the warranty group

TWG Europe

Single Group Solvency & Financial Condition Report

Year-end 31st December 2016

Approved by the Board: 22nd June 2017

Report Introduction

TWG Europe Limited's Solvency and Financial Condition Report (SFCR) is prepared on a group basis and includes details of London General Insurance Company Ltd (LGI) and London General Life Company Ltd (LGL). The 'TWG Europe' Group also includes TWG Services Limited (TWGSL), which is the Group's services company, that provides administration services to the group and directly to clients.

TWG Europe has an approved waiver from the Prudential Regulation Authority (PRA) allowing for the Group to produce one single SFCR report (per Article 256 of Solvency II (Directive 2009/138/EC)).

Contents

Summary

Quick Glance Performance, Solvency and Financial Condition

Key Performance Indicator (£000s)	TWG Europe	LGI	LGL
Net Underwriting Margin	10,613	10,049	564
Total Investment Return	5,264	5,133	119
Solvency Ratio	148%	147%	122%

Business and Performance

TWG Europe specialises in the underwriting, administration and marketing of three core product lines:

- Motor Warranty, including Guaranteed Asset Protection (GAP) and ancillary insurances;
- Appliance & Technology including warranty, theft and accidental damage; and,
- Creditor including unemployment, accident and life.

These are primarily consumer insurance products that are marketed across Europe through a combination of branches and freedom of service arrangements. These are distributed on a Business-to-Business basis through relationships with a range of motor dealers, manufacturers, retailers, financial institutions and other distributors.

All European insurance operations are conducted by entities that are subsidiaries of TWG Europe Limited collectively known as TWG Europe. The Group operating entities are:

- London General Insurance Company Limited (LGI), authorised provider of general insurance contracts;
- London General Life Company Limited (LGL), authorised provider of life insurance contracts. Minimal volumes of business through entity, with no new business sought (only the run-off existing contracts and the renewal of monthly-pay-monthly-cover type products); and,
- TWG Services Limited (TWGSL), services company that provides administration services to the group and directly to clients.

Business performance has been positive in 2016, with TWG Europe, LGI and LGL all in line with the 2016 business plan and increasing profit on ordinary activities before tax in 2016 above the prior year results. The statutory reported profit on ordinary activities before tax, for TWG Europe in 2016 is £12.7m.

LGI continues to be the focus of the business with Auto and Appliance and Technology (A&T) markets continuing to be the focus of the business growth strategy. LGL continues to seek no new business, only run-off and renewal of existing business.

The only material change in business profile, in the period, was LGI entering a 20% outward quota-share reinsurance, with an affiliated company.

Systems of governance

The group is structured to be aligned across all entities, including LGI and LGL. The group is structured to provide robust corporate governance, at least meeting all required standards of regulated insurance companies/groups. This is manifested, at a fundamental level, in how the Board, Management and the Management Committees are structured and a three lines of defence model is used throughout the business.

There have been several senior management and controlled function holder changes in the period, as TWG Europe positions itself for growth.

This section of the report details how TWG Europe group (“the Group”) is structured and ensures good governance in the management and operation of the group, including the group’s governance framework. This section also details the fit and proper requirements set out by the group for senior leaders in the business, as well as the role and integration of key control functions within the Group.

Risk Profile

The risk appetite and profile of the Group has not materially changed in the year. Strategic risks continue to be the focus of the Group, with experience, inherent product proposition, strong management oversight and strong control environments mitigating insurance, financial and operational risks.

This section of the report considers the material risk to which the Group is exposed, reflecting current exposures and profile, relevant monitoring and sensitivities, concentrations (where relevant) and mitigation. The below details the quantification of the undiversified risks components of the Solvency Capital Requirement (SCR)[1]:

Components of the SCR (undiversified) (£000s)	TWG Europe	LGI	LGL
Non-life underwriting risk (Insurance Risk)	69,029	69,029	-
Health underwriting risk (Insurance Risk)	5,727	5,630	65
Life underwriting risk (Insurance Risk)	639	-	636
Market risk	11,658	10,704	1,081
Counterparty default risk	8,363	5,581	-
Operational risk	6,503	6,265	238

Valuation for solvency purposes

Standard valuation techniques used as detailed in the regulation 2015/35 (Delegated Act) that supplemented Directive 2009/138/EC (Solvency II).

TWG Europe has a simple balance sheet relative to other financial services firms. Investment assets are traded on regulated exchanges with transparent mark to market valuations. The material difference between the UKGAAP and Solvency II balance sheet is the change in basis valuation from UKGAAP reserves to best estimate and risk margin valuations (Technical Provisions). Valuation of other assets and liabilities broadly aligns to the valuation principles of UKGAAP.

Capital Management

TWG Europe, LGI and LGL hold capital in excess of their respective risk appetite buffers (which are set as a percentage above regulatory capital requirements) at 31st December 2016. LGI and the Group has approval for the use of an Undertaking Specific Parameter (USP) for the non-life miscellaneous financial loss premium parameter to calculate the reported year end SCR at 31/12/2016. LGI's Solvency II regulatory capital requirement is the Solvency Capital Requirement (SCR) and for LGL it is the absolute Minimum Capital Requirement (aMCR):

Regulatory Solvency (£000s)	TWG Europe	LGI	LGL
Capital Requirement	84,592	82,244	3,332
Eligible Own Funds (on basis to meet requirement)	125,177	120,748	4,062
Solvency Ratio	**148%**	**147%**	**122%**

LGI and LGL continue to have a financial strength rating from AM Best of A-.

There were three material changes impacting capital management of LGI in the period:

- securing of outward quota share reinsurance, resulting in a reduction in Own Funds to secure the placement and a reduction in the SCR for the sharing of risk secured;
- approval of the aforementioned USP, resulting in a reduction of the SCR; and,
- a full allocation of share capital, resulting in an increase of equity amounting to £19m, increasing own funds. This issuance of share capital ensured the prompt coverage of the Solvency II capital requirement (for more information please see section *E.3*).

For LGL, the following material capital management changes arose in the period:

- an interim-dividend payment of £3m was made in the period; and,
- a share capital reduction of £1.5m was effected by repayment to the shareholder, reflecting surplus share capital

[1] Throughout the report, LGI's SCR is quantified including the approved Undertaking Specific Parameter (USP). This is explained further in section *E.2 Solvency Capital Requirement and Minimum Capital Requirement* of this report.

Material Emerging Risks

The key emerging risk currently being managed and monitored closely by TWG Europe is Brexit. Inherently this risk is significant to TWG Europe, as a European insurance group, which relies on passporting rights within the EU to conduct business. This risk is closely controlled with a dedicated Brexit project team whose primary objective is to ensure that TWG Europe can continue to conduct and service its core business in its current territories of operation.

Regulatory change as a category remains an emerging risk for the group, with regulation such as the General Data Protection Regulation (GDPR) and the Insurance Distribution Directive (IDD) all being finalised by law and regulation. TWG Europe has ongoing work streams and projects to ensure that policies, process and controls continue to be suitable or are enhanced where appropriate.

Directors' statement

We acknowledge our responsibility for preparing this Single Group Solvency and Financial Condition Report (SFCR) in respect of TWG Europe, LGI and LGL in all material respects in accordance with the PRA Rules and the Solvency II Regulations.

We are satisfied that:

a. throughout the financial year in question, except for point b) below, TWG Europe, LGI and LGL have complied in all material respects with the requirements of the PRA Rules and the Solvency II Regulations as applicable at the level of the group;

b. from 1st January 2016 to 26th May 2016, TWG Europe's and LGI's eligible own funds were less than the Solvency II Solvency Capital Requirement (SCR). A capital remediation plan to address these regulatory capital shortfalls has been adequately completed, with a material surplus above regulatory capital held at 31/12/2016, with an appropriate control environment and capital management process to ensure a reasonable surplus above requirements continues;

c. it is reasonable to believe that the Group, TWG Europe, and each of LGI and LGL have continued to comply subsequently, and will continue so to comply in future; and,

d. The SFCR has been prepared in all material respects in accordance with the Prudential Regulation Authority (PRA) Rules and the Solvency II Regulations.

James Insley

James Insley
Director

22nd June 2017

A. Business and Performance

A.1. *Business profile*

The Warranty Group/TWG is the brand name of our global business. The Warranty Group is the world's largest single-source provider of extended warranty solutions, with over 50 years in the warranty business. Products cover many consumer goods including automobiles, consumer electronics, and major home appliances. The Warranty Group enjoys long-lasting client relationships with market-leading partners across the globe. The Warranty Group has operations globally and is headquartered in Chicago, IL, USA.

TWG Europe specialises in the underwriting, administration and marketing of three core product lines:

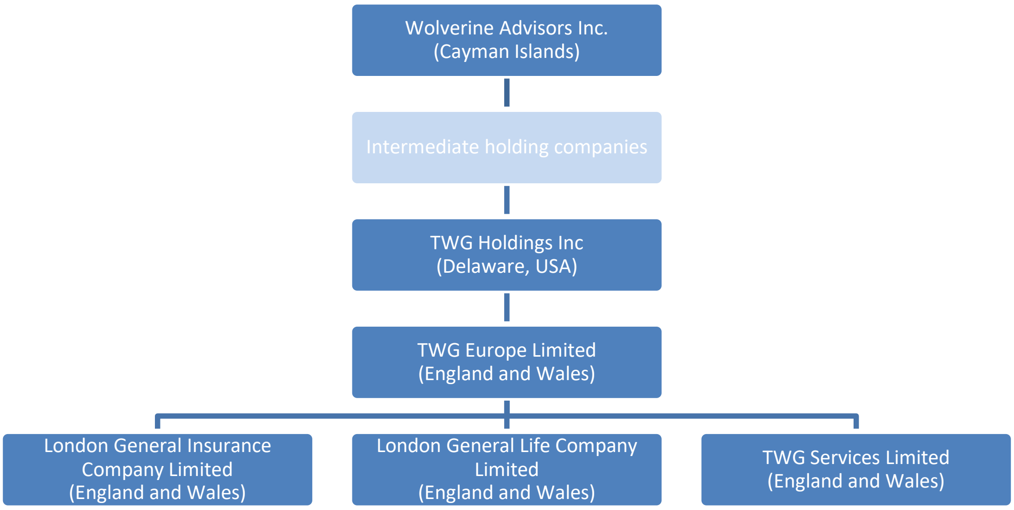
- Motor Warranty including Guaranteed Asset Protection (GAP) and ancillary insurances;
- Appliance & Technology including warranty, theft and accidental damage; and,
- Creditor including unemployment, accident and life.

These are primarily consumer insurance products that are marketed across Europe through a combination of branches and freedom of service arrangements. These are distributed on a Business-to-Business basis through relationships with a range of motor dealers, manufacturers, retailers, financial institutions and other distributors.

All European insurance operations are conducted by entities that are subsidiaries of TWG Europe Limited collectively known as TWG Europe. The Group operating entities are:

- London General Insurance Company Limited (LGI), authorised provider of general insurance contracts;
- London General Life Company Limited (LGL), authorised provider of life insurance contracts. Minimal volumes of business through entity, with no new business sought (only the run-off existing contracts and the renewal of monthly-pay-monthly-cover type products); and,
- TWG Services Limited (TWGSL), services company that provides administration services to the group and direct to clients.

A simplified corporate structure is displayed below, with corporate registered locations identified in bracket:



All the above-mentioned companies are private companies limited by shares. The ultimate holding company is Wolverine Advisors Inc. which is incorporated in the Cayman Islands. This is also the parent undertaking of the largest group of undertakings of which the Company is a member. The Company is the parent undertaking of TWG Europe Group and is ultimately owned by private shareholders.

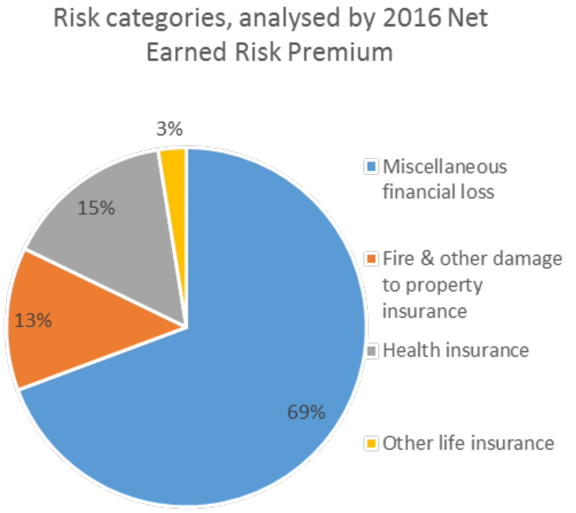
There were no holders of qualifying holdings in the Company as at 31 December 2016. A 'qualifying holding' is defined as a direct or indirect holding in the firm or group which represents 10% or more of the capital or voting rights or which makes it possible to exercise significant influence over the management of the firm or group.

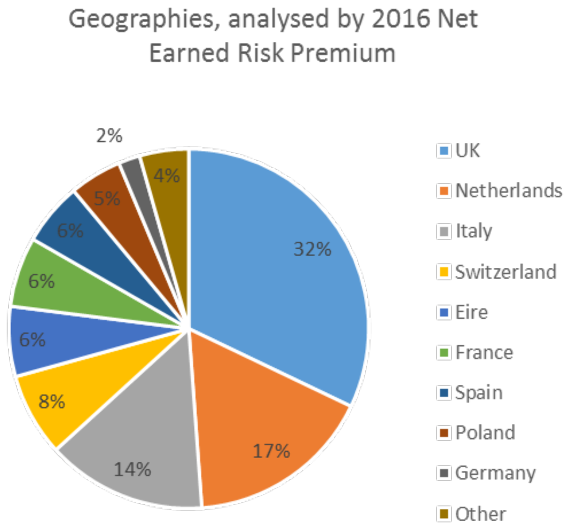
LGI and LGL are authorised by the Prudential Regulatory Authority[2](PRA) and are dual regulated by the Financial Conduct Authority[3] (FCA) and the PRA. TWGSL is authorised and regulated by the FCA only. Each entity has branches across Europe to conduct business. TWG Holdings Inc is regulated by the Delaware Department of Insurance[4].

TWG Europe, LGI, LGL and TWGSL Head Offices are in Staines, UK, with additional offices in:

- Mitcheldean, UK - operations centre and support functions
- Amsterdam, Netherlands - sales and operations centre;
- Warsaw, Poland - sales and operations centre; and,
- Milan, Italy – sales centre.

TWG Europe engages in business across Europe, with the below detailing geographic and Solvency II line of business, quantified by Net Earned Risk Premium (NERP):





Ernst & Young LLP (EY) has been appointed as the statutory auditor to the Group and solo entities of the Group. Contact details for the Audit firm are: EY, 25 Churchill Place, London, E14 5EY, United Kingdom.

Details of Report

This Report has been prepared in line with Chapter XII of Title 1 and Chapter V of Title II of the regulation 2015/35 that supplemented Directive 2009/138/EC. Additionally, this report complies with the commission implementing regulation (EU) 2015/2452 and EIOPA Guidelines on Reporting and Public Disclosure requirements. The financial TWG Europe Group is aligned to the Group position considered within the report, with the Service company fully consolidated as an ancillary services undertaking. It is for this reason that TWG Europe doesn't equal LGI plus LGL.

Whilst the PRA has made use of the option in Article 51(2) of Directive 2009/138/EC, not to require disclosure of any imposed capital add-ons, TWG Europe, LGI and LGL can confirm that no such add-on is required or has been applied by the PRA at the valuation date or within the period (31st December 2016 or through 2016).

This report details the Group's position as at 31st December 2016 as supplemented by the Notice issued by the Prudential Regulation Authority dated 14th March 2017 relating to Undertaking Specific Parameters.

Unless otherwise stated, financial information contained within the report, including the quantitative reporting templates (QRTs) in Appendix B, are in thousands of pounds Sterling (i.e. 10 = GB£10,000), as set out in Article 2 of the commission implementing regulation (EU) 2015/2452.

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[2] Contact details for the PRA can be found at http://www.bankofengland.co.uk/pra/Pages/default.aspx . TWG Europe's supervisory contact is Prudential Regulation Authority, 20 Moorgate, London, EC2R 6DA.

[3] Contact details for the FCA can be found at https://www.fca.org.uk/ . As TWG Europe is a low risk firm to the FCA's objectives, no direct supervisory contact is given to the group, but the FCA Relationship Centre can be contacted on 0300 500 0597.

[4] The Delaware Department of Insurance can be contacted on (302) 674-7300 / http://insurance.delaware.gov/contact/

A.2. *Underwriting Performance*

TWG Europe's underwriting performance remains strong, with positive contribution[5] from all entities and all functional lines of business in 2016. In terms of Solvency II line of business, miscellaneous financial loss performed better than planned for, helping offset the slightly worse than anticipated performance in fire and other damage to property class.

Performance of Insurance activity was very closely aligned to planned volumes on an earned and margin basis. The below details underwriting performance by Solvency II line of business and by geographical split:

TWG Europe – Underwriting Performance 2016 (£000s)	Fire and other damage to property insurance	Miscellaneous financial loss	Health insurance	Other life insurance	Total
Net Premium Written	5,761	48,821	9,914	4,907	**69,404**
Net Premium Earned	15,598	96,435	18,265	5,474	**135,772**
Claims Incurred	8,442	27,666	7,662	919	**44,689**
Expenses Incurred	9,532	57,086	9,703	4,148	**80,470**
Net Underwriting Performance	**-2,376**	**11,682**	**900**	**406**	**10,613**

TWG Europe – Underwriting Performance - Fire and other damage to property insurance and Miscellaneous financial loss (£000s)	United Kingdom	Italy	Poland	Germany	Other	Total
Net Premium Written	35,306	2,697	2,998	4,923	8,658	**54,582**
Net Premium Earned	51,131	15,567	12,293	2,568	30,474	**112,033**
Claims Incurred	14,191	6,972	2,354	689	11,902	**36,108**
Expenses Incurred	30,404	9,257	7,310	1,527	18,121	**66,619**
Net Underwriting Performance	**6,535**	**-662**	**2,629**	**352**	**451**	**9,306**

TWG Europe – Health and Life (£000s)	United Kingdom	Netherlands	Ireland	Belgium	Other	Total
Net Premium Written	1,644	7,766	4,113	919	380	**14,822**
Net Premium Earned	1,749	15,027	4,728	1,220	1,014	**23,739**
Claims Incurred	561	6,521	1,135	388	-23	**8,581**
Expenses Incurred	976	9,003	2,530	664	678	**13,852**
Net Underwriting Performance	**212**	**-497**	**1,063**	**169**	**360**	**1,307**

LGI – Underwriting Performance 2016 (£000s)	Fire and other damage to property insurance	Miscellaneous financial loss	Health insurance	Total
Net Premium Written	5,761	48,821	9,986	**64,568**
Net Premium Earned	15,598	96,435	17,821	**129,854**
Claims Incurred	8,442	27,666	7,534	**43,642**
Expenses Incurred	9,532	57,086	9,545	**76,163**
Net Underwriting Performance	**-2,376**	**11,682**	**743**	**10,049**

LGI – Underwriting Performance - Fire and other damage to property insurance and Miscellaneous financial loss (£000s)	United Kingdom	Italy	Poland	Germany	Other	Total
Net Premium Written	35,306	2,697	2,998	4,923	8,658	**54,582**
Net Premium Earned	51,131	15,567	12,293	2,568	30,474	**112,033**
Claims Incurred	14,191	6,972	2,354	689	11,902	**36,108**
Expenses Incurred	30,404	9,257	7,310	1,527	18,121	**66,619**
Net Underwriting Performance	**6,535**	**-662**	**2,629**	**352**	**451**	**9,306**

LGI – Underwriting Performance - Health risk (£000s)	United Kingdom	Netherlands	Ireland	Belgium	Other	Total

[5] Contribution = Net Earned Risk Premium – Net Claims Incurred

Net Premium Written	1,585	3,431	3,792	855	323	9,986
Net Premium Earned	1,566	10,669	3,887	1,156	544	17,821
Claims Incurred	559	5,556	1,063	388	-31	7,534
Expenses Incurred	839	5,714	2,082	619	291	9,545
Net Underwriting Performance	168	-601	743	149	284	743

LGL – Underwriting Performance 2016 (£000s)	Health insurance	Other life insurance	Total
Net Premium Written	-72	4,907	4,835
Net Premium Earned	444	5,474	5,918
Claims Incurred	128	919	1,047
Expenses Incurred	159	4,148	4,307
Net Underwriting Performance	157	406	564

LGL – Underwriting Performance 2016 (£000s)	United Kingdom	Netherlands	Ireland	Spain	Other	Total
Net Premium Written	59	4,335	321	64	57	4,835
Net Premium Earned	183	4,358	841	64	471	5,918
Claims Incurred	2	965	72	0	8	1,047
Expenses Incurred	137	3,289	449	45	387	4,307
Net Underwriting Performance	44	104	320	19	76	564

TWG Europe utilises profit share arrangements that share the profits with clients to ensure aligned commercial interests in the group's products.

