redsands
group holdings

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Solvency & Financial Condition Report

For the year ending 31 December 2023

Red Sands Group Holdings Limited
Red Sands Insurance Company (Europe) Limited
Red Sands Life Assurance Company (Europe) Limited

Contents

Introduction 4

A. Business & Performance 4

A.1 Business 4

A.2 Underwriting Performance 6

A.3 Investment Performance 7

A.4 Performance of Other Activities 7

A.5 Any Other Information 7

A.5.1 Inflationary Pressures 7

A.5.2 Brexit 8

A.5.3 COVID-19 9

A.5.4 Other 9

B. System of Governance 10

B.1 General Information on the system of governance 10

B.2 Fit and proper requirements 13

B.3 Risk management system including the own risk and solvency assessment 13

B.4 Internal control system 14

B.5 Internal audit function 15

B.6 Actuarial function 15

B.7 Outsourcing 16

B.8 Any other information 16

C. Risk Profile 17

C.1 Underwriting risk 17

C.2 Market risk 18

C.3 Credit risk 20

C.4 Liquidity risk 21

C.5 Operational risk 21

C.6 Other material risks 22

C.6.1 Brexit 22

C.7 Any other information 22

D. Valuation for Solvency Purposes 23

D.1 Assets 23

D.2 Technical provisions 24

D.3 Other liabilities 31
D.4 Alternative methods for valuation 32
D.5 Any other information 32
D.5.1 Group Valuation for Solvency Purposes 32
E. Capital Management 33
E.1 Own funds 33
E.2 Solvency Capital Requirement and Minimum Capital Requirement 34
E.3 Use of the duration-based equity risk sub-module in the calculation of the Solvency Capital Requirement 35
E.4 Differences between the standard formula and any internal model used 35
E.5 Non-compliance with the Minimum Capital Requirement and non-compliance with the Solvency Capital Requirement 35
E.6 Any other information 35
Appendix – Quantitative Reporting Templates 37

Introduction

This document is a public disclosure of the solvency and financial condition of Red Sands Group Holdings Limited in accordance with section 52 of the Financial Services (Insurance Companies) Regulations 2020 ("Solvency II Directive").

The Solvency II reporting currency of this report is Pound Sterling (GBP).

This document has been approved by the Boards of Directors of Red Sands Group Holdings Limited, Red Sands Life Assurance Company (Europe) Limited and Red Sands Insurance Company (Europe) Limited.

A. Business & Performance

A.1 Business

Red Sands Group Holdings Limited ("RSG") holds 100% of the ordinary shares in Red Sands Insurance Company (Europe) Limited ("RSE") and Red Sands Life Assurance Company (Europe) Limited ("RSL"). As a collective, these are referred to as the "Red Sands Group".

RSE is a diversified personal lines insurance company. The strategy of the insurer is to focus on niche, high volume business lines that generally have low severity exposure profiles. In Q3 2023, Pinnacle Pet Group acquired 100% of the share capital of Animal Friends Investments Ltd , which wholly owns Animal Friends Insurance Services Ltd ("AFI"), from Correlation One Holdings Ltd. AFI is one of RSE's distribution partners and will continue to utilise RSE's insurance capacity in the short to medium term, therefore, there has been no current impact on RSE's business as a result of the acquisition. During late 2023, the FCA wrote to insurers expressing concern with the value GAP products provided to consumers. After various communications with the FCA on this matter, the Company, alongside other insurers of UK GAP insurance, signed a Voluntary Undertaking on a best endeavours basis to take reasonable steps to ensure that GAP products are not marketed or distributed in the UK until the FCA are content the Company can demonstrate value in its GAP insurance products. The Voluntary Undertaking was effective from 7th February 2024. The Company has performed various assessments of the product and is confident the product provides fair value to customers overall and is working with the FCA to re-establish the product in the market as soon as practicable. RSE had a solvency cover ratio of 152.8% as at 31st December 2023 and total profit after tax of £19.6m for the year then ending.

RSL has historically been a life insurance company selling uncomplicated low-value life assurance policies in Central and Eastern Europe via direct-to-consumer strategies. As a consequence of the UK (and Gibraltar's) decision to leave the European Union, RSL provides reinsurance capacity in the same sector in Poland. In December 2023, Generali signed an agreement with 4LifeDirect for the purchase of 100% ownership of the life insurance distribution company in Poland. As part of the transaction, the Company will commute its retrocession treaty and therefore, the Company expects that during Q2 2024 it will no longer retrocede policies in Poland. The strategy of the Company is to continue running off remaining direct exposures in all the European jurisdictions in which it previously operated in accordance with the permissions granted in those jurisdictions. RSL had a solvency cover ratio of 352.5% as at 31st December 2023 and total profit after tax of £14.0m for the year then ending.

