivalent to the amount that would be expected to have to be paid to a third party insurance company to take over and meet the insurance obligations of the Company. The risk margin has been calculated based on the estimated capital requirements to run off the Company's obligations and applying a cost of capital of 4%.

    The capital required to run-off the portfolio is based on the future estimated SCRs, taking account of operational, underwriting risk and reinsurance counterparty risk.

    This results in a risk margin as at 30 June 2024 of £939k (2023: £1,924k) with the reduction due to the lower cost of capital charge and adjustments to the claims payment patterns.

For the years ended 30 June 2024 and 2023, the reconciliation adjustments detailed above are summarised in the following charts. In these charts UPR refers to the unearned premium reserve.





<u>Reinsurance Arrangements by Line of Business</u>

The Company has entered into various reinsurance arrangements, as follows:

- Motor vehicle liability and other motor insurance – In respect of its Greek motor business, the company has a Quota Share (QS) treaty with a counterparty with an A- from a well-known rating agency.
- Miscellaneous financial loss – The Company has QS reinsurance arrangements for one book of business written in this line of business. The arrangement is with an unrated reinsurer but with collateral arrangements in place.
- There are no reinsurance arrangements in place for the other lines of business.

D3. Other Liabilities

The Company recorded the following classes of liabilities for solvency purposes:

Liability (£'000)	As at 30 June 2024 GAAP Value	As at 30 June 2024 Solvency Value	As at 30 June 2023 GAAP Value	As at 30 June 2023 Solvency Value
Accruals	383	383	372	372
Reinsurance accounts payable	225	-	204	-
Other creditors	2,702	2,607	2,803	2,409

D4. Alternative Methods for Valuation

Not applicable for the Company.

E. Capital Management

The Capital Management section of the report describes the objectives and approach that the Group takes in managing its capital position. The capital position is measured by assessing the structure, quality and level of Own Funds and the calculation of the Solvency Capital Requirement ('SCR') and Minimum Capital Requirement ('MCR') under the Standard Formula.

When managing capital, the Group has the following additional objectives:

- To ensure the Group's strategy can be implemented and is sustainable;
- To ensure the Group's financial strength and to support the risks it takes on as part of its business;
- To give confidence to policyholders and other stakeholders who have relationships with the Group; and
- To comply with Solvency II capital requirements imposed by its regulator, the Gibraltar Financial Services Commission (GFSC).

These objectives are reviewed at least annually, and risk metrics are set by which to judge the adequacy of the Group's capital. The capital position is monitored against these metrics to ensure that sufficient capital is available to the Group. The Group is required to hold sufficient capital to meet the Solvency II capital requirements based on the higher of the SCR or MCR.

The Group intends to maintain Own Funds in excess of the SCR and MCR to meet the GFSC's regulatory requirements and to maintain an appropriate additional margin over this to absorb changes in both capital and capital requirements (an 'SCR Buffer'). The level of the SCR Buffer is determined by the EICL Board and depends on various actuarial and other assumptions about potential changes in market prices, future operating experience and the actions management would take in the event of adverse changes in market conditions.

At 30 June 2024 the Company reported an excess of Own Funds over the SCR of £10.5m which equates to an SCR cover ratio of 192% (30 June 2023: £7.5m or 169%). The corresponding Group excess of Own Funds was £11.3m or 197% (2023: £8m or 172%).

E1. Own Funds

The Company classifies its own funds as tier 1, tier 2 or tier 3 depending on the characteristics of the capital and in accordance with Solvency II. Tier 1 capital is the best form of capital for the purposes of absorbing losses. The Company's available own funds are as follows:

		As at 30 June 2024		As at 30 June 2023	
Own fund item	**Tier**	**£'000**	**%**	**£'000**	**%**
Ordinary share capital	1	500	2%	500	3%
Preference share capital and share premium	1	5,121	23%	5,121	28%
Reconciliation reserve	1	15,986	73%	12,370	67%
Deferred tax asset	3	262	2%	344	2%
		21,869	**100%**	**18,335**	**100%**

The reconciliation reserve represents retained earnings and reconciliation adjustments from the GAAP balance sheet to the SII balance sheet.