The impact of risk mitigation techniques on underwriting performance can be seen in the 's.05' Quantitative Reporting Templates (QRT forms), which are included in Appendix B. Reinsurance mitigation is considered fully effective at the valuation date.

A.3. *Investment Performance*

TWG Europe's investment performance was marginally below yield in 2015, as historic higher yielding investments mature and are reinvested in lower yielding in investments. Unrealised gains contributed to the better overall investment return seen in 2016, attributable, in the main, to favourable foreign exchange movements.

Despite a difficult trading environment with many macroeconomic events throughout the year, the prudent investment approach taken by the Group has ensured protection of principal and steady yields for both LGI and LGL. A summary of investment performance is detailed below:

Investment Performance 2016 (£000s)	TWG Europe	LGI	LGL
Total Investment Income	6,378	6,114	251
Investment expenses	-296	-276	-19
Realised gains/losses	-2,053	-1,994	-59
Unrealised gains/losses	1,235	1,289	-54
Total Investment Return	**5,264**	**5,133**	**119**

The Group does not sponsor, transfer to or utilise in any other way, other than for the purposes of investment, in securities assets. Securitised assets are restricted in concentration to a maximum of 10% of the investment portfolios of LGI and LGL. At the valuation date, investments in securitised assets were valued at c2.5% for LGI and 0% for LGL, of the respective investment portfolios, with no additional investments at the group level. Details of securitised assets are provided below:

Securitised assets (£000s)	TWG Europe	LGI	LGL
RMBS (Retail Mortgage Backed Security)	1,787	1,787	-
ABS (Asset Backed Security)	4,118	4,118	-
Total securitised assets	**5,905**	**5,905**	**-**

A.4. *Performance of other activities*

No other material lines of business are pursued by the Group; however, as part of the group's product offering, the group receives administration fees from The Warranty Group Services (Isle of Man) Limited (a related company, within the global group), and fees for administration services provided direct to clients.

In addition, foreign exchange movements are considered below.

Other income below includes: other non-administration fee income from fellow group undertakings outside of the TWG Europe Group.

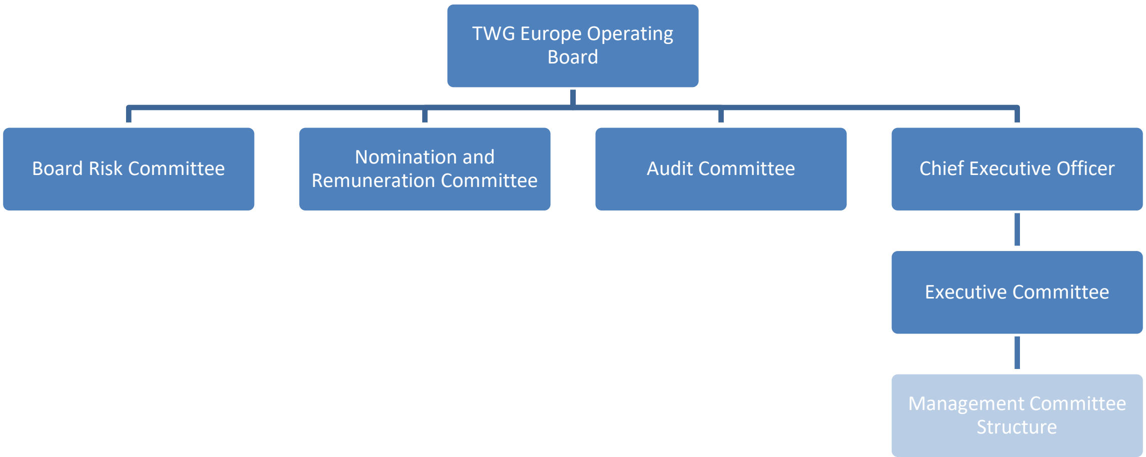
Other Income 2016 (£000s)	TWG Europe	LGI	LGL
Net foreign exchange gains/losses	1,302	1,068	102
Administration fees - fellow group undertakings	6,079	-	-
Administration fees - third parties	8,485	-	-
Other income	1,937	132	-
Gain / (loss) on sale of fixed assets	20	-	-
Total Other income	17,823	1,200	102

B. System of Governance

B.1. *General information on the system of governance*

Board Structure

Each entity within the group, has a separately constituted Board, but delegates all power to a single TWG Europe Operating Board, except for reserved matters. The single operating Board has identical membership to those of the individual companies, ensuring alignment. The Board has a separate Risk Committee, Audit Committee, and, Nomination and Remuneration Committee and delegates management responsibility through the European Chief Executive Officer (CEO). The structure is depicted below:



Each of the Board committees has a defined Terms of Reference. Appropriate segregation of responsibilities and non-executive oversight is achieved in several ways, including: non-executive directors as Chairs of the Board level committees; membership of each committee consisting of a majority of non-executive directors; and conflicts of interest documented with any mitigating action in place where necessary.

Board Members

- John Kelly – Non-executive Chairman LGI, LGL, TWG Europe, TWGSL;
- Geoff Shanks – Non-executive Director LGI, LGL, TWG Europe, TWGSL;
- (Elizabeth) Jane Owen – Non-executive Director LGI, LGL, TWG Europe, TWGSL;
- Gary Jennison[6] – Chief Executive Officer Europe, Director LGI, LGL, TWG Europe, TWGSL;
- Edward Wagner – Chief Underwriting and Actuarial Officer, The Warranty Group Inc., Director LGI, LGL, TWG Europe, TWGSL; and,
- James Insley – Chief Financial Officer, Europe (for LGI, LGL, TWG Europe & TWGSL).

Board Structure

	Board	Risk Committee	Audit Committee	Nomination and Remuneration Committee
Chairman	John Kelly	Jane Owen	Geoff Shanks	John Kelly
Members	Geoff Shanks Jane Owen Gary Jennison Edward Wagner James Insley	Geoff Shanks Edward Wagner	Edward Wagner Jane Owen	Jane Owen

[6] At 31/12/2016, Mr Jennison remained the CEO and Director of the TWG Europe companies. On 7th February 2017, Mr Jennison left TWG Europe. Rich Green was appointed CEO designate on 14th February 2017, with written approval from the regulator of approval of the appointment received in May 2017.

Board committee objectives

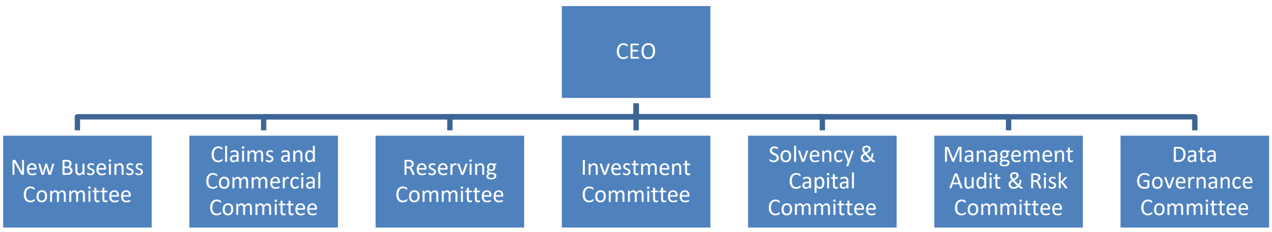
Board	The overriding objective of the Operating Board is the effective overall governance of the Companies and specifically to assume direct responsibility for: Strategy and Management; Risk Appetite, Tolerance and Limits; Corporate Policies; Financial reporting and controls; Structure and Capital; Internal Controls; Major Capital projects; Major contracts; Communication; Senior executive appointment; and Delegation of authority.
Risk Committee	• oversee the effectiveness and appropriateness of the TWG Europe Risk Management Framework; • ensure that the Risk Management Framework includes appropriate risk management strategy, policies, processes, internal reporting procedures, governance and oversight; and, • ensure that all responsibilities for risk management and related governance are appropriately allocated and resourced
Audit Committee	• to oversee the Companies' financial reporting, financial and internal controls and internal audit functions; • to oversee the Companies' relationships with external auditors; and, • to liaise as necessary with the other standing committees of the Board including, in particular, its Risk Committee.
Nomination and Remuneration Committee	Assist in the Board's oversight of HR policies and practices including: • formal, rigorous and transparent procedures for the appointment of directors, senior executives and Controlled Function holders. (as defined by the PRA and FCA); • formal and transparent policies and procedures for appropriate executive and director remuneration; and, • appropriate independence to avoid conflicts of interest

Changes to the Board in 2016

In the period James Insley and Edward Wagner were appointed to the Board membership. Mr Wagner is the Chief Underwriting and Actuarial Officer for The Warranty Group Inc.. Mr Insley was added to the Board as an Executive Director in 2016, and holds the positon of Chief Financial Officer of TWG Europe. All other members of the Board remained unchanged through the period.

Management Committee Structure

As defined in the Board structure above, TWG Europe has in place a 'Management Committee Structure' to ensure the appropriate oversight of performance, activity and risks within the business. This committee structure is defined below:



The committees each has a Terms of Reference, which define the committee's: membership, quorum, objectives and responsibilities. Each committee above has a core membership consisting of relevant individuals of the senior management team. These committees are noted within the Risk Profile section of the report as they provide significant oversight and management of the material risks that the Group is exposed.

A summary of the objectives of each committee is detailed below:

New Business Committee	Provide oversight and approval of high risk new business propositions, including considering the commercial, underwriting, regulatory and solvency, risk, reputational, practical and customer and conduct elements relating to new business propositions
Claims and Commercial Committee	Oversight of existing business, including business performance (overall and against latest projections and plans), renewals, changes to existing deal structures including commercials, underwriting and risk coverage, overview of Underwriting reviews and insurance aggregate and concentration exposures.
Reserving Committee	Committee responsible for the approval and oversight of reserving processes, policies and outputs. Actuarial reviews are overseen by the committee.
Investment Committee	Oversees the investment profile, including Investment Manager adherence to Investment Guidelines. Committee reviews the Investment Strategy, proposing any changes or recommendations to the Board. Credit and Liquidity risk exposures are also overseen by the committee.
Solvency and Capital Committee	Oversight of regulatory and economic capital calculations and their Management approval. This includes Model processes, documentation and validation.

Management Audit & Risk Committee	Oversight of Enterprise Risk Framework, Operational Risks, including Compliance and Operational Governance. This includes Operational issues, events and near misses, compliance plans, conduct risks and reporting, as well as providing holistic oversight of governance and corporate policies at TWG Europe
Data Governance Committee	Oversight of the data risks, processes and issues within the business. This includes ensuring appropriate escalation to functions and individuals where required. The Committee is also responsible for the oversight of wider IT controls and process, and oversight of the GDPR project and associated activity to ensure compliance.

Remuneration

TWG's compensation philosophy is based on five key principles:

- Attraction and Retention: Attract, motivate, engage and retain highly qualified employees whose talents are critical to TWG's success and competitive advantage using monetary and non-monetary methods;
- Pay for Performance: Drive a culture of meritocracy by emphasizing the appropriate level of variable compensation tied to TWG's and individual performance;
- Market Driven: Make market and data based decisions and appropriately align to competitive market pay practices and levels in each country;
- Short and Long-term Success: Promote and reward high performance in the short (i.e. annual) and, where appropriate, long-term to support TWG's long-term strategy; and
- Ethics and Values: Support the company's values and to the greatest extent possible, ensure that compensation practices do not drive unethical behaviours for monetary gain.

Non-executive directors are paid fixed fees to fulfil their roles.

The remuneration structure for employees of TWG Europe is within standard salary metrics and associated corporate benefits; with discretionary bonus schemes, available to selected corporate and sales functions. The focus is to ensure that fixed compensation is appropriate for all roles, with external benchmarking and performance reviews regularly updating and ensuring fair compensation for our staff.

For eligible corporate staff, bonus payments are based on individual commitments and company performance for net retained revenue and pre-tax income – during 2016 this objective was split 50/50 between individual commitments and company and global group performance. Sales staff bonus structure is based on similar principles, with increased focussed on the performance of the accounts managed by each individual, ensuring income and profit are above targets (aligned to the business plan).

In addition, Long Term Incentive Plans are provided to senior leaders in the business, based again on individual performance and aligned to the long-term performance of the Group.

No supplementary pension or early retirement schemes are in place at TWG Europe.

Material transactions in the Period

This section details information about material transactions during the reporting period with shareholders, with persons who exercise a significant influence on the undertaking, and with members of the Board.
There were three relevant transactions in the period:

- LGI's issuance of ordinary shares, that were purchased at par value by the immediate parent company, TWG Holdings Inc.;
- LGI's outward reinsurance program was placed with Virginia Surety Company Inc., a fellow subsidiary of the parent company of the Group; and,
- a non-material shareholding purchase, by the Chairman, In Wolverine Advisors Inc., the corporate controller of TWG Europe Limited

B.2. *Fit and proper requirements*

TWG Europe applies strict criteria to individuals within defined 'significant roles'. All controlled function roles are included within the list of significant roles, including Board members. Appropriate and diligent enquiries into individuals is conducted before employment, with appropriate review and consideration as part of performance management. TWG Europe acknowledges that the scope and nature of enquiries and checks vary between different roles, however in most cases the following criteria will be appropriate, as stated in TWG Europe's Fit and Proper policy, TWG Europe will assess at least the following in respect of the individuals applying for or holding a significant role:

- relevant qualifications and previous employment;
- personal probity and character, including financial and criminal background checks;
- management competencies, as appropriate to the role;
- relevant technical competence for the proposed function as applicable to the business activities of TWG Europe; and,
- demonstration of due skill, care, diligence and compliance with the relevant standards of the area/sector they have worked in.

Post appointment of an individual to a significant role, periodic checks and assessments are made, focussing on ongoing probity and character, including changes to financial or criminal checks and ongoing relevant technical competence, due care skill and diligence.

The skills, knowledge and composition of the Board are assessed through the Board annual effectiveness review, which is designed to ensure that all relevant area of required expertise are covered collectively by the Board Members.

B.3. *Risk Management System*

TWG Europe has in place a robust Risk framework that details the approach and oversight principles of all the key risks within TWG Europe's risk universe. TWG Europe has classified its risks within five key risk categories: Insurance Risk (applicable to Non-life, Health and Life business); Financial Risk (comprising Market, Credit and Liquidity risks); Strategic and Regulatory risk (including Emerging risks); Operational risk; and, Conduct and compliance risk.

Risks are managed at an entity and aggregate Group level consistently, with a harmonised approach to business governance and performance aligned to this approach.

Each of these high-level risk categories are used to aid effective management and oversight of the key risks to which the group and solo entities are exposed. The Risk Framework details the alignment of the various management committees to material risks in the business, ensuring appropriate oversight and management of each.

Related corporate policies are detailed in the framework. These define behaviours, controls, approaches and roles and responsibilities for managing risks. The policies cover all material risk areas, including: Underwriting and Pricing; Reserving; Market risk (including Asset and Liability Management); Investment risk; Credit risk; Liquidity; Operational and conduct risk; and, Reinsurance. These policies meet or exceed the requirements set out in the Solvency II Guidelines and implementing standards.

Key risks and related sub-risks are detailed in the risk register. All risks are defined, documented and managed through the one consistent Risk Lifecycle of identification, assessment, management, reporting and monitoring. A consistent 5x5 matrix approach is used to assess the inherent and residual risks to which TWG is exposed. This matrix considers the likelihood of risk against its impact, with the impact measure on a financial, regulatory, customer and reputational perspective. This consistent rating system allows of understanding and focus on the bigger risks in TWG Europe's profile including the focussing of assurance activity across the business.

The Risk function oversees and independently challenges the business in the management of risk. There is a clear Risk Policy, including risk strategy, framework and tools which are used by the function to assess and support the risk profile, appetite and control of the business. The Risk Policy also defines the scope and responsibilities of the function. The Risk Policy is approved by the Board, with activities overseen by the Board Risk Committee. The Risk function lead reports directly to the Board Risk Committee, with reporting for functional purposes to the Chief Actuary.

B.4. *Own Risk and Solvency Assessment (ORSA)*

TWG Europe has in place an active waiver for a Single Group ORSA report to be submitted to the regulator, in line with the third subparagraph of Article 246(4) of Directive 2009/138/EC. Whilst the report is completed at a single group level, the qualification and quantification of both insurance entity level and group level ORSAs is completed.

TWG Europe has an ORSA Policy in place to govern the ORSA process. A full ORSA is conducted, reported to and approved by the Board annually, with interim quarterly reports provided by the Risk function to Management and Board. The quarterly reports include updates on: risk events; risk profile against appetite; material risk movements; regulatory solvency position; and, any other relevant business or governance changes.

The key risk categories adopted by TWG Europe are largely aligned to those within the Solvency II Standard Formula (SF) – insurance risk (life, non-life and health), market, counterparty, and operational risks. TWG Europe believe that the SF model is robust for quantifying life, health, market, counterparty and operational risks, given the standard risk profile of investments, credit exposures, operational risks and the small life insurance book of TWG Europe, and thus these elements are used in TWG Europe's ORSA. Non-life risks are calculated in the ORSA using TWG Europe's experience, allowing for more granular analysis and use of a net risk positon than that catered for by the SF. This Non-life ORSA quantification ensures alignment to TWG Europe's actual risk exposure for non-life insurance risk.

Within the ORSA report, various stress and scenario tests are considered, none of which have invalidated the ORSA assessment. Other risk categories within TWG Europe's risk framework include strategic, regulatory, emerging and conduct risks, all of which are considered within the stress and scenario framework, with consideration for inclusion in the ORSA quantification.

TWG Europe's assessment of its economic capital requirement, as quantified through the ORSA process remains significantly below the regulatory solvency capital requirement (SCR) for both the Group and LGI. Whilst the approved USP helps align the Standard Formula to the non-life risk profile of TWG Europe and LGI, the SCR is considered inappropriate as a measure of true non-life risk profile because:

1) Commissions are included in the volume measure used to calculate non-life insurance risk. The commission volume represents no insurance risk to TWG Europe, but is included in the calculation of premium risk. This leads to overstatement of the premium risk; and,
2) For non-life business underwritten by LGI, the disparate risks are grouped into two classes of business, with each given a single premium volatility measure. One of these classes is "Miscellaneous Financial Loss". The premium risk parameter set for this class is based on a "catchall" approach and is not specific to lines of business written by TWG Europe.

Furthermore, the capital position of LGI, estimated by LGI on a rating agency basis, indicates a financial strength position that aligns to the capital thresholds of an AAA rating. LGI's financial strength rating is confirmed at A- by AM Best, before the capital management actions taken in 2016.

For LGL, the economic capital requirement is also quantified below the regulatory capital requirements (currently the absolute Minimum Capital Requirement).