The movement in Company Own Funds during the year ended 30 June 2024 was as follows:

	£'000	£'000
Own funds as at 30 June 2023		**18,335**
Accounting profit in the current year	1,958	
Solvency II valuation adjustments:		
Less: Reduction in unearned premium and DAC	(738)	
Add: Reduction in premium provision	1,130	
Add: Prudent management claims reserve	1,000	
Add: Decrease in risk margin, ENIDs and run-off provision	888	
Less: Decrease in discounting	(633)	
Less: Decrease in deferred tax assets	(82)	
Other movements	11	
Solvency II profit for the year	**3,534**	
Own funds as at 30 June 2024		**21,869**

The Group's available Own Funds are as follows:

		30 June 2024		30 June 2023	
Own fund item	**Tier**	**£'000**	**%**	**£'000**	**%**
Share capital and share premium	1	125	1%	125	1%
Reconciliation reserve	1	22,640	98%	18,624	97%
Deferred tax asset	3	137	1%	356	2%
		22,902	**100%**	**19,105**	**100%**

E2. Solvency Capital Requirement (SCR) & Minimum Capital Requirement (MCR)

The SCR of the Company as at 30 June 2024 was £11,407k (2023: £10,825k). The MCR of the Company as at 30 June 2024 was £4,226k (2023: £4,401k). The SCR and MCR of the Group are not materially different to that of the Company. The final amount of the SCR in respect of the Company and the Group remains subject to supervisory assessment.

Solvency Capital Requirement

The Company uses the Standard Formula approach for calculating its regulatory SCR and maintains its own internal view of capital. The following table shows the breakdown of the Company SCR by risk. In line with the construction of the Standard Formula SCR, the amounts for each risk module contain some diversification allowance within that module. For example, the market risk line includes diversification between property and spread risk.

The composition of the Company SCR is set out in the following table:

Solvency Capital Requirement	30 June 2024 £'000	30 June 2023 £'000
Market risks	3,465	3,247
Counterparty risks	248	413
Non-life underwriting risks	9,089	8,475
Basic SCR diversification	(2,167)	(2,112)
Operational risks	772	802
Total	**11,407**	**10,825**

The Company has not utilised simplified calculations in applying the standard model and there has been no use of undertaking specific parameters in the non-life underwriting risk calculations.

Minimum Risk Capital Requirement
The MCR is calculated in accordance with article 248 of the delegated regulations with the key inputs into the calculation being the net of reinsurance technical provisions and gross written premium over the reporting period.

Material Changes in the SCR and MCR
The SCR has increased since June 2024 driven by the Insurance risk module. The increase in Insurance risk comes primarily from the increase in exposure measure relating to projected future premiums across the main lines of business that continue to be underwritten.

E3. Non-Compliance with the MCR and Non-Compliance with the SCR

The Company has maintained capital sufficient to meet its minimum capital requirement and solvency capital requirement throughout the period covered by this report.

E4. Any Other Information

The Directors do not consider that there is any further information which should be disclosed regarding the capital management of the Company.

F. Quantitative Reporting Templates

G.02.01.02 - Balance sheet

Contents

Tabular
Microsoft Excel -based Solvency II reporting solution

		Solvency II value
	Assets	C0010
R0030	Intangible assets	0
R0040	Deferred tax assets	137
R0050	Pension benefit surplus	0
R0060	Property, plant & equipment held for own use	0
R0070	Investments (other than assets held for index-linked and unit-linked contracts)	36,828
R0080	Property (other than for own use)	10,045
R0090	Holdings in related undertakings, including participations	0
R0100	Equities	465
R0110	Equities - listed	0
R0120	Equities - unlisted	465
R0130	Bonds	0
R0140	Government Bonds	0
R0150	Corporate Bonds	0
R0160	Structured notes	0
R0170	Collateralised securities	0
R0180	Collective Investments Undertakings	26,318
R0190	Derivatives	0
R0200	Deposits other than cash equivalents	0
R0210	Other investments	0
R0220	Assets held for index-linked and unit-linked contracts	0
R0230	Loans and mortgages	1,969
R0240	Loans on policies	0
R0250	Loans and mortgages to individuals	0
R0260	Other loans and mortgages	1,969
R0270	Reinsurance recoverables from:	8,537
R0280	Non-life and health similar to non-life	8,537
R0290	Non-life excluding health	8,537
R0300	Health similar to non-life	0
R0310	Life and health similar to life, excluding health and index-linked and unit-linked	0
R0320	Health similar to life	0
R0330	Life excluding health and index-linked and unit-linked	0
R0340	Life index-linked and unit-linked	0
R0350	Deposits to cedants	0
R0360	Insurance and intermediaries receivables	0
R0370	Reinsurance receivables	0
R0380	Receivables (trade, not insurance)	0
R0390	Own shares (held directly)	0
R0400	Amounts due in respect of own fund items or initial fund called up but not yet paid in	0
R0410	Cash and cash equivalents	7,384
R0420	Any other assets, not elsewhere shown	3,378
R0500	**Total assets**	58,233

		Solvency II value
	Liabilities	C0010
R0510	Technical provisions – non-life	26,672
R0520	Technical provisions – non-life (excluding health)	26,672
R0530	TP calculated as a whole	0
R0540	Best Estimate	25,733
R0550	Risk margin	939
R0560	Technical provisions - health (similar to non-life)	0
R0570	TP calculated as a whole	0
R0580	Best Estimate	0
R0590	Risk margin	0
R0600	Technical provisions - life (excluding index-linked and unit-linked)	0
R0610	Technical provisions - health (similar to life)	0
R0620	TP calculated as a whole	0
R0630	Best Estimate	0
R0640	Risk margin	0
R0650	Technical provisions – life (excluding health and index-linked and unit-linked)	0
R0660	TP calculated as a whole	0
R0670	Best Estimate	0
R0680	Risk margin	0
R0690	Technical provisions – index-linked and unit-linked	0
R0700	TP calculated as a whole	0
R0710	Best Estimate	0
R0720	Risk margin	0
R0740	Contingent liabilities	0
R0750	Provisions other than technical provisions	0
R0760	Pension benefit obligations	0
R0770	Deposits from reinsurers	0
R0780	Deferred tax liabilities	0
R0790	Derivatives	0
R0800	Debts owed to credit institutions	0
R0810	Financial liabilities other than debts owed to credit institutions	0
R0820	Insurance & intermediaries payables	0
R0830	Reinsurance payables	0
R0840	Payables (trade, not insurance)	0
R0850	Subordinated liabilities	0
R0860	Subordinated liabilities not in Basic Own Funds	0
R0870	Subordinated liabilities in Basic Own Funds	0
R0880	Any other liabilities, not elsewhere shown	8,658
R0900	**Total liabilities**	35,330
R1000	**Excess of assets over liabilities**	22,902

G.05.01.02.01 - Premiums, claims and expenses by line of business - Table 1

Contents

		Line of Business for: non-life insurance and reinsurance obligations (direct business and accepted proportional reinsurance)												Line of Business for:accepted non-proportional reinsurance				Total
		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	Health	Casualty	Marine, aviation, transport	Property	
		C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0120	C0130	C0140	C0150	C0160	C0200
	Premiums written																	
R0110	Gross - Direct Business	0	0	0	0	0	0	0	0	1.543	0	9.437	1.235					12.214
R0120	Gross - Proportional reinsurance accepted	0	0	0	0	0	0	0	0	0	0	0	0					0
R0130	Gross - Non-proportional reinsurance accepted													0	0	0	0	0
R0140	Reinsurers' share	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
R0200	Net	0	0	0	0	0	0	0	0	1.543	0	9.437	1.235	0	0	0	0	12.214
	Premiums earned																	
R0210	Gross - Direct Business	0	0	0	0	0	0	7	0	1.693	0	8.982	2.293					12.975
R0220	Gross - Proportional reinsurance accepted	0	0	0	0	0	0	0	0	0	0	0	0					0
R0230	Gross - Non-proportional reinsurance accepted													0	0	0	0	0
R0240	Reinsurers' share	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
R0300	Net	0	0	0	0	0	0	7	0	1.693	0	8.982	2.293	0	0	0	0	12.975
	Claims incurred																	
R0310	Gross - Direct Business	0	0	0	827	0	0	-2	0	921	0	3.935	1.947					7.629
R0320	Gross - Proportional reinsurance accepted	0	0	0	0	0	0	0	0	0	0	0	0					0
R0330	Gross - Non-proportional reinsurance accepted													0	0	0	0	0
R0340	Reinsurers' share	0	0	0	827	0	0	0	0	0	0	0	78	0	0	0	0	905
R0400	Net	0	0	0	0	0	0	-2	0	921	0	3.935	1.868	0	0	0	0	6.724
	Changes in other technical provisions																	
R0410	Gross - Direct Business	0	0	0	0	0	0	0	0	0	0	0	0					0
R0420	Gross - Proportional reinsurance accepted	0	0	0	0	0	0	0	0	0	0	0	0					0
R0430	Gross - Non- proportional reinsurance accepted													0	0	0	0	0
R0440	Reinsurers'share	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
R0500	Net	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
R0550	**Expenses incurred**	0	0	0	0	0	0	0	0	511	0	6.660	429	0	0	0	0	7.599
R1200	**Other expenses**																	0
R1300	**Total expenses**																	7.599