The above mentioned non-life assessment conducted by TWG Europe, has no impact on LGL, however, LGL's ORSA capital is equal to its calculated SCR, without the absolute restriction of the aMCR applied. This view is considered appropriate given: the size and scale of LGL, relative to the market; that the calibration of the SCR is felt appropriate for the business underwritten by LGL; and, the penal nature of the aMCR due to LGL's small volume of business.

B.5. *Internal control system*

The internal control system at TWG Europe is applied consistently across the individual entities and at the group level, with structures, personnel, policies and procedures applied universally.

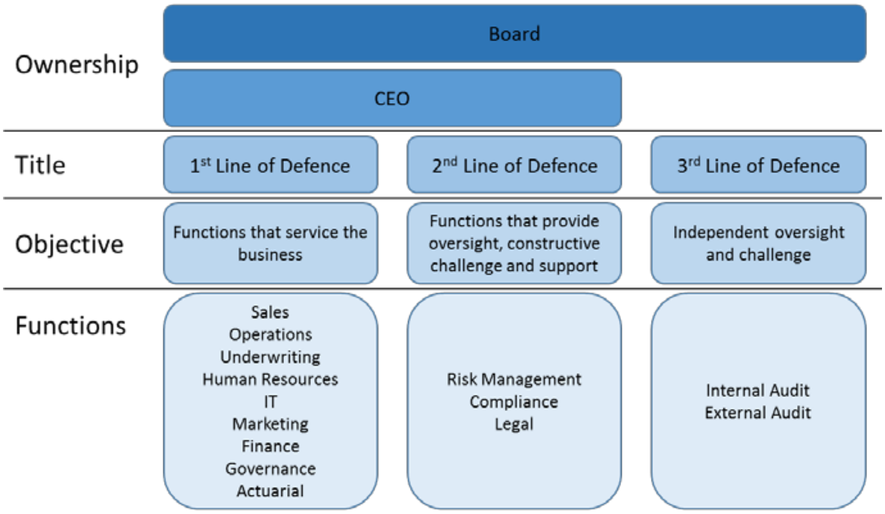
TWG Europe aims to adhere to sound principles of good governance as appropriate to the scope and nature of its business and operations. These principles are set within the framework of:

- the Core Values and over-arching Corporate Policies of the TWG Group
- the Business Strategy of TWG Europe
- the Risk Policy and Risk Appetite of TWG Europe
- the legal and regulatory requirements and expectations, applicable to TWG Europe's business

Effective governance is delivered through:

- the Board and its various committees and (as appropriate) the individual boards of each of TWG Europe's subsidiary and associated companies;
- management committee structures; and,
- the management and staff of TWG Europe

TWG Europe's governance is based around a traditional "three lines of defence" model illustrated below:



The Three Line of Defence Model provides for:

The First Line of Defence - all personnel have responsibilities to identify, mitigate and control the risks which form part of their processes and procedures.

The Second Line of Defence - Risk Management, Compliance and Legal functions provide support to those in the first line of defence by providing

- governance and oversight of risk management;
- overseeing awareness and application of corporate policies and controls, and legal and regulatory requirements;
- challenge and validation to the effectiveness of the controls applied by first line of defence; and
- reporting to and updating senior management and the Board.

The Third Line of Defence - Audit is structured to function independently of the management of TWG Europe to provide to the Board the independent validation of the effectiveness of controls. Internal Audit will also make recommendations to improve the effectiveness of risk management controls and governance processes. Whilst External Audit are independent of the Company's own governance structure, their findings are reported to the Audit Committee of the Board.

B.6. *Compliance function*

The Compliance function forms a key part of the second line of defence. TWG Europe's Compliance function has a clear mandate, documented in the Compliance Policy, with a documented compliance plan of control and risk testing for the year as well as independently supporting and challenging the business. The Compliance Policy is approved by the Board and the Compliance plan overseen by the Board Risk Committee.

B.7. *Internal audit function*

The Internal Audit mandate is detailed in the Global Internal Audit Policy and Charter, that is implemented across the entire footprint of The Warranty Group, including TWG Europe. The activities and reviews conducted by Internal Audit are evaluated for independence. Reports are provided directly to the Audit Committee of the Board and the day-to-day activities of the function are outsourced, enforcing independence in the work undertaken. Independence is further enforced as no member of the outsourced internal audit team has previously worked for TWG Europe, or for The Warranty Group globally.

Operational performance of Internal Audit activity is outsourced to a reputable audit firm, with oversight maintained by the global Group Head of Internal Audit.

B.8. *Actuarial function*

The Actuarial function is governed by the Actuarial Policy, which details the activities of the function including specific roles and responsibilities including but not limited to: Annual Actuarial function report; Underwriting reviews; Reinsurance oversight and opinions; and, production of Technical Provisions and the Solvency Capital Requirement (SCR) for Solvency II purposes. The Actuarial Policy is approved by the Board.

A representative of the Actuarial function is a member of all key management committees, ensuring input and oversight of material decisions impacting liabilities and/or reserves.

B.9. *Outsourcing*

TWG Europe has clear guidelines set out to ensure proper documentation for all formal contracts. Beyond this TWG Europe has an outsourcing policy that clearly outlines the additional controls that are required for the outsourcing of activity and further enhanced requirements for significant or important outsourcing arrangements. These controls include assessment of: financial stability, including relevant resources of the service provider; competency of relevant staff; effectiveness of the control environment across the service provider's operations; adequacy and effectiveness of contingency plans in place to continue to deliver services in emergency situations or business disruption.

At present, TWG Europe outsources the following significant or important outsourcing arrangements:

Description	Relevant TWG Europe Contracting Party(ies)	Scope	Key Function? (as defined in PRA rulebook glossary[7])	Territorial Scope
Intercompany services agreement	1. LGI and LGL 2. TWGSL	All services for operational and corporate requirements of each of LGI and LGL	Yes - TWGSL' service delivery is overseen by Chief Operating Officer. Services received by LGI and LGL are overseen by the Chief Financial Officer and overseen by the respective Boards	Europe
Investment management agreement	LGI and LGL	Investment management services for LGI and LGL	No as only management of transactions outsourced – arrangement overseen by CFO	Europe
Claims and related services agreement (for one single large client scheme)	LGI	Administration services in support of a single large client insurance programme	No as only operations for single client – arrangement overseen by COO	Europe
Internal audit services	TWG Europe Ltd and subsidiaries	Provision of all internal audit services under the oversight of TWG Group Head of Internal Audit	Yes - Audit Partner at reputable audit firm, overseen by Group Head of Internal Audit	Europe

[7] http://www.prarulebook.co.uk/rulebook/Glossary/FullDefinition/52841/12-06-2017

B.10. *Adequacy of System of Governance*

The governance structures that are in place across the Group are designed to allow informed decision making, with the appropriate balance and consideration of commercials, financials and risks. Management and the Board continues to ensure this structure is appropriate for the size, scale and complexity of the Group.

As outlined in this section of the report (section *B System of Governance*), there are adequate and effective mechanisms, process, structures and oversight to ensure the effective operation of the Group and appropriate decision making can be facilitated.

The Board, committees of the Board and Executive Management committees all have clear terms of reference, with enterprise wide consideration and further refinement in Management committees completed in 2016.

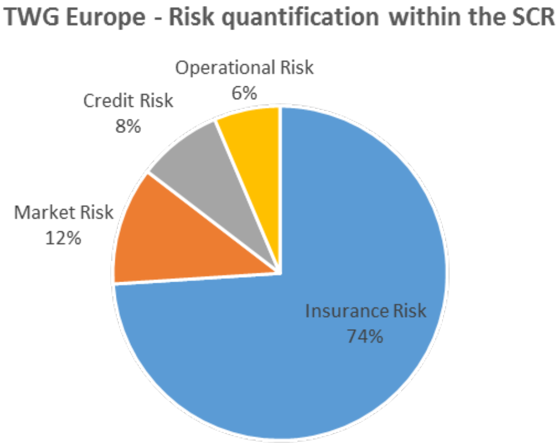
Overall, Management and the Board conclude that the systems, policies and process that are embedded across the business are considered appropriate for the nature, size and scale of TWG Europe's operations.

B.11. *Other material information*

There is no other material information to disclose in relation to Systems of Governance.

C. Risk Profile

The chart below demonstrates the relative size of the risks to which TWG Europe is exposed[8]. To assist users in understanding the relative size of risks within LGI/LGL's respective risk profile, please refer to section *E.2 Solvency Capital Requirement*, of this report.



C.1. *Insurance risk*

Risk description and sub-risks

Insurance risk is split into two distinct sub risks:

- Underwriting risk - Loss or adverse change in the value of insurance liabilities, due to inadequate pricing - i.e. underwritten events do not occur/crystallise as assumed in pricing business, including binary events, inadvertent coverage of products not priced for; and,
- Reserving risk - Loss or adverse change in the value of insurance liabilities, due to inadequate provisioning assumptions - i.e. Reserves (Claims, including Incurred But Not Reported (IBNR)) are inadequate to meet future liabilities.

Risk profile and changes in 2016

As the insurance business of LGI and LGL is the core of TWG Europe's business, insurance risk is the key risk in TWG Europe's strategy. This is managed with a clear and focussed underwriting approach and risk appetite. The underwriting principles and appetite pursued by TWG Europe reflect:

- Inherently the high frequency, low severity business in which TWG Europe has good experience, lowers this risk compared to prospective peer benchmarks;
- Target loss ratios of 80-90% ensure allowance for some adverse trends before becoming unprofitable;
- Establishing relationships with clients on a Business-to-Business basis, rather than a direct to consumer business model allows for some adjustability in acquisition costs and profit and loss share arrangements to mitigate risks; and,
- Minimal exposure to products that are exposed to material man-made or natural catastrophe.

Reserving risk is governed by the Reserving Policy and overseen by the Actuarial department. Inherently with high frequency, low severity claims experience and minimal latent claims, reserving risk is relatively low for TWG Europe. The creditor and life books have a higher risk profile, but with volumes lower than the Auto and A&T lines of business.

TWG Europe and the entities within the group, do not hold or have exposure to any off-balance sheet items or utilise special purpose vehicles.

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[8] Non-diversified risk quantification within the SCR. Non-life, life and health risks all classified as insurance risks. Liquidity risk not explicitly quantified in the SCR.

Risk management and monitoring

Underwriting risks are overseen by the New Business Committee and the Claims and Commercial Committee for new and existing business respectively. The New Business Committee makes decisions on new business, ensuring that there is clear evaluation of the risks prior to approval. The Claims and Commercial Committee, inter alia, reviews the underwriting performance of existing business and variance of performance to plan.

Concentration

Concentrations of insurance risk are considered as part of the business planning process, as well as when considering new business deals.

As can be seen in the net earned risk premium tables in section *A.1 Business Profile*, the Group's and LGI's underwriting is focussed and concentrated on miscellaneous financial loss, representing 75% and 77% of the business respectively. Volumes in LGL are relatively much lower, with a focus on life business (overall this life business represents 2% of the Group's overall profile).

The top client in each business represents 17%, 18% and 24% of the Net Underwriting Margin for TWG Europe, LGI and LGL respectively. The Board and Management review this concentration as part of the strategy setting and business planning process.

Mitigation

In addition to the individual risk mitigation techniques employed within individual client deals, such as profit and loss shares, LGI has an outward quota-share arrangement in place to share the insurance risks that it underwrites. This 20% quota-share arrangement shares the risks within LGI, that are written in GBP, EUR and PLN. This quota-share arrangement is overseen by the Claims and Commercial Committee. Client captive reinsurance risks are overseen and monitored by the Investment committee, with exposures and counterparty risks considered.

As LGI is the material insurance entity within the group, the 20% quota-share on the aforementioned currencies, is c19% of TWG Europe's underwritten business that is outwardly ceded.

C.2. *Market risk*

Risk description and sub-risks

Market risk is the risk of loss or of adverse change in the financial situation resulting, directly or indirectly, from fluctuations in the level and in the volatility of market prices of assets, liabilities and financial instruments. TWG Europe manages market risk with the following sub-risks: adverse foreign exchange movements; credit spreads widen; interest rate increase; failure of an investment counterparty; equity risk; and, securitised securities risk.

Market risk is managed by the limits and tolerances outlined in the Investment Management Agreement between TWG Europe (including LGI and LGL) and the Investment Manager. Adherence to the agreement and market risk sensitivities are monitored by the Investment Committee. Below is a summary of the approach taken by TWG Europe in managing the key characteristics of the investment portfolio – this is aligned across each entity:

Investment Universe	Investment grade fixed and floating rate securities
Asset class restrictions	Sliding scale of limits to individual holdings within the portfolio, based on credit ratings
Credit Quality	Guidelines to have an aggregate portfolio rating of AA-, with a limited exposure to BBBs, and 0% below a BBB rating
Duration	Durations of Assets and Liabilities are broadly matched
Foreign Exchange	Currencies of assets and liabilities are broadly matched, with GBP and CHF holding asset surpluses to meet regulatory requirements

Risk profile and changes in 2016

There has been volatility in market conditions in 2016, with events such as the outcome of the United Kingdom EU referendum. The prudent approach to investments and focus on high quality investments have ensured minimal impact to TWG Europe. The approach to investments and the management of market risk has not materially changed in the period, and an increased focus on appropriate foreign exchange management, driven not only by market volatility but by increased focus on capital management (with the Standard Formula penal for surplus funds not held in home currency (GBP)).

Risk management and monitoring

Financial risks (Credit, Market and Liquidity risks) are overseen by the Investment Committee.

The management of market risk is prescribed in the TWG Europe Market Risk and Investment Risk policies, with limits and tolerances aligned to the detailed Investment Management Agreement between TWG Europe and the Investment Manager.

Concentration

The maximum single investment counterparty exposure at 31st December 2016 was: 32.9% and 10.6% to UK GILTS and 1.6% and 4.9% to a single corporate issuer, in the LGI and LGL portfolios respectively. These exposures are all within Risk Appetite tolerances.

Mitigation

With a reasonably risk averse market risk appetite, as outlined above, no specific mitigating instruments are utilised by TWG Europe, LGI or LGL, such as swaps/options/derivatives.

Investments – Prudent person principle

The investment strategy is set by the Board and the Board oversees its effective implementation. The Investment portfolio is overseen by Management through the Chief Financial Officer and the Investment Committee. Assets are managed in line with the prudent person principles, considering associated liability profiles and are invested in a prudent, appropriate manner.

The Group has a relatively risk averse strategy to investments, which is applied to all investments that cover the Minimum Capital Requirement (MCR), Technical Provisions (TPs), Solvency Capital Requirement (SCR) and surplus funds. There are no investment extremities of risk, that could jeopardise the value of the investments that support the TPs, MCR and SCR.

No TWG Europe products are market, guarantee or index linked in nature. No derivatives are traded/held by the group or solo entities.

C.3. *Credit risk*

Risk description and sub-risks

Credit risk is the risk of loss or of adverse change in the financial situation, resulting from fluctuations in the credit standing of counterparties and debtors (issuers of securities are considered within Market Risk). TWG Europe manages credit risk in three material sub-risks:

- adverse impact to financial position due to reinsurance exposure;
- financial exposure arising from client captive reinsurance arrangements; and,
- failure of counterparty/inability to collect monies owed

Risk profile and changes in 2016

The credit risk profile has changed in 2016 with the implementation by LGI of a 20% quota-share reinsurance arrangement on its GBP, EUR and PLN books of business (c99% of LGI's NRR). This arrangement was considered and analysed by the Board and Management before finalisation and placement.

Risk management and monitoring

Credit risk management and monitoring processes are outlined in the group's Credit Risk Policy. This policy dove-tails with the Reinsurance Policy ensuring prudent management of both reinsurance and credit exposures. The Reinsurance Policy is prescriptive in the requirements of credit standing/rating of counterparties and additional security to be sought if the former criterion is not met. Both the Credit Risk Policy and Reinsurance Policy are approved by the Board.

The material inherent credit risk relates to the quota-share reinsurance arrangement, which is managed with frequent performance monitoring of the ceded book and credit review of the reinsurer. Whilst residually the quota-share risk is significantly reduced, the scenario testing of reinsurer default remains a key annual test to quantify the exposure and risk.

Whilst various reinsurance arrangements remain with client captives, the position net of additional security and mitigation techniques such as escrow accounts, trusts and letters of credit, rates low on TWG Europe's overall risk profile.

Current outstanding debtor balances tend not to be material, with escalation processes in place as and when required.

Concentration

The only significant credit risk exposure relates to the 20% outward reinsurance quota-share arrangement to an A- rated insurer. The performance of the ceded book and the credit standing of the counterparty are both closely monitored. The reinsurer is a related TWG Inc. company, with the commercial agreement fully considered and analysed on an arm-length basis.

Mitigation

Mitigation of credit risk is predominantly completed through:

- For Reinsurance – rating criteria of at least A-, or ceding to an unrated entity other accepted forms of mitigation are required, such as letters of credit or escrow accounts;
- For Debtors – lines of credit are considered to each debtor in the ordinary course of business, with oversight and management as outlined above.

C.4. *Liquidity risk*

Risk description and sub-risks

Liquidity risk is the risk that TWG Europe/LGI/LGL is unable to realise investments and other assets in order to settle financial obligations when they fall due.

TWG Europe manages this risk on two levels:

- day-to-day cash flow needs of the business, including the associated processes for cash flow management; and,
- projecting the liquidity of the investment portfolios in a crisis event.

Risk profile and changes in 2016

Liquidity risk (both elements described above) rate low in TWG Europe's overall risk profile. Day-to-day cash flows are reasonably stable, with any accumulation of cash above the defined threshold passed over to the investment portfolio. The conservative investment portfolio helps reduce liquidity risk, with no significant funds incapable of realisation in the short term (<1 month).

Day-to-day cash flow monitoring and planning has not materially changed in the period, nor has the liquidity within the investment portfolio.

Risk management and monitoring

Liquidity risk is overseen by the Investment Committee and managed in line with the Liquidity Policy. Above and beyond the day-to-day cash management controls, quarterly liquidity assessments are in place, overseen by the Investment Committee.

Expected profit in future premiums

As required by regulation, disclosure of the total amount of the expected profit included in future premiums as calculated in accordance with Article 260(2) is required within this document. At the valuation date, for TWG Europe, LGI and LGL, the total amount at a solo and Group level was valued at nil.

Mitigation

With the investment portfolio considered highly liquid (i.e. all realisable with very short notice, predominantly same day with 2 days of transaction time to transfer realised funds), no further liquidity mitigation is considered appropriate or required by LGI or LGL.

C.5. *Operational and conduct risk*

Risk description and sub-risks

Operational risk is associated with the internal or day-to-day operation of the organisation; it is the risk of loss arising from inadequate or failed internal processes, personnel, systems or from external events. Operational risk is typically not taken in exchange for an expected return; it inherently exists in the normal course of business activity.

At a high-level, operational risk can occur due to:

- An error by the person doing an activity;
- The system necessary to perform an activity is broken or not functioning;
- The process supporting an activity is flawed or inappropriately controlled; or
- An external event occurs that disrupts activity.

Conduct risk is the risk of loss arising from failure to conduct business in a manner to ensure the delivery of fair customer outcomes and ensure market integrity, including meeting the regulatory requirements relating to the documentation of such process. As conduct risk is at the core of the business of TWG Europe, it is deemed part of the operational risk framework and managed accordingly.

Risk profile and changes in 2016

Overall the operational risk profile of TWG Europe remains relatively stable, however people and outsourcing risks have altered in profile, namely:

- Increase in People risk - with the change in several senior executives and other organisational changes. Whilst these planned changes are positive for the strategic positioning of TWG Europe, the create additional challenges, including, the re-establishment of internal and external relationships and the sharing of legacy knowledge;

- Outsourcing risk - with a large client growing significantly in 2016 in respect of which operational fulfilment is outsourced by TWG Europe, the inherent profile of outsourcing risk has increased, with several new controls and oversight required to ensure appropriate mitigation.

Risk management and monitoring

Operational risks are proportionately managed by TWG Europe, with suitable controls in place. Each identified risk is assigned an executive risk owner, who is responsible for ensuring the appropriate management of their risks.

With the scope of operational and conduct risks wide and diverse, TWG Europe has in place a number of group-wide corporate policies, with the majority of these aimed at setting out the principles for managing operational and conduct risks. The policies set the overarching tone, requirements and responsibilities for individuals within the Group. Beneath each policy sits control processes and operational activity that fulfils the requirements of each of the policies.

2016 has been a year of refinement for operational and conduct risks with policies and processes simplified, to ensure operational efficiency but also to enable clear guidance and purpose in the control of operational activity.

Conduct risk is a key area of mitigation for TWG Europe, and this focus is informed and overseen by an embedded Operational Governance function in the 1st Line of Defence, which acts as a key control in ensuring that conduct risks are effectively managed. This function works closely with all relevant functions of the business and the 2nd Line of Defence, to ensure the appropriate management and mitigation of conduct risks in the current and future regulatory and customer environments.

Mitigation

Operational and conduct risks are mitigated by controls environments across the business with processes and controls clearly documented in line with ISO9001 standards. Risk, Compliance and Internal Audit testing and assurance is predominantly focussed on the operational and conduct risk control environments, to ensure appropriate, adequate and effective controls are in force.

C.6. *Other material risks*

The other key risk category managed by TWG Europe is Strategic risks (including Emerging risks). Strategic risks are categories as risks that may cause loss that may arise from the pursuit of an unsuccessful business plan or inability to meet the assumptions used in the plan.

Strategic risks managed by TWG Europe include risks related to the acquisition of new business, including winning business deals, innovation of products, and, delivering these solutions to clients and end customers, and the retention and improvements sought in existing business.

The key emerging risk currently being managed and monitored closely by TWG Europe is Brexit. Inherently this risk is significant to TWG Europe, as a European insurer which relies on passporting rights within the EU to conduct business. This risk is closely controlled with a dedicated Brexit project team whose primary purpose is to ensure that TWG Europe can continue to conduct and service its core business in its current territories of operation.

Regulatory change as a category remains an emerging risk for TWG Europe, with regulation such as the General Data Protection Regulation (GDPR) and the Insurance Distribution Directive (IDD) all being finalised by law and regulation and work ongoing within TWG Europe to ensure required policies and process are refined where appropriate.

These risks are overseen by the Executive Committee, who consider the effective management of such risks vital in increasing the probability of the successful achievement of the strategy and associated business plan.

At the group level, there are no additional exposures to note. With the vast majority of TWG Europe's business and risks transacted through LGI and minimal, diverse business in LGL, there are no additional concentrations of risk to note at the group level either

C.7. *Stress testing and sensitivities*

Stress and Reverse Stress Testing (RST) are fundamental parts of TWG Europe's risk framework. Stress testing is based on a specific set of stresses applied to the business that quantify impact on the P&L and regulatory solvency. The programme of stress testing is considered by the Board annually. The impact on regulatory solvency is categorised into three distinct output categories:

1. impact covered by capital surplus;
2. impact erodes capital buffer and results in breach of SCR; and/or
3. breach of MCR/risk of policy holder protection.

Management and the Board considers the implied likelihood/stress level of the stress before testing, with the most extreme stresses anticipated to test 'what if' scenarios that could break the company. Outputs of the tests are then analysed and appetite determined for supporting such events with the capital buffer, or accepts that the stress is extreme enough to warrant use of the regulatory surplus (the SCR).

Furthermore, stress testing provides comfort in the assessment of the SCR, ensuring that it remains appropriate and suitable against plausible stressed situations, by not fully exhausting capital above policy holder protection levels.

RST considers extreme situations that could render TWG Europe's business unviable and works backwards, analysing the triggers and associated controls that would mitigate against such an event. The most recent operational risk RST did not identify an material control weaknesses but further actions from this testing was added to the Risk Plan for future testing and potential control refinement.

Reinsurance Stress Test

The most significant stress to Equity and the Solvency of the Group, has been identified as a complete reinsurance failure with a loss given default of 100%. Management and the Board consider this stress an absolute extreme, but the quantification aids the understanding of the inherent risk quantification and reliance on such risk mitigating items.

Output of the stress testing was a £20m loss in equity and £15m increase in LGI's SCR (LGI's SCR used as most extreme outcome on this output metric). The outcome of this stress, before any management action or capital mitigation steps, results in an SCR coverage ratio of 87%.

Management and the Board consider the extremity of the stress significant enough to justify the use of the SCR capital and are comfortable that with the MCR covered by 300%, policy holder protection is not impacted in the stress. If this extreme event were to occur, management action, such as the placement of reinsurance with another reinsurance firm or panel of reinsurers would be progressed before moving onto the other actions of capital remediation, covered in the group's contingency capital management plan.

Sensitivities

Sensitivity testing quantifies how sensitive TWG Europe's 'Own Funds' are to movements in financial and insurance risks. These sensitivities are chosen as the material sensitivities to the Group solvency and financial position, with down side stresses tested (i.e. those that decrease profitability/equity).

Risk	Sensitivity description	LGI - Impact to Equity (£m)	LGL - Impact to Equity (£m)
Insurance risk	Increase in 1 percentage point to Loss ratio across the business	0.5	0.0
Strategic Risk - New business	Net written premium volumes increase 1% above plan	0.9	0.0
Financial Risk - FX	Sensitivity to 1 cent movement in GBPEUR rates	0.3	0.0
Financial Risk - Interest rate	10-year GILT increase 100bps	1.6	0.1
Financial Risk - Spread	UK Credit spreads increase 100bps	1.5	0.2

D. # Valuation for Solvency Purposes

The solo entities and TWG Europe's consolidated accounts are prepared under UK GAAP. TWG Europe has a Valuation of Assets and Liabilities Policy that details the approach taken to valuation for each asset and liability class.

For Solvency II purposes, the assets valuation rules have been considered on a solo basis for the two insurance subsidiaries. The Group uses the default 'method 1 consolidation' approach as set out in the Delegated Acts (articles 335 and 336).

The Balance Sheet at December 2016 is detailed below on both a UK GAAP and Solvency II basis, with differences in the treatment of each item detailed in the sections that follow:

	TWG Europe		LGI		LGL	
	Solvency II	UKGAAP	Solvency II	UKGAAP	Solvency II	UKGAAP
Assets						
Deferred acquisition costs	-	138,700	-	148,675	-	5,859
Intangible assets	-	2,845	-	172	-	-
Deferred tax assets	5,033	5,033	1,574	1,574	1,176	1,176
Property, plant & equipment held for own use	1,040	1,040	30	30	-	-
Investments	247,189	244,581	237,898	235,393	8,819	8,714
Equities	455	464	455	7,097	-	-
Government Bonds	100,702	84,733	97,091	82,293	3,611	2,440
Corporate Bonds	106,578	132,471	102,251	120,445	4,327	5,393
Collateralised securities	5,905	-	5,905	-	-	-
Investment funds	25,057	18,433	24,177	17,553	881	880
Deposits other than cash equivalents	8,492	8,480	8,020	8,005	-	-
Reinsurance recoverables	30,274	81,102	30,274	80,963	-	139
Insurance & intermediary receivables	36,052	38,730	22,902	23,750	459	469
Reinsurance receivables	1,253	1,276	1,253	1,275	1	1
Receivables (trade, not insurance)	4,113	1,247	2,026	1,220	8	33
Cash and cash equivalents	39,580	39,597	10,852	10,855	745	746
Any other assets, not elsewhere shown	-	3,672	-	2,991	-	107
Total assets	364,534	557,825	306,809	506,898	11,208	17,243
Liabilities						
Technical provisions - non-life	112,037	265,672	109,481	265,672	-	-
Technical provisions - health (similar to life)	32,435	34,833	31,857	34,377	221	456
Technical provisions – life	4,049	10,961	-	-	3,964	10,961
Provisions other than technical provisions	7,125	-	-	-	-	-
Deferred tax liabilities	5,482	2,911	2,414	2,856	364	55
Insurance & intermediary payables	51,792	51,793	20,419	20,419	982	982
Reinsurance payables	7,036	7,036	7,024	7,024	12	12
Payables (trade, not insurance)	18,465	13,929	14,865	14,329	426	412
Any other liabilities, not elsewhere shown	-	49,340	-	38,653	-	-
Total liabilities	238,421	436,475	186,061	383,330	5,970	12,878
Own funds / Equity	126,114	121,350	120,748	123,567	5,238	4,366

The table below details the balance sheet entries that do not fully consolidate, on a solvency II basis, from the solo insurance entities to the group position and the rationale for this and quantum of difference between the solo and group position, (*note technical provisions are detailed in the section below separately*):

Balance Sheet item	Valuation difference (£000s)	Description
Deferred tax assets	2,283	The inclusion of TWGSL and the elimination of the Group fees amends the valuation – this is mostly offset by the change in the tax liability below
Property, plant & equipment held for own use	1,010	Valuation difference is equal to the holding amount in TWGSL, thus the solo entities of LGI, LGL and TWGSL consolidate fully
Investments	472	Valuation difference is equal to the holding amount in TWGSL, thus the solo entities of LGI, LGL and TWGSL consolidate fully
Insurance and intermediaries receivables	12,691	Valuation difference is equal to the holding amount in TWGSL, thus the solo entities of LGI, LGL and TWGSL consolidate fully
Receivables (trade)	2,080	Valuation difference is equal to the holding amount in TWGSL, thus the solo entities of LGI, LGL and TWGSL consolidate fully
Cash and cash equivalents	27,982	Valuation difference is equal to the holding amount in TWGSL, thus the solo entities of LGI, LGL and TWGSL consolidate fully
Provisions other than technical provisions	7,125	Provision for the future expenses of the service company relating to non-insured fees.
Deferred tax liabilities	2,704	The inclusion of TWGSL and the elimination of the Group fees amends the valuation – this is mostly offset by the change in the tax asset above
Insurance & intermediaries payables	30,391	Valuation difference is equal to the holding amount in TWGSL, thus the solo entities of LGI, LGL and TWGSL consolidate fully
Payables (trade, not insurance)	3,174	Valuation difference is equal to the holding amount in TWGSL, thus the solo entities of LGI, LGL and TWGSL consolidate fully

As can be seen from the above the valuation methods do not differ materially from those used for the solo entities for assets, technical provisions and other liabilities.

D.1. *Assets*

The below table details the changes in valuation principles between UKGAAP and Solvency II assets. The most material change to assets is the nil value of Deferred Acquisition Costs (DAC) in the Solvency II balance sheet, as a result of the valuation change from UKGAAP to Solvency II.

For Solvency II purposes, TWG Europe does not deviate from the valuation principles set out in the Solvency II directive, Delegated Act or EIOPA guidance, with the majority of assets either valued at their mark to market value and traded on a regulated exchange, or not included on the regulatory balance sheet (such as intangible assets). Treatment of Balance sheet items for the solo and group are detailed below:

Balance Sheet item	Treatment under Solvency II
Deferred acquisition costs	Basis change to Solvency II results in the deferred acquisition costs being valued at nil on the solvency balance sheet, per Article 12 of the Solvency II Delegated Acts.
Intangible assets	Intangible assets represent bespoke computer software that are provided with a value on the UKGAAP balance sheet. As there is no probable ready market a zero valuation has been provided on the Solvency II balance sheet.
Deferred tax assets	Asset is valued to include discounting of future cashflows on the Solvency II balance sheet. Due to the relatively short duration of the asset, discounting has no material impact on the valuation of the asset.
Property, plant & equipment held for own use	Solvency II basis of fair value compared to the UKGAAP basis – difference in valuation minimal
Investments	Valuation principles aligned between Solvency II and UKGAAP. Equities recognised at fair value on the statutory and regulatory balance sheets. Accrued interest is recognised in the valuation of 'investments' on the Solvency II balance sheet, but held within 'other assets' on the UKGAAP balance sheet. Whilst the principles are aligned and overall value of investments closely aligned (identical when including the accrued interest from 'other assets on the UKGAAP balance sheet), allocation of investments between investment categories varies between the balance sheet, material changes are: • Separation of collateralised securities on the SII balance sheet; • Government backed/materially owned corporate bonds classified as government bonds; and, • ETF investment classified as an 'investment fund' on the SII balance sheet, but as 'equity' on the UKGAAP balance sheet.
Reinsurance recoverables	Reinsurance contracts are valued in a consistent way to insurance obligations. The amount of the recoverable is calculated on a similar basis to the Best Estimate, as described in the Technical Provision section below. Thus, proportionately these values reduce broadly in line with the reduction in Technical Provisions.
Insurance & intermediary receivables	Asset is valued to include discounting of future cashflows on the Solvency II balance sheet. Due to the relatively short duration of the asset, discounting has no material impact on the valuation of the asset. Each receivable is subject to impairment review.
Reinsurance receivables	Asset is valued to include discounting of future cashflows on the Solvency II balance sheet. Due to the relatively short duration of the asset, discounting has no material impact on the valuation of the asset. Each receivable is subject to impairment review.
Receivables (trade, not insurance)	Asset is valued to include discounting of future cashflows on the Solvency II balance sheet. Due to the relatively short duration of the asset, discounting has no material impact on the valuation of the asset. Each receivable is subject to impairment review.
Cash and cash equivalents	Asset is valued to include discounting of future cashflows and accrued interest on the Solvency II balance sheet. Due to the relatively short duration and minimal interest on the balances held, there is no material impact on the valuation of the asset.
Any other assets, not elsewhere shown	The value held on the UKGAAP balance sheet related to accrued investment income and prepayments, which are shown in investments and receivables respectively, on the Solvency II balance sheet

D.2. *Technical provisions*

Below are the details of the Technical Provisions from the UKGAAP valuation basis to a Solvency II basis. The valuation principles used are in line with the Solvency II regulation without deviation. The UKGAAP best estimate for reserves (with no margin for prudence) are used as the starting point, with adjustments for:

- Discounting of future cash flows;
- Binary events;
- Data margins; and,
- Embedded profit,

to end at the Best Estimate of Liabilities, before the addition of the Risk Margin, to arrive at a Solvency II Technical Provision (TP).

This is detailed for TWG Europe, LGI and LGL below (*note: the net Solvency II Technical Provision below is equal to the total technical provisions in the balance sheet minus the Reinsurance Recoverable Asset*):

TWG Europe – Technical Provisions 2016 (£000s)	IFRS net insurance liabilities	Valuation adjustments	Technical Provisions
Fire and other damage to property	9,859	842	**10,701**
Miscellaneous financial loss	74,342	2,774	**77,116**
Health	23,386	2,995	**26,381**
Life	5,074	-1,026	**4,049**
Total – all lines of business	**112,661**	**5,585**	**118,247**

LGI – Technical Provisions 2016 (£000s)	IFRS net insurance liabilities	Valuation adjustments	Technical Provisions
Fire and other damage to property	9,859	567	**10,426**
Miscellaneous financial loss	74,342	790	**75,132**
Health	23,071	2,436	**25,507**
Total – all lines of business	**107,272**	**3,793**	**111,065**

LGL – Technical Provisions 2016 (£000s)	IFRS net insurance liabilities	Valuation adjustments	Technical Provisions
Health	315	-94	**221**
Life	5,074	-1,110	**3,964**
Total – all lines of business	**5,389**	**-1,204**	**4,186**

The below tables detail the composition of the Technical Provisions for TWG Europe, LGI and LGL. The Technical Provisions consist of actuarial best estimate of claims and premium reserves *plus* a risk margin

TWG Europe – Technical Provisions 2016 (£000s)	Best estimate of liabilities	Risk Margin	Technical Provisions
Fire and other damage to property	9,858	843	10,701
Miscellaneous financial loss	71,042	6,074	77,116
Health	24,312	2,068	26,381
Life	3,937	112	4,049
Total – all lines of business	**109,149**	**9,098**	**118,247**

LGI – Technical Provisions 2016 (£000s)	Best estimate of liabilities	Risk Margin	Technical Provisions
Fire and other damage to property	9,583	843	10,426
Miscellaneous financial loss	69,058	6,074	75,132
Health	23,444	2,062	25,507
Total – all lines of business	**102,085**	**8,979**	**111,065**

LGL – Technical Provisions 2016 (£000s)	Best estimate of liabilities	Risk Margin	Technical Provisions
Health	215	6	**221**
Life	3,852	112	**3,964**
Total – all lines of business	**4,067**	**119**	**4,186**

D.3. *Uncertainty of Technical Provisions*

There are several areas of uncertainty in the calculation of the Technical Provisions:

Claims Reserving is carried out using standard actuarial methods of projecting the paid (or known) claims to estimate the ultimate claim experience. These methods are generally based on the assumption that the future experience will develop in the same way as historic experience. There is uncertainty in the actual future development patterns, for example due to changes in handling processes (either internally or externally).

Projections are dependent on the data used, and therefore are also impacted by the late receipt of data from certain clients. This leads to greater uncertainty for these clients. This risk is mitigated by the choice of projection method.

Premium Reserving is generally calculated by applying an estimated future loss ratio to the current UPR (Unearned Premium Reserve). The UPR is unlikely to move in any material way, and therefore the uncertainty lies in the possibility that the emergent loss ratio may be different to that predicted.

For Warranty business (both Motor and Appliance & Technology), key areas of uncertainty are wage and parts inflation, which affect the settlement cost of individual claims. Another key uncertainty is around the evolution of products – for example, an increase in electrical parts in both cars and appliances which may result in higher repair costs.

For GAP business, the key area of uncertainty is the depreciation of vehicle values. This may be impacted by government actions, such as the recent announcement surrounding diesel cars and the scrappage scheme that is currently under consideration.

For Creditor business, the key area of uncertainty is the morbidity experience of the book. Due to the relatively small size of the book, the number of claims is subject to statistical volatilities.

Expenses are estimated using a proportion of premium. The expenses and premiums in the business plan are compared to create an expense loading (as a percentage). This is applied to the premiums that make up the runoff of the UPR. This yields an estimated expense cashflow. The key areas of uncertainty are the delivery of expense savings, and the emergence of other unexpected costs that are not accounted for in the business plan.

Pipeline adjustment is an estimate made to allow for the business that will be written after the accounts are closed but before the calendar year end. This estimate is based on measuring the average daily premium over Q3 and Q4 and applying this to the relevant number of days in December. Some care is taken to estimate more accurately where appropriate e.g. where clients have closed to new business.

The Technical Provisions are validated by actuarial peer review, with comparisons and walks on a quarterly basis completed by the Management Solvency and Capital Committee. All material changes are explained and material assumption changes referred to the committee for approval before us.

TWG Europe, LGI and LGL have not requested and therefore do not have in place approvals to use the matching adjustment, volatility adjustment, transitional interest rate term structure or the transitional deduction on technical provisions and therefore no adjustments have been made to technical provisions relating to these transitional measures.

D.4. *Other liabilities*

The below table details the changes in valuation principles between UKGAAP and Solvency II liabilities (other than technical provisions, which are covered in section D.3. above. Overall there is no material change to other liabilities, other than the removal of reinsurers share of deferred acquisition costs (which has a nil, value under Solvency II).

Balance Sheet item	Treatment under Solvency II
Deferred tax liabilities	Measurement principles are aligned between the UKGAAP and Solvency II, however, the valuation change in reserves, noted above from UKGAAP to a Solvency II basis, changes the overall valuation of liabilities and associated deferred taxes.
Insurance & intermediary payables	Liability is valued to include discounting of future cashflows on the Solvency II balance sheet. Due to the relatively short duration, discounting has no material impact on the valuation of the liability.
Reinsurance payables	Liability is valued to include discounting of future cashflows on the Solvency II balance sheet. Due to the relatively short duration, discounting has no material impact on the valuation of the liability.
Payables (trade, not insurance)	Liability is valued to include discounting of future cashflows on the Solvency II balance sheet. Due to the relatively short duration, discounting has no material impact on the valuation of the liability. Accruals included in the 'other liabilities on the UKGAAP balance sheet are included under payable for Solvency II.
Any other liabilities, not elsewhere shown	With the exception of accruals covered above, the remaining balance on the UKGAAP balance, relates in the main, to reinsurers share of deferred acquisition costs, which is valued at nil for Solvency II purposes.