G.05.02.01 - Premiums, claims and expenses by country

Contents

Tabular
Microsoft Excel -based Solvency II reporting solution

		Home Country	Top 5 countries (by amount of gross premiums written) - non-life obligations					Total Top 5 and home country
		C0010	C0020	C0030	C0040	C0050	C0060	C0070
R0010			GB	GR	NL	IT	0	
		C0080	C0090	C0100	C0110	C0120	C0130	C0140
	Premiums written							
R0110	Gross - Direct Business	0	12,214	0	0	0	0	12,214
R0120	Gross - Proportional reinsurance accepted	0	0	0	0	0	0	0
R0130	Gross - Non-proportional reinsurance accepted	0	0	0	0	0	0	0
R0140	Reinsurers' share	0	0	0	0	0	0	0
R0200	Net	0	12,214	0	0	0	0	12,214
	Premiums earned							
R0210	Gross - Direct Business	0	12,964	0	11	0	0	12,975
R0220	Gross - Proportional reinsurance accepted	0	0	0	0	0	0	0
R0230	Gross - Non-proportional reinsurance accepted	0	0	0	0	0	0	0
R0240	Reinsurers' share	0	0	0	0	0	0	0
R0300	Net	0	12,964	0	11	0	0	12,975
	Claims incurred							
R0310	Gross - Direct Business	0	6,798	827	5	-1	0	7,629
R0320	Gross - Proportional reinsurance accepted	0	0	0	0	0	0	0
R0330	Gross - Non-proportional reinsurance accepted	0	0	0	0	0	0	0
R0340	Reinsurers' share	0	78	827	0	0	0	905
R0400	Net	0	6,719	0	5	-1	0	6,724
	Changes in other technical provisions							
R0410	Gross - Direct Business	0	0	0	0	0	0	0
R0420	Gross - Proportional reinsurance accepted	0	0	0	0	0	0	0
R0430	Gross - Non- proportional reinsurance accepted	0	0	0	0	0	0	0
R0440	Reinsurers'share	0	0	0	0	0	0	0
R0500	Net	0	0	0	0	0	0	0
R0550	**Expenses incurred**	0	7,595	0	4	0	0	7,599
R1200	**Other expenses**							0
R1300	**Total expenses**							7,599

		Home Country	Top 5 countries (by amount of gross premiums written) - life obligations					Total Top 5 and home country
		C0150	C0160	C0170	C0180	C0190	C0200	C0210
R1400			0	0	0	0	0	
		C0220	C0230	C0240	C0250	C0260	C0270	C0280
	Premiums written							
R1410	Gross	0	0	0	0	0	0	0
R1420	Reinsurers' share	0	0	0	0	0	0	0
R1500	Net	0	0	0	0	0	0	0
	Premiums earned							
R1510	Gross	0	0	0	0	0	0	0
R1520	Reinsurers' share	0	0	0	0	0	0	0
R1600	Net	0	0	0	0	0	0	0
	Claims incurred							
R1610	Gross	0	0	0	0	0	0	0
R1620	Reinsurers' share	0	0	0	0	0	0	0
R1700	Net	0	0	0	0	0	0	0
	Changes in other technical provisions							
R1710	Gross	0	0	0	0	0	0	0
R1720	Reinsurers' share	0	0	0	0	0	0	0
R1800	Net	0	0	0	0	0	0	0
R1900	**Expenses incurred**	0	0	0	0	0	0	0
R2500	**Other expenses**							0
R2600	**Total expenses**							0