D.5. *Alternative methods for valuation*

There are no other valuation methods utilised to note. The vast majority of investments are level 1 or level 2 investments, and thus do not require the use of other, subjective valuations. The single investment in level 3 assets (equity on the balance sheet) relates to an LLP investment that is valued at fair value and revalued monthly. The treatment and valuation of this investment is consistent and compliant with the valuation principles of Solvency II.

D.6. *Any other information*

All information on the valuation for solvency purposes of the Group and solo entities have been covered above

E. Capital Management

Capital management is governed by the Capital Management Policy, which is approved by the Board. The Policy is applied consistently across the group and is equally applicable for TWG Europe, LGI and LGL. The policy provides a framework within which to manage capital, with clear risk appetite tolerances and triggers that consider the capital requirements of maintaining a rating agency rating in the A range; any ORSA capital requirements; and, the maintenance of Solvency II Own Funds in excess of capital requirements, with the addition of a suitable management buffer to ensure continuous solvency.

As at 31st December 2016, capital was maintained above the required risk appetite levels for rating agency, ORSA and SCR capital requirements for TWG Europe, LGI and LGL.

Capital is considered over the business planning period which is 4 years, ensuring that at least 3 full future years can be used to project capital needs. This capital forecasting informs and ensures that future business plans remain within appetite.

A Contingency Capital Management Plan is maintained and overseen by the Management Solvency and Capital Committee and overseen by the Board. There are several key actions considered on the contingency plan, including: optimising capital base causing strain; seeking placement of reinsurance; refining targets and future plans; group capital contribution; and, capital injection from parent.

E.1. *Own funds*

TWG Europe's capital management aims to hold high quality Own Funds, with all Own Funds classified as Tier 1 capital, except for deferred tax assets, which Is classified as Tier 3. All eligible and available Own Funds held as Tier 1 capital, are classified as eligible Own Funds to meet the SCR and MCR – for lower tiers of own funds, restrictions are in place for eligibility against the SCR and tier 2 and 3 capital is removed to meet the MCR.

As the TWG Europe, LGI and LGL articles allow for cancellation of dividends after declaration, thus allowing for Tier 1 unrestricted eligibility of retained earnings. All solo resources are available at the Group level, with no ring fenced funds or restrictions to note. The transferability and fungability of these funds have been assessed, with only a £936k restriction on TWG Europe's own funds (as a result of the extra diversification at a group level, which cannot be recognised in own funds), with all other own fund values, for the solo and group, having full recognition at the Group level.

TWG Europe, LGI and LGL do not make use of Tier 2 capital, including Ancillary Own Funds. No entity has applied for or makes use of Transitional measures for own fund items (including those listed in Articles 308b(9) and 308b(10) of the Solvency II directive (2009/138/EC).

A breakdown of Own Funds and associated capital tiering is provided below, at 31st December 2016:

TWG Europe - Own Funds (£000s)	Total	Tier 1 unrestricted	Tier 1 restricted	Tier 2	Tier 3
Ordinary Share Capital	49,550	49,550	-	-	-
Reconciliation reserve	70,594	70,594	-	-	-
Net Deferred Tax Assets	5,033	-	-	-	5,033
Total basic own funds after deductions	125,177	120,144	-	-	5,033
Eligible own funds to meet the consolidated group SCR	125,177	120,144	-	-	5,033
Eligible own funds to meet the minimum consolidated group SCR	120,144	120,144	-	-	-

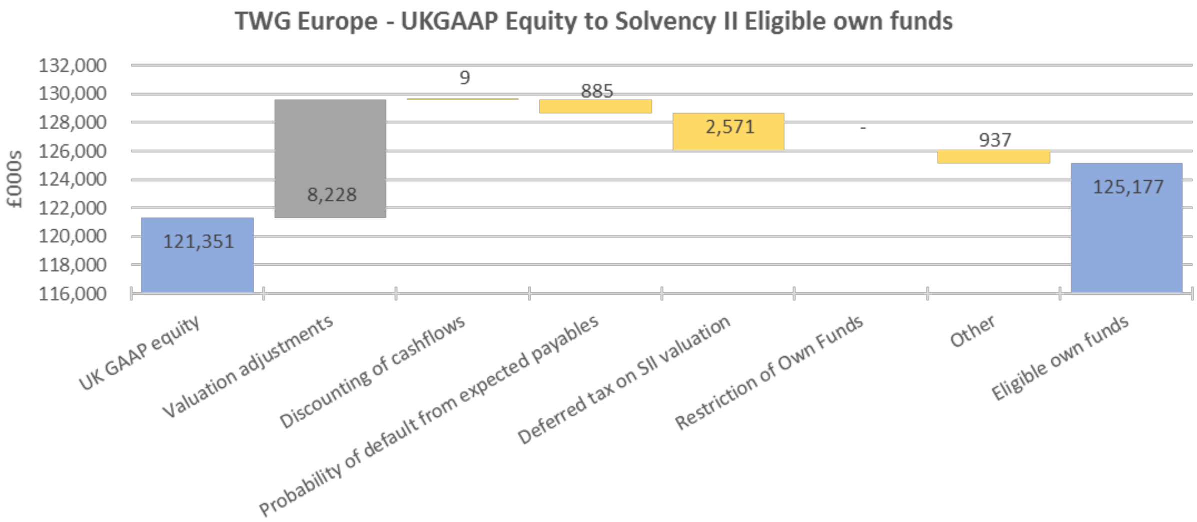
LGI - Own Funds (£000s)	Total	Tier 1 unrestricted	Tier 1 restricted	Tier 2	Tier 3
Ordinary Share Capital	34,000	34,000	-	-	-
Reconciliation reserve	85,174	85,174	-	-	-
Net Deferred Tax Assets	1,574	-	-	-	1,574
Total basic own funds after deductions	120,748	119,174	-	-	1,574
Total eligible own funds to meet the SCR	120,748	119,174	-	-	1,574
Total eligible own funds to meet the MCR	119,174	119,174	-	-	-

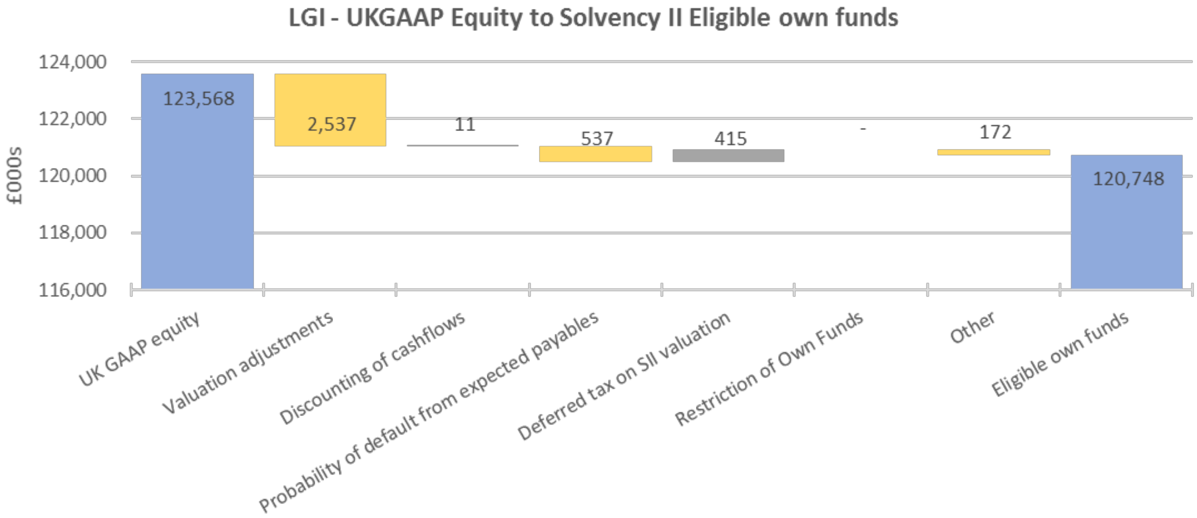
LGL - Own Funds (£000s)	Total	Tier 1 unrestricted	Tier 1 restricted	Tier 2	Tier 3
Ordinary Share Capital	3,750	3,750	-	-	-
Reconciliation reserve	312	312	-	-	-
Net Deferred Tax Assets	1,176	-	-	-	1,176
Total basic own funds after deductions	5,238	4,062	-	-	1,176
Total eligible own funds to meet the SCR	4,309	4,062	-	-	247
Total eligible own funds to meet the MCR	4,062	4,062	-	-	-

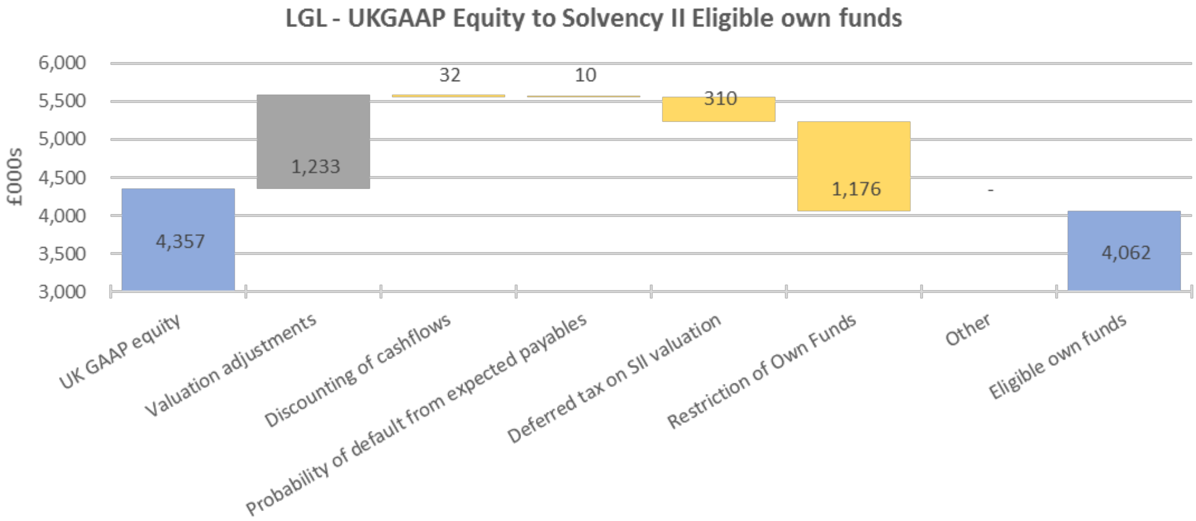
The business plan is projected for four years, so at least three complete years of future business is planned for at any point in time through the year. The planning process has not flagged or caused concern of capital strain in future years. No material changes or transactions are anticipated or included in the planning process.

Group own funds are reported net of any intra-group transactions, as all intra-group balances are eliminated on consolidation (including internal subordinated debt balances).

Differences between equity on the UKGAAP balance sheet and assets over liabilities for Solvency II are detailed below for TWG Europe, LGI and LGL:







E.2. *Solvency Capital Requirement and Minimum Capital Requirement*

TWG Europe and the solo insurance entities all use the Standard Formula to quantify regulatory solvency needs.

LGI (and thus TWG Europe at the group level) have an Undertaking Specific Parameter (USP) approved for the miscellaneous financial loss risk category, which amends the standard formula parameter of 13% to LGI's specific volatility experience of 9.96%. This reduction in parameter results in an overall reduction in the SCR of £17.9m.

The PRA approved the USP application in March 2017, and have agreed that this approval is applicable for regulatory reporting from the date of approval), but has no expectation for historic reporting to be restated (including the 2016 Q4 quantitative reporting templates).

No simplification methods are applied to the risk modules of the SCR.

Below is a breakdown of the Solvency Capital Requirement (SCR) and Minimum Capital Requirement (MCR), for the group and solo entities:

Regulatory Solvency Requirements – 2016 (£000s)	TWG Europe	LGI	LGL
Non-life underwriting risk	69,029	69,029	-
Health underwriting risk	5,727	5,630	65
Life underwriting risk	639	-	636
Market risk	11,658	10,704	1,081
Counterparty default risk	8,363	5,581	-
Diversification	-17,326	-14,965	-376

Basic SCR	78,089	75,979	1,406
Operational risk	6,503	6,265	238
SCR	84,592	82,244	1,644
MCR (minimum consolidated SCR for TWG Europe)	24,929	21,597	3,332

As at the valuation date, eligible Own Funds remain in excess of the SCR and MCR, for both LGI and LGL:

Solvency ratios	TWG Europe	LGI	LGL
SCR	148%	147%	262%
MCR	482%	552%	122%

Minimum Capital Requirement (MCR)

The inputs used for the MCR are in accordance with the EIOPA standard formula for calculation of the MCR, with inputs to the calculation detailed in the 's.28.01.01' QRTS included in the appendix of this report.

For LGI as a non-life insurer, this involves calculating a factor of charge for each line of business over 12months preceding the valuation date and Technical Provisions at the valuation date. The factors are then summed to determine the MCR, before a corridor of the SCR is applied, restricting the minimum and maximum MCR to 25% and 45% of the SCR respectively. LGI's MCR is materially above the aMCR (absolute minimum capital requirement).

For LGL as a life insurer, the calculation factors are applied to the sum at risk and technical provisions at the valuation date, with a similar corridor approach taken to the MCR relative to the SCR. For LGL, the aMCR is materially above the calculate MCR, thus the aMCR of €3.7m is applied (per Article 129 of Solvency II Directive, which is included in the PRA Rule Book: Solvency II firms: Minimum Capital Requirement: Section 3.2), which at 31/12/2016 equalled £3.32m.

As the aMCR is the biting capital requirement for LGL, the deferred tax asset in the eligible own funds is removed on the solo LGL basis. At the group level, with the Group SCR in excess of the minimum consolidated group SCR, this restriction is not applicable at the Group level.

Full/partial Internal Model

TWG Europe, LGI and LGL do not currently utilise an internal or partial internal model for the calculation of regulatory capital requirements. The PRA has not implemented the option set out in Article 304 re: duration-based equity models.

E.3. Non-compliance with the Minimum Capital Requirement and/or the Solvency Capital Requirement

On 1/1/16, Solvency II came into force across the EU, including in the UK. This move from the existing Individual Capital Guidance (ICG) regime to a Solvency II regime, resulted in a capital requirement increase of £56.5m for LGI at 31/12/15. Because of this significant increase required to LGI's surplus funds, TWG Europe and LGI had a Solvency II technical regulatory capital breach as at 1/1/16.

As regards compliance with the SCR, it is noted that under Rule 6.1(2) and 9.2(2) of the PRA Rulebook for Solvency II Firms – Transitional Measures section, as LGI and the Group complied with the pre-Solvency II MCR and pre-Solvency II GCRR respectively, LGI and the Group were not required to meet the Solvency II SCR until 31 December 2017, but complied fully, from 27th May 2016 onwards, as noted below.

As noted in the ORSA section of this report, the Non-life risk quantification within the Standard Formula is not wholly appropriate for the quantification of TWG Europe's and LGI's risk profile. TWG Europe's and LGI's own assessment of economic capital requirements remains significantly below the levels calculated under the Solvency II Standard Formula.

At 1/1/16, LGI's eligible Own Funds were £23.5m less than the Solvency II SCR capital requirement. This quantum was the highest shortfall of Own Funds to the SCR in the reporting period (considering both the group and solo solvency), with Own Funds remaining significantly above the MCR capital requirement throughout the period for both LGI and TWG Europe.

To remedy the breach, LGI put in place a capital remediation plan, to ensure a regulatory capital surplus was achieved within the first 6 months of 2016 (i.e. Eligible Own Funds above the Solvency II Solvency Capital Requirement (SCR)). The capital plan was agreed with the PRA, with full coverage of the SCR completed on 27th May 2016.

The Solvency II capital ratio of LGI and TWG Europe has remained above 100% since May, increasing as retained profits continued through the period. LGI's solvency ratio increased to 117% in November 2016 with the implementation of the 20% outward quota-share reinsurance. At 31/12/16, following the approval by the PRA for LGI to use a USP to calculate the SCR, TWG Europe and LGI's respective solvency ratios stood at 148% and 147%. The solvency ratio at 31/12/16 is significantly above TWG Europe and LGI's risk appetite levels.

The control environment and monitoring of capital management has increased dramatically in the year and since the breach, ensuring the risk of a breach prospectively is greatly reduced.

E.4. *Any other information*

All information relating to capital management have been covered above

F. Report from the external independent Auditors of TWG Europe Limited, to the Directors

Report of the external independent auditor to the Directors of TWG Europe Limited ('the Group'), London General Insurance Limited and London General Life Limited pursuant to Rule 4.1 (2) of the External Audit Chapter of the PRA Rulebook applicable to Solvency II firms

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

Opinion

Except as stated below, we have audited the following documents prepared by TWG Europe Limited, comprising of TWG Europe Limited and the authorised insurance entities London General Insurance Limited and London General Life Limited ('the Companies') as at 31 December 2016:

- The 'Valuation for Solvency Purposes' and 'Capital Management' sections of the Group Solvency and Financial Condition Report of the Group as at 31 December 2016, ('the Narrative Disclosures subject to audit');
- Group templates S02.01.02, S23.01.22, S.25.02.22 S32.01.22 ('the Group Templates subject to audit');
- Company templates of London General Insurance Limited S02.01.02, S12.01.02, S17.01.02, S22.01.21, S23.01.01, S25.01.21, S28.01.01 ('the Company Templates subject to audit'); and
- Company templates of London General Life Limited S02.01.02, S12.01.02, S22.01.21, S23.01.01, S25.01.21, S28.01.01 ('the Company Templates subject to audit').

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

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

- The 'Business and performance', 'System of governance' and 'Risk profile' elements of the Group Solvency and Financial Condition Report;
- Group templates S05.01.02, S05.02.01;
- Company templates of London General Insurance Limited S05.01.02, S05.02.01, S19.01.21;
- Company templates of London General Life Limited S05.01.02, S05.02.01; and
- the written acknowledgement by management of their responsibilities, including for the preparation of the Group Solvency and Financial Condition Report ('the Responsibility Statement');

To the extent the information subject to audit in the relevant elements of the Group Solvency and Financial Condition Report includes amounts that are totals, sub-totals or calculations derived from the Other Information, we have relied without verification on the Other Information.

In our opinion, the information subject to audit in the relevant elements of the Group Solvency and Financial Condition Report of TWG Europe Limited as at 31 December 2016 is prepared, in all material respects, in accordance with the financial reporting provisions of the PRA Rules and Solvency II regulations on which they are based as modified by relevant supervisory modifications, and as supplemented by supervisory approvals and determinations.

This report is made solely to the Directors of the Group in accordance with Rule 2.1 of External Audit Chapter of the PRA Rulebook for Solvency II firms. Our work has been undertaken so that we might report to the Directors those matters that we have agreed to state to them in this report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Directors, for our work, for this report, or for the opinions we have formed.

Basis for opinion

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

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK & I) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the Group Solvency and Financial Condition Report is not appropriate; or
- the directors have not disclosed in the Group Solvency and Financial Condition Report any identified material uncertainties that may cast significant doubt about the Group's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the Group Solvency and Financial Condition Report is authorised for issue.