G.23.01.22 - Own funds

Contents

		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					
R0010	Ordinary share capital (gross of own shares)	1	1		0	
R0020	Non-available called but not paid in ordinary share capital at group level	0	0		0	
R0030	Share premium account related to ordinary share capital	125	125		0	
R0040	Iinitial funds, members' contributions or the equivalent basic own - fund item for mutual and mutual-type undertakings	0	0		0	
R0050	Subordinated mutual member accounts	0		0	0	0
R0060	Non-available subordinated mutual member accounts at group level	0		0	0	0
R0070	Surplus funds	0	0			
R0080	Non-available surplus funds at group level	0	0			
R0090	Preference shares	0		0	0	0
R0100	Non-available preference shares at group level	0		0	0	0
R0110	Share premium account related to preference shares	0		0	0	0
R0120	Non-available share premium account related to preference shares at group level	0		0	0	0
R0130	Reconciliation reserve	22,640	22,640			
R0140	Subordinated liabilities	0		0	0	0
R0150	Non-available subordinated liabilities at group level	0		0	0	0
R0160	An amount equal to the value of net deferred tax assets	137				137
R0170	The amount equal to the value of net deferred tax assets not available at the group level	0				0
R0180	Other items approved by supervisory authority as basic own funds not specified above	0	0	0	0	0
R0190	Non available own funds related to other own funds items approved by supervisory authority	0	0	0	0	0
R0200	Minority interests (if not reported as part of a specific own fund item)	0	0	0	0	0
R0210	Non-available minority interests at group level	0	0	0	0	0
	Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds					
R0220	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	0				
	Deductions					
R0230	Deductions for participations in other financial undertakings, including non-regulated undertakings carrying out financial activiti	0	0	0	0	0
R0240	whereof deducted according to art 228 of the Directive 2009/138/EC	0	0	0	0	
R0250	Deductions for participations where there is non-availability of information (Article 229)	0	0	0	0	0
R0260	Deduction for participations included by using D&A when a combination of methods is used	0	0	0	0	0
R0270	Total of non-available own fund items	0	0	0	0	0
R0280	**Total deductions**	0	0	0	0	0
R0290	**Total basic own funds after deductions**	22,902	22,765	0	0	137
	Ancillary own funds					
R0300	Unpaid and uncalled ordinary share capital callable on demand	0			0	
R0310	Unpaid and uncalled initial funds, members' contributions or the equivalent basic own fund item for mutual and mutual - type undertakings, callable on demand	0			0	
R0320	Unpaid and uncalled preference shares callable on demand	0			0	0
R0330	A legally binding commitment to subscribe and pay for subordinated liabilities on demand	0			0	0
R0340	Letters of credit and guarantees under Article 96(2) of the Directive 2009/138/EC	0			0	
R0350	Letters of credit and guarantees other than under Article 96(2) of the Directive 2009/138/EC	0			0	0
R0360	Supplementary members calls under first subparagraph of Article 96(3) of the Directive 2009/138/EC	0			0	
R0370	Supplementary members calls - other than under first subparagraph of Article 96(3) of the Directive 2009/138/EC	0			0	0
R0380	Non available ancillary own funds at group level	0			0	0
R0390	Other ancillary own funds	0			0	0
R0400	**Total ancillary own funds**	0			0	0
	Own funds of other financial sectors					
R0410	Credit institutions, investment firms, financial institutions, alternative investment fund managers, UCITS management companies – total	0	0	0	0	
R0420	Institutions for occupational retirement provision	0	0	0	0	0
R0430	Non regulated entities carrying out financial activities	0	0	0	0	
R0440	Total own funds of other financial sectors	0	0	0	0	0
	Own funds when using the D&A, exclusively or in combination of method 1					
R0450	Own funds aggregated when using the D&A and combination of method	0	0	0	0	0
R0460	Own funds aggregated when using the D&A and a combination of method net of IGT	0	0	0	0	0
R0520	Total available own funds to meet the consolidated group SCR (excluding own funds from other financial sector and from the undertakings included via D&A)	22,902	22,765	0	0	137
R0530	Total available own funds to meet the minimum consolidated group SCR	22,765	22,765	0	0	
R0560	Total eligible own funds to meet the consolidated group SCR (excluding own funds from other financial sector and from the	22,902	22,765	0	0	137
R0570	Total eligible own funds to meet the minimum consolidated group SCR	22,765	22,765	0	0	
	Consolidated Group SCR					
R0610	**Minimum consolidated Group SCR**	4,226				
R0630	**Ratio of Eligible own funds to the consolidated Group SCR (excluding other financial sectors and the undertakings included via D&A)**					
R0650	**Ratio of Eligible own funds to Minimum Consolidated Group SCR**	5.3869				
R0660	**Total eligible own funds to meet the group SCR (including own funds from other financial sector and from the undertakings included via D&A)**	22,902	22,765	0	0	137
R0670	**SCR for entities included with D&A method**					
R0680	**Group SCR**	11,652				
R0690	**Ratio of Eligible own funds to group SCR including other financial sectors and the undertakings included via D&A**	1.9656				