Emphasis of Matter – Basis of Accounting

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

Other Information

The Directors are responsible for the Other Information. Our opinion on the relevant elements of the Group Solvency and Financial Condition Report does not cover the Other Information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the Group Solvency and Financial Condition Report, our responsibility is to read the Other Information and, in doing so, consider whether the Other

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

Responsibilities of Directors for the Group Solvency and Financial Condition Report

The Directors are responsible for the preparation of the Group Solvency and Financial Condition Report in accordance with the financial reporting provisions of the PRA rules and Solvency II regulations which have been modified by the modifications, and supplemented by the approvals and determinations made by the PRA under section 138A of FSMA, the PRA Rules and Solvency II regulations on which they are based.

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

Auditor's Responsibilities for the Audit of the relevant elements of the Group Solvency and Financial Condition Report

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

Our objectives are to obtain reasonable assurance about whether the relevant elements of the Group Solvency and Financial Condition Report are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but it is not a guarantee that an audit conducted in accordance with ISAs (UK & I) will always detect a material misstatement when it exists.

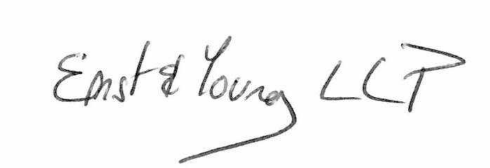
Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decision making or the judgement of the users taken on the basis of the Group Solvency and Financial Condition Report.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: https://www.frc.org.uk/Our-Work/Audit-and-Actuarial-Regulation/Audit-and-assurance/Standards-and-guidance/Standards-and-guidance-for-auditors/Auditors-responsibilities-for-audit/Description-of-auditors-responsibilities-for-audit.aspx. The same responsibilities apply to the audit of the Group Solvency and Financial Condition Report.

Report on Other Legal and Regulatory Requirements.

Other Information

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



Ernst & Young LLP

London

27 June 2017

The maintenance and integrity of the TWG Europe Limited web site is the responsibility of the Directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the Solvency and Financial Condition Report since it was initially presented on the web site.

Appendix 1 - Glossary

C

Claims
Demand by an insured for payment of benefits under an insurance contract.

Claims development triangles
Tabulations of claims development data. This data is set out with underwriting years along one axis and years of development. (e.g. calendar year end dates) along the other.

Claims incurred
Claims that have occurred, regardless of whether or not they have been reported to the insurer.

Claims outstanding
Claims which have been notified at the balance sheet date but not settled.

D

Deferred acquisition costs
Costs incurred for the acquisition or renewal of insurance policies (e.g. brokerage and underwriter related costs) which are capitalised and amortised over the term of those policies.

E

Earned premium
That proportion of a premium which relates to the portion of a risk which has expired during the period.

F

Financial Conduct Authority (FCA)
The FCA regulates financial firms providing services to consumers and maintains the integrity of the UK's financial markets. It focuses on the regulation of conduct by both retail and wholesale financial services firms. Like its predecessor the FSA, the FCA is structured as a company limited by guarantee.

G

Gross premiums written
Amounts payable by the insured, including any brokerage or commission deducted by intermediaries but excluding any taxes or duties levied on the premium.

I

Individual Capital Assessment (ICA) / Individual Capital guidance (ICG)
Up until 31/12/2015, the ICA and ICG regime was in place in the UK and governed the prudential regulation of the Group and solo entities. Firms submitted their own confidential Individual Capital Assessment (ICA) calculations to the PRA, who then reviewed them and issued Individual Capital Guidance ("ICG"). If the PRA was happy with a firm's ICA calculations, it will issue no additional ICG. However, if the PRA believed that a firm had not adequately assessed all the risks to which it is exposed, it issued additional ICG, to be added to the ICA that the firm had calculated.

On 1/1/16, this prudential regime was replaced by Solvency II.

Incurred but not reported (IBNR)
Anticipated or likely claims that may result from an insured event although no claims have been reported so far.

M

Minimum Capital Requirement (MCR)
A minimum level below which the amount of financial resources should not fall. It is necessary that this level be calculated in accordance with a simple formula, which is subject to a defined floor and cap based on the risk-based SCR in order to allow for an escalating ladder of supervisory intervention, and that it is based on the data which can be audited. Solvency II also determines an absolute floor for the MCR – this is referred to as the absolute Minimum Capital Requirement (aMCR).

N

Net written premiums
Gross premiums written less outwards reinsurance premiums.

Net Retained Revenue
Net written premiums *plus* net written admin fees.

O

Own Funds
Value of capital instruments to meet the SCR. In essence this is the value of Assets *minus* Liabilities on the Solvency II balance sheet, but under Solvency II, restrictions and fungability of own funds are considered to ensure eligibility to be used to meet the SCR and MCR levels. Rules for Own funds are set out in Directive 2009/138/EU (Solvency II) Chapter VI, Section 3, Articles 87 to 99.

Own Risk and Solvency Assessment
ORSA is the name given to the entirety of the processes and procedures employed by a (re)insurance undertaking to identify, assess, monitor, manage and report the short and long term risks it faces or may face and to determine the own funds necessary to ensure that the undertaking's overall solvency needs are met at all times.

P

Prudential Regulation Authority (PRA)

The PRA is part of the Bank of England. It works alongside the FCA and has two statutory objectives: to promote the safety and soundness of banks, building societies, credit unions, insurers and investment firms. to secure protection for policyholders

R

Risk Management Framework

An integrated framework expanding on internal control to provide a more robust and extensive focus on the broader subject of risk management.

S

Sarbanes-Oxley

An act passed by U.S. Congress in 2002 to protect investors from the possibility of fraudulent accounting activities by corporations. The Sarbanes-Oxley Act (SOX) mandated strict reforms to improve financial disclosures from corporations and prevent accounting fraud.

Solvency Capital Requirement (SCR)

Key quantitative capital requirement defined in the Solvency II Directive. The SCR is the higher of the two capital levels required in Solvency II and provides an approximant 1 in 200 year level of protection.

Standard Formula

A non-entity specific risk-based mathematical formula used by insurers to calculate their Solvency Capital Requirement under Solvency II.

Solvency II

From 1/1/16, the PRA aligned their prudential regulatory rules to those of the EU-wide Solvency II regulation, including the details include in the Delegated Act, Implementing Technical Standards (ITS) and subsequent guidance and consultation by the PRA.

Initiative launched by the European Commission to revise current EU insurance solvency rules, Solvency II focuses on capital requirements, risk modelling, prudential rules, supervisory control, market discipline and disclosure.

T

Technical provisions

The term 'technical provisions' is an all-embracing term to cover provisions for items such as unearned premiums, unexpired risk provisions, claims outstanding (whether or not reported) and equalisation provisions.

U

Undertaking Specific Parameter (USP)

When calculating the Solvency Capital Requirement, undertakings may replace a subset of parameters (standard parameters) within the standard formula by parameters specific to them, if the standard formula does not provide an appropriate representation of their underlying risks. This should help to promote sound risk management within insurance and reinsurance undertakings. LGI and TWG Europe have approval for a USP relating to the premium miscellaneous financial loss parameter. Further details of USPs are set out in Article 104(7), 110, 111, 230, 248(2) of Directive 2009/138/EU (Solvency II), as well as to Articles 218, 219, 220, 338 and 356 of Commission Delegated Regulation (EU) 2015/35 (Delegate Act).

Unearned premium

The portion of premium income written in the calendar year that is attributable to periods after the balance sheet date. It is accounted for as unearned premiums in the underwriting provisions.

Appendix B – 2016 Year-end, SFCR Qualitative Reporting Templates (QRTs)

This appendix contains the SFCR Qualitative Reporting Templates (QRTs) the Group (TWG Europe), and solo templates for both London General Insurance Company Limited (LGI) and London General Life Company Limited (LGL), as required by the Commission Implementing Regulation (EU) 2015/2453, which sets out the implementing technical standards of Solvency II.

The below table details the templates included in this appendix:

Entity	QRT number	QRT name
TWG Europe	S.02.01.02	Balance sheet
	S.05.01.02	Premiums, claims and expenses by line of business
	S.05.02.01	Premiums, claims and expenses by country
	S.23.01.22	Own funds
	S.25.01.22	SCR – for groups on standard formula
	S.32.01.22	Undertakings in the scope of the group
LGI	S.02.01.02	Balance sheet
	S.05.01.02	Premiums, claims and expenses by line of business
	S.05.02.01	Premiums, claims and expenses by country
	S.12.01.02	Life and Health SLT Technical Provisions
	S.17.01.02	Non-life Technical Provisions
	S.19.01.21	Non-life insurance claims – Accident Year
	S.23.01.01	Own funds
	S.25.01.21	SCR – for undertakings on standard formula
	S.28.01.01	MCR – Only Life or only non-life insurance or reinsurance activity
LGL	S.02.01.02	Balance sheet
	S.05.01.02	Premiums, claims and expenses by line of business
	S.05.02.01	Premiums, claims and expenses by country
	S.12.01.02	Life and Health SLT Technical Provisions
	S.23.01.01	Own funds
	S.25.01.21	SCR – for undertakings on standard formula
	S.28.01.01	MCR – Only Life or only non-life insurance or reinsurance activity

The information contained in these forms are presented in thousands of pounds (except for ratios).

TWG Europe Limited

Solvency and Financial Condition Report

Disclosures

31 December

2016

(Monetary amounts in GBP thousands)

General information

Participating undertaking name	TWG Europe Limited
Group identification code	213800DN9XK5ME6AVH90
Type of code of group	LEI
Country of the group supervisor	GB
Language of reporting	en
Reporting reference date	31 December 2016
Currency used for reporting	GBP
Accounting standards	The group is using local GAAP (other than IFRS)
Method of Calculation of the group SCR	Standard formula
Method of group solvency calculation	Method 1 is used exclusively
Matching adjustment	No use of matching adjustment
Volatility adjustment	No use of volatility adjustment
Transitional measure on the risk-free interest rate	No use of transitional measure on the risk-free interest rate
Transitional measure on technical provisions	No use of transitional measure on technical provisions

List of reported templates

S.02.01.02 - Balance sheet
S.05.01.02 - Premiums, claims and expenses by line of business
S.05.01.02 - Premiums, claims and expenses by line of business
S.05.02.01 - Premiums, claims and expenses by country
S.05.02.01 - Premiums, claims and expenses by country
S.23.01.22 - Own Funds
S.25.01.22 - Solvency Capital Requirement - for groups on Standard Formula
S.32.01.22 - Undertakings in the scope of the group

S.02.01.02

Balance sheet

		Solvency II value
	Assets	C0010
R0030	Intangible assets	0
R0040	Deferred tax assets	5,033
R0050	Pension benefit surplus	0
R0060	Property, plant & equipment held for own use	1,040
R0070	Investments (other than assets held for index-linked and unit-linked contracts)	247,189
R0080	*Property (other than for own use)*	0
R0090	*Holdings in related undertakings, including participations*	0
R0100	*Equities*	455
R0110	*Equities - listed*	0
R0120	*Equities - unlisted*	455
R0130	*Bonds*	213,185
R0140	*Government Bonds*	100,702
R0150	*Corporate Bonds*	106,578
R0160	*Structured notes*	0
R0170	*Collateralised securities*	5,905
R0180	*Collective Investments Undertakings*	25,057
R0190	*Derivatives*	0
R0200	*Deposits other than cash equivalents*	8,492
R0210	*Other investments*	0
R0220	Assets held for index-linked and unit-linked contracts	0
R0230	Loans and mortgages	0
R0240	*Loans on policies*	0
R0250	*Loans and mortgages to individuals*	0
R0260	*Other loans and mortgages*	0
R0270	Reinsurance recoverables from:	30,274
R0280	*Non-life and health similar to non-life*	24,219
R0290	*Non-life excluding health*	24,219
R0300	*Health similar to non-life*	0
R0310	*Life and health similar to life, excluding index-linked and unit-linked*	6,055
R0320	*Health similar to life*	6,055
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	36,052
R0370	Reinsurance receivables	1,253
R0380	Receivables (trade, not insurance)	4,113
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	39,580
R0420	Any other assets, not elsewhere shown	0
R0500	**Total assets**	364,534

S.02.01.02

Balance sheet

		Solvency II value
	Liabilities	C0010
R0510	Technical provisions - non-life	112,037
R0520	*Technical provisions - non-life (excluding health)*	112,037
R0530	*TP calculated as a whole*	0
R0540	*Best Estimate*	105,119
R0550	*Risk margin*	6,917
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)	36,484
R0610	*Technical provisions - health (similar to life)*	32,435
R0620	*TP calculated as a whole*	0
R0630	*Best Estimate*	30,367
R0640	*Risk margin*	2,068
R0650	*Technical provisions - life (excluding health and index-linked and unit-linked)*	4,049
R0660	*TP calculated as a whole*	0
R0670	*Best Estimate*	3,937
R0680	*Risk margin*	112
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	7,125
R0760	Pension benefit obligations	0
R0770	Deposits from reinsurers	0
R0780	Deferred tax liabilities	5,482
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	51,792
R0830	Reinsurance payables	7,036
R0840	Payables (trade, not insurance)	18,465
R0850	Subordinated liabilities	0
R0860	*Subordinated liabilities not in BOF*	0
R0870	*Subordinated liabilities in BOF*	0
R0880	Any other liabilities, not elsewhere shown	0
R0900	**Total liabilities**	238,421
R1000	**Excess of assets over liabilities**	126,114

S.05.01.02

Premiums, claims and expenses by line of business

Non-life

		Line of Business for: non-life insurance and reinsurance obligations (direct business and accepted proportional reinsurance)												Line of business for: accepted non-proportional reinsurance				
		Medical expense insurance	Income protection insurance	Workers' compensation insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance	Legal expenses insurance	Assistance	Misc. financial loss	Health	Casualty	Marine, aviation and transport	Property	Total
		C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0120	C0130	C0140	C0150	C0160	C0200
	Premiums written																	
R0110	Gross - Direct Business							69,952					95,305					165,256
R0120	Gross - Proportional reinsurance accepted							55					1,825					1,881
R0130	Gross - Non-proportional reinsurance accepted																	0
R0140	Reinsurers' share							64,245					48,310					112,555
R0200	Net		0					5,761					48,821					54,582
	Premiums earned																	
R0210	Gross - Direct Business							74,229					105,634					179,863
R0220	Gross - Proportional reinsurance accepted							504					1,853					2,356
R0230	Gross - Non-proportional reinsurance accepted																	0
R0240	Reinsurers' share							59,134					11,052					70,186
R0300	Net		0					15,598					96,435					112,033
	Claims incurred																	
R0310	Gross - Direct Business							34,440					30,464					64,903
R0320	Gross - Proportional reinsurance accepted							215					953					1,169
R0330	Gross - Non-proportional reinsurance accepted																	0
R0340	Reinsurers' share							26,213					3,751					29,964
R0400	Net		0					8,442					27,666					36,108
	Changes in other technical provisions																	
R0410	Gross - Direct Business							0					0					0
R0420	Gross - Proportional reinsurance accepted							0					0					0
R0430	Gross - Non-proportional reinsurance accepted																	0
R0440	Reinsurers' share							0					0					0
R0500	Net		0					0					0					0
R0550	**Expenses incurred**		0					9,532					57,086					66,619
R1200	**Other expenses**																	
R1300	**Total expenses**																	66,619

S.05.01.02

Premiums, claims and expenses by line of business

Life

		Line of Business for: life insurance obligations						Life reinsurance obligations		Total
		Health insurance	Insurance with profit participation	Index-linked and unit-linked insurance	Other life insurance	Annuities stemming from non-life insurance contracts and relating to health insurance obligations	Annuities stemming from non-life insurance contracts and relating to insurance obligations other than health insurance obligations	Health reinsurance	Life reinsurance	
		C0210	C0220	C0230	C0240	C0250	C0260	C0270	C0280	C0300
	Premiums written									
R1410	Gross	14,559			4,912					19,471
R1420	Reinsurers' share	4,645			4					4,650
R1500	Net	9,914			4,907					14,822
	Premiums earned									
R1510	Gross	20,423			5,485					25,908
R1520	Reinsurers' share	2,157			11					2,168
R1600	Net	18,265			5,474					23,739
	Claims incurred									
R1610	Gross	8,353			994					9,347
R1620	Reinsurers' share	691			75					766
R1700	Net	7,662			919					8,581
	Changes in other technical provisions									
R1710	Gross	0			0					0
R1720	Reinsurers' share	0			0					0
R1800	Net	0			0					0
R1900	**Expenses incurred**	9,703			4,148					13,852
R2500	**Other expenses**									
R2600	**Total expenses**									13,852

S.05.02.01

Premiums, claims and expenses by country

Non-life

		C0010	C0020	C0030	C0040	C0050	C0060	C0070
		Home Country	Top 5 countries (by amount of gross premiums written) - non-life obligations			Top 5 countries (by amount of gross premiums written) - non-life obligations		Total Top 5 and home country
R0010			IT	PL	DE	FR	ES	
		C0080	C0090	C0100	C0110	C0120	C0130	C0140
	Premiums written							
R0110	Gross - Direct Business	116,260	12,633	11,228	6,434	3,662	3,534	153,750
R0120	Gross - Proportional reinsurance accepted	809	181	-2	0	-3	840	1,825
R0130	Gross - Non-proportional reinsurance accepted	0	0	0	0	0	0	0
R0140	Reinsurers' share	81,763	10,117	8,228	1,511	4,272	2,843	108,734
R0200	Net	35,306	2,697	2,998	4,923	-613	1,531	46,842
	Premiums earned							
R0210	Gross - Direct Business	116,734	15,993	12,699	2,689	8,061	4,762	160,938
R0220	Gross - Proportional reinsurance accepted	625	183	37	1	475	514	1,834
R0230	Gross - Non-proportional reinsurance accepted	0	0	0	0	0	0	0
R0240	Reinsurers' share	66,228	609	443	123	1,189	434	69,025
R0300	Net	51,131	15,567	12,293	2,568	7,347	4,842	93,747
	Claims incurred							
R0310	Gross - Direct Business	43,150	7,248	2,348	762	1,557	1,529	56,593
R0320	Gross - Proportional reinsurance accepted	341	2	59	-4	356	185	938
R0330	Gross - Non-proportional reinsurance accepted	0	0	0	0	0	0	0
R0340	Reinsurers' share	29,300	277	53	69	-46	144	29,796
R0400	Net	14,191	6,972	2,354	689	1,959	1,570	27,735
	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**	30,404	9,257	7,310	1,527	4,369	2,879	55,745
R1200	**Other expenses**							
R1300	**Total expenses**							55,745

S.05.02.01

Premiums, claims and expenses by country

Life

		C0150	C0160	C0170	C0180	C0190	C0200	C0210
		Home Country	Top 5 countries (by amount of gross premiums written) - life obligations			Top 5 countries (by amount of gross premiums written) - life obligations		Total Top 5 and home country
R1400			NL	IE	BE	ES	DE	
		C0220	C0230	C0240	C0250	C0260	C0270	C0280
	Premiums written							
R1410	Gross	2,941	9,919	4,671	1,272	619	49	19,471
R1420	Reinsurers' share	1,297	2,154	558	353	224	22	4,607
R1500	Net	1,644	7,766	4,113	919	395	27	14,864
	Premiums earned							
R1510	Gross	2,994	15,384	5,228	1,261	890	82	25,839
R1520	Reinsurers' share	1,245	357	500	41	16	8	2,166
R1600	Net	1,749	15,027	4,728	1,220	875	74	23,673
	Claims incurred							
R1610	Gross	938	6,531	1,515	379	13	-67	9,309
R1620	Reinsurers' share	377	10	380	-8	-1	0	758
R1700	Net	561	6,521	1,135	388	14	-67	8,551
	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**	976	9,003	2,530	664	603	40	13,816
R2500	**Other expenses**							
R2600	**Total expenses**							13,816

S.23.01.22

Own Funds

		Total	Tier 1 unrestricted	Tier 1 restricted	Tier 2	Tier 3
	Basic own funds before deduction for participations in other financial sector	C0010	C0020	C0030	C0040	C0050
R0010	Ordinary share capital (gross of own shares)	49,550	49,550		0	
R0020	*Non-available called but not paid in ordinary share capital at group level*	0				
R0030	Share premium account related to ordinary share capital	0	0		0	
R0040	Initial 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				
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				
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				
R0130	Reconciliation reserve	70,594	70,594			
R0140	Subordinated liabilities	0		0	0	0
R0150	*Non-available subordinated liabilities at group level*	0				
R0160	An amount equal to the value of net deferred tax assets	5,033				5,033
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				
R0200	Minority interests (if not reported as part of a specific own fund item)	0				
R0210	*Non-available minority interests at group level*	0				
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**					
R0230	**Deductions for participations in other financial undertakings, including non-regulated undertakings carrying out financial activities**	0				
R0240	*whereof deducted according to art 228 of the Directive 2009/138/EC*	0				
R0250	Deductions for participations where there is non-availability of information (Article 229)	0				
R0260	Deduction for participations included by using D&A when a combination of methods is used	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**	125,177	120,144	0	0	5,033
	Ancillary own funds					
R0300	Unpaid and uncalled ordinary share capital callable on demand	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				
R0320	Unpaid and uncalled preference shares callable on demand	0				
R0330	A legally binding commitment to subscribe and pay for subordinated liabilities on demand	0				
R0340	Letters of credit and guarantees under Article 96(2) of the Directive 2009/138/EC	0				
R0350	Letters of credit and guarantees other than under Article 96(2) of the Directive 2009/138/EC	0				
R0360	Supplementary members calls under first subparagraph of Article 96(3) of the Directive 2009/138/EC	0				
R0370	Supplementary members calls - other than under first subparagraph of Article 96(3) of the Directive 2009/138/EC	0				
R0380	Non available ancillary own funds at group level	0				
R0390	Other ancillary own funds	0				
R0400	**Total ancillary own funds**	0			0	0
	Own funds of other financial sectors					
R0410	Credit Institutions, investment firms, financial insitutions, alternative investment fund manager, financial institutions	0				
R0420	Institutions for occupational retirement provision	0				
R0430	Non regulated entities carrying out financial activities	0				
R0440	**Total own funds of other financial sectors**	0	0	0	0	0

S.23.01.22
Own Funds

	Basic own funds before deduction for participations in other financial sector	Total	Tier 1 unrestricted	Tier 1 restricted	Tier 2	Tier 3
		C0010	C0020	C0030	C0040	C0050
	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				
R0460	Own funds aggregated when using the D&A and combination of method net of IGT	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)	125,177	120,144	0	0	5,033
R0530	Total available own funds to meet the minimum consolidated group SCR	120,144	120,144	0	0	
R0560	Total eligible own funds to meet the consolidated group SCR (excluding own funds from other financial sector and from the undertakings included via D&A)	125,177	120,144	0	0	5,033
R0570	Total eligible own funds to meet the minimum consolidated group SCR (group)	120,144	120,144	0	0	
R0610	**Minimum consolidated Group SCR**	24,929				
R0650	**Ratio of Eligible own funds to Minimum Consolidated Group SCR**	481.94%				
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)**	125,177	120,144	0	0	5,033
R0680	**Group SCR**	84,592				
R0690	**Ratio of Eligible own funds to group SCR including other financial sectors and the undertakings included via D&A**	147.98%				

	Reconcilliation reserve	C0060
R0700	Excess of assets over liabilities	126,114
R0710	Own shares (held directly and indirectly)	
R0720	Forseeable dividends, distributions and charges	
R0730	Other basic own fund items	54,583
R0740	Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	0
R0750	Other non available own funds	937
R0760	**Reconciliation reserve**	70,594
	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

S.25.01.22

Solvency Capital Requirement - for groups on Standard Formula

		Gross solvency capital requirement	USP	Simplifications
		C0110	C0080	C0090
R0010	Market risk	11,658		
R0020	Counterparty default risk	8,363		
R0030	Life underwriting risk	639		
R0040	Health underwriting risk	5,727		
R0050	Non-life underwriting risk	69,029	Standard deviation for non-life premium risk	
R0060	Diversification	-17,326		
R0070	Intangible asset risk	0		
R0100	**Basic Solvency Capital Requirement**	78,089		

	Calculation of Solvency Capital Requirement	C0100
R0130	Operational risk	6,503
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**	84,592
R0210	Capital add-ons already set	0
R0220	**Solvency capital requirement for undertakings under consolidated method**	84,592
	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	24,929
	Information on other entities	
R0500	Capital requirement for other financial sectors (Non-insurance capital requirements)	0
R0510	*Credit institutions, investment firms and financial institutions, alternative investment funds managers, UCITS management companies*	0
R0520	*Institutions for occupational retirement provisions*	0
R0530	*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&A	0
R0570	**Solvency capital requirement**	84,592

S.32.01.22

Undertakings in the scope of the group

Row	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
	C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080
1	GB	213800QOT4WOYB	LEI	London General Insurance Company Limited	Non life insurance undertaking	limited by shares	Non-mutual	Prudential Regulation Authority
2	GB	213800HE9OSV477	LEI	London General Life Company Limited	Life insurance undertaking	limited by shares	Non-mutual	Prudential Regulation Authority
3	GB	213800UHNTC599U	LEI	TWG Services Limited	Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35	limited by shares	Non-mutual	Financial Conduct Authority
4	GB	213800DN9XK5ME6	LEI	TWG Europe Limited	Insurance holding company as defined in Article 212(1) (f) of Directive 2009/138/EC	limited by shares	Non-mutual	Prudential Regulation Authority

S.32.01.22

Undertakings in the scope of the gro

				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	% 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
Row	C0010	C0020	C0030	C0180	C0190	C0200	C0210	C0220	C0230	C0240	C0250	C0260
1	GB	213800QOT4WOYB	LEI	100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Full consolidation
2	GB	213800HE9OSV477	LEI	100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Full consolidation
3	GB	213800UHNTC599U	LEI	100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Full consolidation
4	GB	213800DN9XK5ME6	LEI	100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Full consolidation

London General Insurance Company Limited

Solvency and Financial Condition Report

Disclosures

31 December

2016

(Monetary amounts in GBP thousands)

General information

Undertaking name	London General Insurance Company Limited
Undertaking identification code	213800QOT4WOYBK3SN79
Type of code of undertaking	LEI
Type of undertaking	Non-life undertakings
Country of authorisation	GB
Language of reporting	en
Reporting reference date	31 December 2016
Currency used for reporting	GBP
Accounting standards	The undertaking is using local GAAP (other than IFRS)
Method of Calculation of the SCR	Standard formula
Matching adjustment	No use of matching adjustment
Volatility adjustment	No use of volatility adjustment
Transitional measure on the risk-free interest rate	No use of transitional measure on the risk-free interest rate
Transitional measure on technical provisions	No use of transitional measure on technical provisions

List of reported templates

S.02.01.02 - Balance sheet
S.05.01.02 - Premiums, claims and expenses by line of business
S.05.01.02 - Premiums, claims and expenses by line of business
S.05.02.01 - Premiums, claims and expenses by country
S.05.02.01 - Premiums, claims and expenses by country
S.12.01.02 - Life and Health SLT Technical Provisions
S.17.01.02 - Non-Life Technical Provisions
S.19.01.21 - Non-Life insurance claims
S.23.01.01 - Own Funds
S.25.01.21 - Solvency Capital Requirement - for undertakings on Standard Formula
S.28.01.01 - Minimum Capital Requirement - Only life or only non-life insurance or reinsurance activity

S.02.01.02

Balance sheet

		Solvency II value
	Assets	C0010
R0030	Intangible assets	0
R0040	Deferred tax assets	1,574
R0050	Pension benefit surplus	0
R0060	Property, plant & equipment held for own use	30
R0070	Investments (other than assets held for index-linked and unit-linked contracts)	237,898
R0080	*Property (other than for own use)*	0
R0090	*Holdings in related undertakings, including participations*	0
R0100	*Equities*	455
R0110	*Equities - listed*	0
R0120	*Equities - unlisted*	455
R0130	*Bonds*	205,247
R0140	*Government Bonds*	97,091
R0150	*Corporate Bonds*	102,251
R0160	*Structured notes*	0
R0170	*Collateralised securities*	5,905
R0180	*Collective Investments Undertakings*	24,177
R0190	*Derivatives*	
R0200	*Deposits other than cash equivalents*	8,020
R0210	*Other investments*	0
R0220	Assets held for index-linked and unit-linked contracts	
R0230	Loans and mortgages	0
R0240	*Loans on policies*	0
R0250	*Loans and mortgages to individuals*	
R0260	*Other loans and mortgages*	
R0270	Reinsurance recoverables from:	30,274
R0280	*Non-life and health similar to non-life*	23,923
R0290	*Non-life excluding health*	23,923
R0300	*Health similar to non-life*	0
R0310	*Life and health similar to life, excluding index-linked and unit-linked*	6,351
R0320	*Health similar to life*	6,351
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	22,902
R0370	Reinsurance receivables	1,253
R0380	Receivables (trade, not insurance)	2,026
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	10,852
R0420	Any other assets, not elsewhere shown	0
R0500	**Total assets**	306,809

S.02.01.02

Balance sheet

		Solvency II value
	Liabilities	C0010
R0510	Technical provisions - non-life	109,481
R0520	*Technical provisions - non-life (excluding health)*	109,481
R0530	*TP calculated as a whole*	0
R0540	*Best Estimate*	102,564
R0550	*Risk margin*	6,917
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)	31,857
R0610	*Technical provisions - health (similar to life)*	31,857
R0620	*TP calculated as a whole*	0
R0630	*Best Estimate*	29,795
R0640	*Risk margin*	2,062
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	2,414
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	20,419
R0830	Reinsurance payables	7,024
R0840	Payables (trade, not insurance)	14,865
R0850	Subordinated liabilities	0
R0860	*Subordinated liabilities not in BOF*	0
R0870	*Subordinated liabilities in BOF*	0
R0880	Any other liabilities, not elsewhere shown	0
R0900	**Total liabilities**	186,061
R1000	**Excess of assets over liabilities**	120,748

S.05.01.02

Premiums, claims and expenses by line of business

Non-life

		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	Misc. financial loss	Health	Casualty	Marine, aviation and 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							69,952					95,305					165,256
R0120	Gross - Proportional reinsurance accepted							55					1,825					1,881
R0130	Gross - Non-proportional reinsurance accepted																	0
R0140	Reinsurers' share							64,245					48,310					112,555
R0200	Net							5,761					48,821					54,582
	Premiums earned																	
R0210	Gross - Direct Business							74,229					105,634					179,863
R0220	Gross - Proportional reinsurance accepted							504					1,853					2,356
R0230	Gross - Non-proportional reinsurance accepted																	0
R0240	Reinsurers' share							59,134					11,052					70,186
R0300	Net							15,598					96,435					112,033
	Claims incurred																	
R0310	Gross - Direct Business							34,440					30,464					64,903
R0320	Gross - Proportional reinsurance accepted							215					953					1,169
R0330	Gross - Non-proportional reinsurance accepted																	0
R0340	Reinsurers' share							26,213					3,751					29,964
R0400	Net							8,442					27,666					36,108
	Changes in other technical provisions																	
R0410	Gross - Direct Business							0					0					0
R0420	Gross - Proportional reinsurance accepted							0					0					0
R0430	Gross - Non-proportional reinsurance accepted																	0
R0440	Reinsurers' share							0					0					0
R0500	Net							0					0					0
R0550	**Expenses incurred**							9,532					57,086					66,619
R1200	**Other expenses**																	
R1300	**Total expenses**																	66,619

S.05.01.02

Premiums, claims and expenses by line of business

Life

		Line of Business for: life insurance obligations						Life reinsurance obligations		Total
		Health insurance	Insurance with profit participation	Index-linked and unit-linked insurance	Other life insurance	Annuities stemming from non-life insurance contracts and relating to health insurance obligations	Annuities stemming from non-life insurance contracts and relating to insurance obligations other than health insurance obligations	Health reinsurance	Life reinsurance	
		C0210	C0220	C0230	C0240	C0250	C0260	C0270	C0280	C0300
	Premiums written									
R1410	Gross	14,606								14,606
R1420	Reinsurers' share	4,619								4,619
R1500	Net	9,986								9,986
	Premiums earned									
R1510	Gross	19,955								19,955
R1520	Reinsurers' share	2,133								2,133
R1600	Net	17,821								17,821
	Claims incurred									
R1610	Gross	8,225								8,225
R1620	Reinsurers' share	691								691
R1700	Net	7,534								7,534
	Changes in other technical provisions									
R1710	Gross									0
R1720	Reinsurers' share									0
R1800	Net	0								0
R1900	**Expenses incurred**	9,545								9,545
R2500	**Other expenses**									
R2600	**Total expenses**									9,545

S.05.02.01

Premiums, claims and expenses by country

Non-life

		C0010	C0020	C0030	C0040	C0050	C0060	C0070
		Home Country	Top 5 countries (by amount of gross premiums written) - non-life obligations			Top 5 countries (by amount of gross premiums written) - non-life obligations		Total Top 5 and home country
R0010			IT	PL	DE	FR	ES	
		C0080	C0090	C0100	C0110	C0120	C0130	C0140
	Premiums written							
R0110	Gross - Direct Business	116,260	12,633	11,228	6,434	3,662	3,534	153,750
R0120	Gross - Proportional reinsurance accepted	809	181	-2	0	-3	840	1,825
R0130	Gross - Non-proportional reinsurance accepted	0	0	0	0	0	0	0
R0140	Reinsurers' share	81,763	10,117	8,228	1,511	4,272	2,843	108,734
R0200	Net	35,306	2,697	2,998	4,923	-613	1,531	46,842
	Premiums earned							
R0210	Gross - Direct Business	116,734	15,993	12,699	2,689	8,061	4,762	160,938
R0220	Gross - Proportional reinsurance accepted	625	183	37	1	475	514	1,834
R0230	Gross - Non-proportional reinsurance accepted	0	0	0	0	0	0	0
R0240	Reinsurers' share	66,228	609	443	123	1,189	434	69,025
R0300	Net	51,131	15,567	12,293	2,568	7,347	4,842	93,747
	Claims incurred							
R0310	Gross - Direct Business	43,150	7,248	2,348	762	1,557	1,529	56,593
R0320	Gross - Proportional reinsurance accepted	341	2	59	-4	356	185	938
R0330	Gross - Non-proportional reinsurance accepted	0	0	0	0	0	0	0
R0340	Reinsurers' share	29,300	277	53	69	-46	144	29,796
R0400	Net	14,191	6,972	2,354	689	1,959	1,570	27,735
	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**	30,404	9,257	7,310	1,527	4,369	2,879	55,745
R1200	**Other expenses**							
R1300	**Total expenses**							55,745

S.05.02.01

Premiums, claims and expenses by country

Life

		C0150	C0160	C0170	C0180	C0190	C0200	C0210
		Home Country	Top 5 countries (by amount of gross premiums written) - life obligations			Top 5 countries (by amount of gross premiums written) - life obligations		Total Top 5 and home country
R1400			NL	IE	BE	ES	DE	
		C0220	C0230	C0240	C0250	C0260	C0270	C0280
	Premiums written							
R1410	Gross	2,852	5,584	4,350	1,208	562	49	14,606
R1420	Reinsurers' share	1,267	2,154	558	353	224	22	4,577
R1500	Net	1,585	3,431	3,792	855	339	27	10,029
	Premiums earned							
R1510	Gross	2,775	11,026	4,386	1,197	419	82	19,886
R1520	Reinsurers' share	1,209	357	500	41	16	8	2,131
R1600	Net	1,566	10,669	3,887	1,156	404	74	17,755
	Claims incurred							
R1610	Gross	927	5,566	1,376	379	5	-67	8,187
R1620	Reinsurers' share	368	10	313	-8	-1	0	683
R1700	Net	559	5,556	1,063	388	6	-67	7,504
	Changes in other technical provisions							
R1710	Gross							0
R1720	Reinsurers' share							0
R1800	Net	0	0	0	0	0	0	0
R1900	**Expenses incurred**	839	5,714	2,082	619	216	40	9,509
R2500	**Other expenses**							
R2600	**Total expenses**							9,509

S.12.01.02

Life and Health SLT Technical Provisions

			Index-linked and unit-linked insurance			Other life insurance						Health insurance (direct business)					
		Insurance with profit participation		Contracts without options and guarantees	Contracts with options or guarantees		Contracts without options and guarantees	Contracts with options or guarantees	Annuities stemming from non-life insurance contracts and relating to insurance obligation other than health insurance obligations	Accepted reinsurance	Total (Life other than health insurance, including Unit-Linked)		Contracts without options and guarantees	Contracts with options or guarantees	Annuities stemming from non-life insurance contracts and relating to health insurance obligations	Health reinsurance (reinsurance accepted)	Total (Health similar to life insurance)
		C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0150	C0160	C0170	C0180	C0190	C0200	C0210
R0010	**Technical provisions calculated as a whole**											0					0
R0020	Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP calculated as a whole											0					0
	Technical provisions calculated as a sum of BE and RM																
	Best estimate																
R0030	**Gross Best Estimate**												29,795				29,795
R0080	Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default												6,351				6,351
R0090	Best estimate minus recoverables from reinsurance/SPV and Finite Re												23,444	0			23,444
R0100	**Risk margin**											2,062					2,062
	Amount of the transitional on Technical Provisions																
R0110	Technical Provisions calculated as a whole																0
R0120	Best estimate																0
R0130	Risk margin																0
R0200	**Technical provisions - total**											31,857					31,857

S.17.01.02

Non-Life Technical Provisions

		Direct business and accepted proportional reinsurance												Accepted non-proportional reinsurance				
		Medical expense insurance	Income protection insurance	Workers' compensation insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance	Legal expenses insurance	Assistance	Miscellaneous financial loss	Non-proportional health reinsurance	Non-proportional casualty reinsurance	Non-proportional marine, aviation and transport reinsurance	Non-proportional property reinsurance	Total Non-Life obligation
		C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0120	C0130	C0140	C0150	C0160	C0170	C0180
R0010	**Technical provisions calculated as a whole**							0					0					0
R0050	Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP calculated as a whole																	0
	Technical provisions calculated as a sum of BE and RM																	
	Best estimate																	
	Premium provisions																	
R0060	Gross							9,513					79,160					88,673
R0140	Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default							2,398					17,034					19,431
R0150	**Net Best Estimate of Premium Provisions**							7,115					62,126					69,241
	Claims provisions																	
R0160	Gross							4,700					9,191					13,891
R0240	Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default							2,233					2,259					4,492
R0250	**Net Best Estimate of Claims Provisions**							2,468					6,932					9,400
R0260	**Total best estimate - gross**							14,214					88,350					102,564
R0270	**Total best estimate - net**							9,583					69,058					78,641
R0280	**Risk margin**							843					6,074					6,917
	Amount of the transitional on Technical Provisions																	
R0290	Technical Provisions calculated as a whole																	0
R0300	Best estimate																	0
R0310	Risk margin																	0
R0320	**Technical provisions - total**							15,056					94,425					109,481
R0330	**Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total**							4,630					19,293					23,923
R0340	**Technical provisions minus recoverables from reinsurance/SPV and Finite Re - total**							10,426					75,132					85,558

S.19.01.21

Non-Life insurance claims

Total Non-life business

Z0010	Accident year / underwriting year	Accident Year

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

		C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0170	C0180
	Year	Development year											In Current year	Sum of years (cumulative)
		0	1	2	3	4	5	6	7	8	9	10 & +		
R0100	Prior											0	0	0
R0160	N-9	42,610	10,105	515	817	94	24	3	188	1	0		0	54,356
R0170	N-8	45,179	14,222	2,103	-116	69	14	286	4	3			3	61,764
R0180	N-7	50,942	17,015	341	140	66	160	6	16				16	68,685
R0190	N-6	60,270	15,215	398	209	250	145	7					7	76,493
R0200	N-5	99,706	9,217	592	165	111	704						704	110,496
R0210	N-4	99,468	10,267	470	151	215							215	110,571
R0220	N-3	120,978	12,631	459	426								426	134,493
R0230	N-2	116,588	7,211	900									900	124,698
R0240	N-1	68,299	7,425										7,425	75,725
R0250	N	55,008											55,008	55,008
R0260												Total	64,704	872,289