	Reconciliation reserve	C0060
R0700	Excess of assets over liabilities	22,902
R0710	Own shares (held directly and indirectly)	0
R0720	Forseeable dividends, distributions and charges	0
R0730	Other basic own fund items	262
R0740	Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	0
R0750	Other non available own funds	0
R0760	**Reconciliation reserve before deduction for participations**	22,640
	Expected profits	
R0770	Expected profits included in future premiums (EPIFP) - Life business	0
R0780	Expected profits included in future premiums (EPIFP) - Non- life business	0
R0790	**Total Expected profits included in future premiums (EPIFP)**	0

G.25.01.22 - Solvency Capital Requirement - for undertakings on Standard Formula

Contents

Tabular
Microsoft Excel -based Solvency II reporting solution

		Gross solvency capital requirement	USP	Simplifications
		C0110	C0090	C0120
R0010	Market risk	3,571		
R0020	Counterparty default risk	591		
R0030	Life underwriting risk	0		
R0040	Health underwriting risk	0		
R0050	Non-life underwriting risk	9,089		
R0060	Diversification	-2,371		
R0070	Intangible asset risk	0		
R0100	**Basic Solvency Capital Requirement**	10,880		

	Calculation of Solvency Capital Requirement	C0100
R0130	Operational risk	772
R0140	Loss-absorbing capacity of technical provisions	0
R0150	Loss-absorbing capacity of deferred taxes	0
R0160	Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC	0
R0200	**Solvency capital requirement excluding capital add-on**	11,652
R0210	Capital add-on already set	0
R0220	**Solvency capital requirement**	11,652
	Other information on SCR	
R0400	Capital requirement for duration-based equity risk sub-module	0
R0410	Total amount of Notional Solvency Capital Requirements for remaining part	0
R0420	Total amount of Notional Solvency Capital Requirements for ring fenced funds	0
R0430	Total amount of Notional Solvency Capital Requirements for matching adjustment portfolios	0
R0440	Diversification effects due to RFF nSCR aggregation for article 304	0
R0470	Minimum consolidated group solvency capital requirement	4,226
	Information on other entities	
R0500	Capital requirement for other financial sectors (Non-insurance capital requirements)	0
R0510	Capital requirement for other financial sectors (Non-insurance capital requirements) - Credit institutions, investment firms and financial institutions, alternative investment funds managers, UCITS management companies	0
R0520	Capital requirement for other financial sectors (Non-insurance capital requirements) - Institutions for occupational retirement provisions	0
R0530	Capital requirement for other financial sectors (Non-insurance capital requirements) - Capital requirement for non- regulated entities carrying out financial activities	0
R0540	Capital requirement for non-controlled participation requirements	0
R0550	Capital requirement for residual undertakings	0
	Overall SCR	
R0560	SCR for undertakings included via D and A	0
R0570	**Solvency capital requirement**	11,652

G.32.01.22 - Undertakings in the scope of the group

Contents

C0010 C0020 C0030 C0040 C0050 C0060 C0070 C0080 C0180 C0190 C0200 C0210 C0220 C0230 C0240 C0250 C0260

								Criteria of influence						Inclusion in the scope of Group supervision		Group solvency calculation
Country	Identification code of the undertaking	Type of code of the ID of the undertaking	Legal name of the undertaking	Type of undertaking	Legal form	Category (mutual/non mutual)	Supervisory Authority	% capital share	% used for the establishment of consolidated accounts	% voting rights	Other criteria	Level of influence	Proportional share used for group solvency calculation	YES/NO	Date of decision if art. 214 is applied	Method used and under method 1, treatment of the undertaking
C0010	**C0020**	**C0030**	**C0040**	**C0050**	**C0060**	**C0070**	**C0080**	**C0180**	**C0190**	**C0200**	**C0210**	**C0220**	**C0230**	**C0240**	**C0250**	**C0260**
GI	2138008P6LTB2RWKB804	LEI	Evolution Insurance Company Limited	2	limited company	2	Financial Services Co	1.0000	1.0000			1	1.0000	1		1
GB	EISL	SC	Evolution Insurance Solutions Limited	10	limited company	2	nancial Conduct Aut	1.0000	1.0000			1	1.0000	1		1
GG	213800D7V77ZGIRCU963	LEI	Evolution Holdings (Guernsey) Limited	5	limited company	2	Financial Services Commission							1		1