Gross Undiscounted Best Estimate Claims Provisions
(absolute amount)

		C0200	C0210	C0220	C0230	C0240	C0250	C0260	C0270	C0280	C0290	C0300	C0360
	Year	Development year											Year end (discounted data)
		0	1	2	3	4	5	6	7	8	9	10 & +	
R0100	Prior											15	15
R0160	N-9	18,076	1,795	1,099	252	194	183	199	33	1	1		1
R0170	N-8	24,743	3,071	106	331	285	276	42	63	22			22
R0180	N-7	28,325	1,095	495	361	343	192	74	30				30
R0190	N-6	26,116	1,148	581	535	408	21	3					3
R0200	N-5	23,747	1,172	519	392	48	1						1
R0210	N-4	22,964	1,303	674	227	47							47
R0220	N-3	19,504	1,152	271	38								38
R0230	N-2	15,966	756	40									40
R0240	N-1	12,247	309										309
R0250	N	16,370											16,370
R0260												Total	16,875

S.23.01.01
Own Funds

	Basic own funds before deduction for participations in other financial sector as foreseen in article 68 of Delegated Regulation 2015/35	Total	Tier 1 unrestricted	Tier 1 restricted	Tier 2	Tier 3
		C0010	C0020	C0030	C0040	C0050
R0010	Ordinary share capital (gross of own shares)	34,000	34,000		0	
R0030	Share premium account related to ordinary share capital	0	0		0	
R0040	Initial 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
R0070	Surplus funds	0	0			
R0090	Preference shares	0		0	0	0
R0110	Share premium account related to preference shares	0		0	0	0
R0130	Reconciliation reserve	85,174	85,174			
R0140	Subordinated liabilities	0		0	0	0
R0160	An amount equal to the value of net deferred tax assets	1,574				1,574
R0180	Other own fund items approved by the supervisory authority as basic own funds not specified above	0	0	0	0	0
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				
R0230	**Deductions for participations in financial and credit institutions**	0				
R0290	**Total basic own funds after deductions**	120,748	119,174	0	0	1,574
	Ancillary own funds					
R0300	Unpaid and uncalled ordinary share capital callable on demand	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				
R0320	Unpaid and uncalled preference shares callable on demand	0				
R0330	A legally binding commitment to subscribe and pay for subordinated liabilities on demand	0				
R0340	Letters of credit and guarantees under Article 96(2) of the Directive 2009/138/EC	0				
R0350	Letters of credit and guarantees other than under Article 96(2) of the Directive 2009/138/EC	0				
R0360	Supplementary members calls under first subparagraph of Article 96(3) of the Directive 2009/138/EC	0				
R0370	Supplementary members calls - other than under first subparagraph of Article 96(3) of the Directive 2009/138/EC	0				
R0390	Other ancillary own funds	0				
R0400	**Total ancillary own funds**	0			0	0
	Available and eligible own funds					
R0500	Total available own funds to meet the SCR	120,748	119,174	0	0	1,574
R0510	Total available own funds to meet the MCR	119,174	119,174	0	0	
R0540	Total eligible own funds to meet the SCR	120,748	119,174	0	0	1,574
R0550	Total eligible own funds to meet the MCR	119,174	119,174	0	0	
R0580	**SCR**	82,244				
R0600	**MCR**	21,597				
R0620	**Ratio of Eligible own funds to SCR**	146.82%				
R0640	**Ratio of Eligible own funds to MCR**	551.80%				

	Reconcilliation reserve	C0060
R0700	Excess of assets over liabilities	120,748
R0710	Own shares (held directly and indirectly)	0
R0720	Foreseeable dividends, distributions and charges	
R0730	Other basic own fund items	35,574
R0740	Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	0
R0760	**Reconciliation reserve**	85,174
	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

S.25.01.21

Solvency Capital Requirement - for undertakings on Standard Formula

		Gross solvency capital requirement	USP	Simplifications
		C0110	C0080	C0090
R0010	Market risk	10,704		
R0020	Counterparty default risk	5,581		
R0030	Life underwriting risk	0		
R0040	Health underwriting risk	5,630		
R0050	Non-life underwriting risk	69,029	Standard deviation for non-life premium risk	
R0060	Diversification	-14,965		
R0070	Intangible asset risk	0		
R0100	**Basic Solvency Capital Requirement**	75,979		

	Calculation of Solvency Capital Requirement	C0100
R0130	Operational risk	6,265
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**	82,244
R0210	Capital add-ons already set	0
R0220	**Solvency capital requirement**	82,244

	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

S.28.01.01

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

	Linear formula component for non-life insurance and reinsurance obligations	C0010
R0010	MCR_{NL} Result	20,582

		Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance) written premiums in the last 12 months
		C0020	C0030
R0020	Medical expense insurance and proportional reinsurance	0	
R0030	Income protection insurance and proportional reinsurance	0	
R0040	Workers' compensation insurance and proportional reinsurance	0	
R0050	Motor vehicle liability insurance and proportional reinsurance	0	
R0060	Other motor insurance and proportional reinsurance	0	
R0070	Marine, aviation and transport insurance and proportional reinsurance	0	
R0080	Fire and other damage to property insurance and proportional reinsurance	9,583	4,841
R0090	General liability insurance and proportional reinsurance	0	
R0100	Credit and suretyship insurance and proportional reinsurance	0	
R0110	Legal expenses insurance and proportional reinsurance	0	
R0120	Assistance and proportional reinsurance	0	
R0130	Miscellaneous financial loss insurance and proportional reinsurance	69,058	53,059
R0140	Non-proportional health reinsurance	0	
R0150	Non-proportional casualty reinsurance	0	
R0160	Non-proportional marine, aviation and transport reinsurance	0	
R0170	Non-proportional property reinsurance	0	

	Linear formula component for life insurance and reinsurance obligations	C0040
R0200	MCR_{L} Result	1,016

		Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance/SPV) total capital at risk
		C0050	C0060
R0210	Obligations with profit participation - guaranteed benefits		
R0220	Obligations with profit participation - future discretionary benefits		
R0230	Index-linked and unit-linked insurance obligations		
R0240	Other life (re)insurance and health (re)insurance obligations	23,444	
R0250	Total capital at risk for all life (re)insurance obligations		747,558

	Overall MCR calculation	C0070
R0300	Linear MCR	21,597
R0310	SCR	82,244
R0320	MCR cap	37,010
R0330	MCR floor	20,561
R0340	Combined MCR	21,597
R0350	Absolute floor of the MCR	3,332
R0400	**Minimum Capital Requirement**	21,597

London General Life Company Limited

Solvency and Financial Condition Report

Disclosures

31 December

2016

(Monetary amounts in GBP thousands)

General information

Undertaking name	London General Life Company Limited
Undertaking identification code	213800HE9OSV4773SU18
Type of code of undertaking	LEI
Type of undertaking	Life undertakings
Country of authorisation	GB
Language of reporting	en
Reporting reference date	31 December 2016
Currency used for reporting	GBP
Accounting standards	The undertaking is using local GAAP (other than IFRS)
Method of Calculation of the SCR	Standard formula
Matching adjustment	No use of matching adjustment
Volatility adjustment	No use of volatility adjustment
Transitional measure on the risk-free interest rate	No use of transitional measure on the risk-free interest rate
Transitional measure on technical provisions	No use of transitional measure on technical provisions

List of reported templates

S.02.01.02 - Balance sheet
S.05.01.02 - Premiums, claims and expenses by line of business
S.05.02.01 - Premiums, claims and expenses by country
S.12.01.02 - Life and Health SLT Technical Provisions
S.23.01.01 - Own Funds
S.25.01.21 - Solvency Capital Requirement - for undertakings on Standard Formula
S.28.01.01 - Minimum Capital Requirement - Only life or only non-life insurance or reinsurance activity

S.02.01.02

Balance sheet

		Solvency II value
	Assets	C0010
R0030	Intangible assets	0
R0040	Deferred tax assets	1,176
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)	8,819
R0080	*Property (other than for own use)*	0
R0090	*Holdings in related undertakings, including participations*	0
R0100	*Equities*	0
R0110	*Equities - listed*	0
R0120	*Equities - unlisted*	0
R0130	*Bonds*	7,938
R0140	*Government Bonds*	3,611
R0150	*Corporate Bonds*	4,327
R0160	*Structured notes*	0
R0170	*Collateralised securities*	0
R0180	*Collective Investments Undertakings*	881
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	0
R0240	*Loans on policies*	0
R0250	*Loans and mortgages to individuals*	0
R0260	*Other loans and mortgages*	0
R0270	Reinsurance recoverables from:	0
R0280	*Non-life and health similar to non-life*	0
R0290	*Non-life excluding health*	0
R0300	*Health similar to non-life*	0
R0310	*Life and health similar to life, excluding 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	459
R0370	Reinsurance receivables	1
R0380	Receivables (trade, not insurance)	8
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	745
R0420	Any other assets, not elsewhere shown	0
R0500	**Total assets**	11,208

S.02.01.02

Balance sheet

		Solvency II value
	Liabilities	C0010
R0510	Technical provisions - non-life	0
R0520	*Technical provisions - non-life (excluding health)*	0
R0530	*TP calculated as a whole*	0
R0540	*Best Estimate*	0
R0550	*Risk margin*	0
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)	4,186
R0610	*Technical provisions - health (similar to life)*	221
R0620	*TP calculated as a whole*	0
R0630	*Best Estimate*	215
R0640	*Risk margin*	6
R0650	*Technical provisions - life (excluding health and index-linked and unit-linked)*	3,964
R0660	*TP calculated as a whole*	0
R0670	*Best Estimate*	3,852
R0680	*Risk margin*	112
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	364
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	982
R0830	Reinsurance payables	12
R0840	Payables (trade, not insurance)	426
R0850	Subordinated liabilities	0
R0860	*Subordinated liabilities not in BOF*	0
R0870	*Subordinated liabilities in BOF*	0
R0880	Any other liabilities, not elsewhere shown	0
R0900	**Total liabilities**	5,970
R1000	**Excess of assets over liabilities**	5,238

S.05.01.02

Premiums, claims and expenses by line of business

Life

		Line of Business for: life insurance obligations						Life reinsurance obligations		Total
		Health insurance	Insurance with profit participation	Index-linked and unit-linked insurance	Other life insurance	Annuities stemming from non-life insurance contracts and relating to health insurance obligations	Annuities stemming from non-life insurance contracts and relating to insurance obligations other than health insurance obligations	Health reinsurance	Life reinsurance	
		C0210	C0220	C0230	C0240	C0250	C0260	C0270	C0280	C0300
	Premiums written									
R1410	Gross	-46			4,912					4,866
R1420	Reinsurers' share	26			4					30
R1500	Net	-72			4,907					4,835
	Premiums earned									
R1510	Gross	468			5,485					5,953
R1520	Reinsurers' share	24			11					35
R1600	Net	444			5,474					5,918
	Claims incurred									
R1610	Gross	128			994					1,122
R1620	Reinsurers' share	0			75					75
R1700	Net	128			919					1,047
	Changes in other technical provisions									
R1710	Gross	0			0					0
R1720	Reinsurers' share	0			0					0
R1800	Net	0			0					0
R1900	**Expenses incurred**	159			4,148					4,307
R2500	**Other expenses**									
R2600	**Total expenses**									4,307

S.05.02.01

Premiums, claims and expenses by country

Life

		C0150	C0160	C0170	C0180	C0190	C0200	C0210
		Home Country	Top 5 countries (by amount of gross premiums written) - life obligations			Top 5 countries (by amount of gross premiums written) - life obligations		Total Top 5 and home country
R1400			NL	IE	ES	BE		
		C0220	C0230	C0240	C0250	C0260	C0270	C0280
	Premiums written							
R1410	Gross	90	4,335	321	64	57		4,866
R1420	Reinsurers' share	30		0				30
R1500	Net	59	4,335	321	64	57	0	4,835
	Premiums earned							
R1510	Gross	219	4,358	841	64	471		5,953
R1520	Reinsurers' share	35	0	0	0	0	0	35
R1600	Net	183	4,358	841	64	471	0	5,918
	Claims incurred							
R1610	Gross	11	965	139	0	8		1,122
R1620	Reinsurers' share	8		66				75
R1700	Net	2	965	72	0	8	0	1,047
	Changes in other technical provisions							
R1710	Gross							0
R1720	Reinsurers' share							0
R1800	Net	0	0	0	0	0	0	0
R1900	**Expenses incurred**	137	3,289	449	45	387		4,307
R2500	**Other expenses**							
R2600	**Total expenses**							4,307

S.12.01.02

Life and Health SLT Technical Provisions

		Insurance with profit participation	Index-linked and unit-linked insurance			Other life insurance			Annuities stemming from non-life insurance contracts and relating to insurance obligation other than health insurance obligations	Accepted reinsurance	Total (Life other than health insurance, including Unit-Linked)	Health insurance (direct business)			Annuities stemming from non-life insurance contracts and relating to health insurance obligations	Health reinsurance (reinsurance accepted)	Total (Health similar to life insurance)
				Contracts without options and guarantees	Contracts with options or guarantees		Contracts without options and guarantees	Contracts with options or guarantees					Contracts without options and guarantees	Contracts with options or guarantees			
		C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0150	C0160	C0170	C0180	C0190	C0200	C0210
R0010	**Technical provisions calculated as a whole**					0					0	0					0
R0020	Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP calculated as a whole										0						0
	Technical provisions calculated as a sum of BE and RM																
	Best estimate																
R0030	**Gross Best Estimate**						3,852				3,852		215				215
R0080	Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default										0						0
R0090	Best estimate minus recoverables from reinsurance/SPV and Finite Re						3,852	0			3,852		215	0			215
R0100	**Risk margin**					112					112	6					6
	Amount of the transitional on Technical Provisions																
R0110	Technical Provisions calculated as a whole										0						0
R0120	Best estimate										0						0
R0130	Risk margin										0						0
R0200	**Technical provisions - total**					3,964					3,964	221					221

S.23.01.01
Own Funds

	Basic own funds before deduction for participations in other financial sector as foreseen in article 68 of Delegated Regulation 2015/35	Total	Tier 1 unrestricted	Tier 1 restricted	Tier 2	Tier 3
		C0010	C0020	C0030	C0040	C0050
R0010	Ordinary share capital (gross of own shares)	3,750	3,750		0	
R0030	Share premium account related to ordinary share capital	0	0		0	
R0040	Initial 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
R0070	Surplus funds	0	0			
R0090	Preference shares	0		0	0	0
R0110	Share premium account related to preference shares	0		0	0	0
R0130	Reconciliation reserve	312	312			
R0140	Subordinated liabilities	0		0	0	0
R0160	An amount equal to the value of net deferred tax assets	1,176				1,176
R0180	Other own fund items approved by the supervisory authority as basic own funds not specified above	0	0	0	0	0
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				
R0230	**Deductions for participations in financial and credit institutions**	0				
R0290	**Total basic own funds after deductions**	5,238	4,062	0	0	1,176
	Ancillary own funds					
R0300	Unpaid and uncalled ordinary share capital callable on demand	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				
R0320	Unpaid and uncalled preference shares callable on demand	0				
R0330	A legally binding commitment to subscribe and pay for subordinated liabilities on demand	0				
R0340	Letters of credit and guarantees under Article 96(2) of the Directive 2009/138/EC	0				
R0350	Letters of credit and guarantees other than under Article 96(2) of the Directive 2009/138/EC	0				
R0360	Supplementary members calls under first subparagraph of Article 96(3) of the Directive 2009/138/EC	0				
R0370	Supplementary members calls - other than under first subparagraph of Article 96(3) of the Directive 2009/138/EC	0				
R0390	Other ancillary own funds	0				
R0400	**Total ancillary own funds**	0			0	0
	Available and eligible own funds					
R0500	Total available own funds to meet the SCR	5,238	4,062	0	0	1,176
R0510	Total available own funds to meet the MCR	4,062	4,062	0	0	
R0540	Total eligible own funds to meet the SCR	4,309	4,062	0	0	247
R0550	Total eligible own funds to meet the MCR	4,062	4,062	0	0	
R0580	**SCR**	1,644				
R0600	**MCR**	3,332				
R0620	**Ratio of Eligible own funds to SCR**	262.12%				
R0640	**Ratio of Eligible own funds to MCR**	121.91%				

	Reconcilliation reserve	C0060
R0700	Excess of assets over liabilities	5,238
R0710	Own shares (held directly and indirectly)	0
R0720	Foreseeable dividends, distributions and charges	
R0730	Other basic own fund items	4,926
R0740	Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	0
R0760	**Reconciliation reserve**	312
	Expected profits	
R0770	Expected profits included in future premiums (EPIFP) - Life business	
R0780	Expected profits included in future premiums (EPIFP) - Non- life business	
R0790	**Total Expected profits included in future premiums (EPIFP)**	0

S.25.01.21

Solvency Capital Requirement - for undertakings on Standard Formula

		Gross solvency capital requirement	USP	Simplifications
		C0110	C0080	C0090
R0010	Market risk	1,081		
R0020	Counterparty default risk	103		
R0030	Life underwriting risk	636		
R0040	Health underwriting risk	65		
R0050	Non-life underwriting risk	0		
R0060	Diversification	-443		
R0070	Intangible asset risk	0		
R0100	**Basic Solvency Capital Requirement**	1,442		

	Calculation of Solvency Capital Requirement	C0100
R0130	Operational risk	238
R0140	Loss-absorbing capacity of technical provisions	-36
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**	1,644
R0210	Capital add-ons already set	0
R0220	**Solvency capital requirement**	1,644
	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

S.28.01.01

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

	Linear formula component for non-life insurance and reinsurance obligations	C0010
R0010	MCR_{NL} Result	0

		Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance) written premiums in the last 12 months
		C0020	C0030
R0020	Medical expense insurance and proportional reinsurance		
R0030	Income protection insurance and proportional reinsurance		
R0040	Workers' compensation insurance and proportional reinsurance		
R0050	Motor vehicle liability insurance and proportional reinsurance		
R0060	Other motor insurance and proportional reinsurance		
R0070	Marine, aviation and transport insurance and proportional reinsurance		
R0080	Fire and other damage to property insurance and proportional reinsurance		
R0090	General liability insurance and proportional reinsurance		
R0100	Credit and suretyship insurance and proportional reinsurance		
R0110	Legal expenses insurance and proportional reinsurance		
R0120	Assistance and proportional reinsurance		
R0130	Miscellaneous financial loss insurance and proportional reinsurance		
R0140	Non-proportional health reinsurance		
R0150	Non-proportional casualty reinsurance		
R0160	Non-proportional marine, aviation and transport reinsurance		
R0170	Non-proportional property reinsurance		

	Linear formula component for life insurance and reinsurance obligations	C0040
R0200	MCR_L Result	301

		Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance/SPV) total capital at risk
		C0050	C0060
R0210	Obligations with profit participation - guaranteed benefits		
R0220	Obligations with profit participation - future discretionary benefits		
R0230	Index-linked and unit-linked insurance obligations		
R0240	Other life (re)insurance and health (re)insurance obligations	4,067	
R0250	Total capital at risk for all life (re)insurance obligations		307,941

	Overall MCR calculation	C0070
R0300	Linear MCR	301
R0310	SCR	1,644
R0320	MCR cap	740
R0330	MCR floor	411
R0340	Combined MCR	411
R0350	Absolute floor of the MCR	3,332
R0400	**Minimum Capital Requirement**	3,332