RSG is a group holding company that writes no business and holds only the shares in RSE and RSL and maintains a bank account to meet operational expenses. RSG is a wholly-owned subsidiary of Manzillo Holdings Limited ("MHL"), a company registered in Guernsey. The Jaap t'Hooft Trust is the ultimate controlling party. RSG had a solvency cover ratio of 219.1% as at 31st December 2023 and total profit after tax of £33.6m for the year then ending.

This SFCR provides information regarding RSE, RSL, and the Red Sands Group.

RSE, RSL and RSG are incorporated in Gibraltar. The location of these businesses is:

Level 3, Ocean Village Business Centre
23 Ocean Village Promenade
Gibraltar

The supervisory authority responsible for financial supervision of RSE, RSL, RSG and the Red Sands Group is:

Gibraltar Financial Services Commission
PO Box 940
Suite 3, Ground Floor
Atlantic Suites
Gibraltar
Telephone: (+350) 200 40 283

The external auditor of RSE, RSL, RSG and Red Sands Group is:

EY Limited
Suite 3C, Regal House
Queensway
Gibraltar
Telephone: (+350) 200 13 200

The active lines of business that RSE underwrites are:

- Bicycle insurance
- Guaranteed Asset Protection
- Home and Property Insurance
- Insurance Backed Guarantees
- Motor Dent & Scratch
- Motor Warranty
- Pet Insurance
- Travel Insurance

RSE sells general insurance policies through distributors in the United Kingdom. RSL provides reinsurance capacity in relation to Polish life assurance risks until it effectively enters run-off.

Red Sands operates entirely out of Gibraltar. RSE, RSL and RSG share a common staff base employed by RSE. The governance and operations processes in place are common across RSE, RSL and RSG.

The only intra-group transaction between the Red Sands companies is a management charge from RSE to RSL for a proportion of the cost of staff and services provided.

A.2 Underwriting Performance

RSE

Throughout 2023 RSE continued its strategic objective of supporting its established distribution partners and is pleased to report that this continued focus produced positive results.

Gross written premium increased by 14.7% from £320.8m to £368.0m with profit after tax for the current year of £19.6m. A breakdown by line of business is given below.

Figures in GBPm	Miscellaneous Financial Loss		Credit & Suretyship		Property		Travel		Motor: Other	
	Dec 23	Dec 22	Dec 23	Dec 22	Dec 23	Dec 22	Dec 23	Dec 22	Dec 23	Dec 22
Gross Written Premium	302.1	276.4	2.3	3.0	18.2	12.0	23.5	20.1	22.0	9.4

RSE's technical result for 2023 was £16.2m with a net underwriting margin of 6.8.% and a net combined ratio of 95.5%.

The Appendix contains certain quantitative reporting templates. S.05.01.02 ('Premiums, claims and expenses by line of business') on page 38 provides quantitative information on the underwriting performance of RSE by material lines of business. S.05.02.01 ('Premiums, claims and expenses by country) on page 39 provides quantitative information on the underwriting performance of RSE by material geographic area.

RSL

RSL continued to focus on providing reinsurance capacity in respect of a portfolio of Polish life assurance risks, while continuing to run-off its exposures in all other EU territories.

In December 2023, Generali signed an agreement with 4LifeDirect for the purchase of 100% ownership of the life insurance distribution company in Poland. As part of the transaction, the Company signed a Commutation and Release agreement in order to commute its retrocession treaty and therefore, the Company expects that during Q2 2024 it will no longer retrocede policies in Poland. The net retrocession commutation sum due to the Company totalled PLN 46.2m (£9.2m) on a best estimate basis and this represents the gain on valuation of the asset in accordance with the accounting standards.

Gross Written Premium in 2023 increased to £20.5m compared to £20.0m in 2022 with profit after tax for the current year of £14.0m.

The Appendix contains certain quantitative reporting templates. S.05.01.02 ('Premiums, claims and expenses by line of business') on page 48 provides quantitative information on the underwriting performance of RSL by material lines of business. S.05.02.01.04 ('Premiums, claims and expenses by country – Life obligations) on page 49 provide quantitative information on the underwriting performance of RSL by material geographic area.

A.3 Investment Performance

The investment strategy of the Group is to buy-and-hold according to a strategic assets allocation which considers capital efficiency and short-and-long term cash flow needs under stressed conditions. As such, the Group's investment performance has broadly performed ahead of its benchmark through 2023. Below is a table that summarises the investment performance, after investment management expenses and charges, for the year of RSE and RSL.

Investment Income (Figures in GBP m)	Year ending Dec 23	Year ending Dec 22
RSE	6.9	-0.8
Cash and deposits	1.2	0.3
Loans	1.7	1.3
Government debt securities	0.7	(0.4)
Corporate debt securities	1.4	(0.4)
Shares and collective investment funds	2.1	(0.8)
Investment management fees	(0.2)	(0.2)
Unlisted Equity	-	(1.0)
Property	-	0.4
RSL	1.4	-0.9
Cash and deposits	0.5	0.0
Corporate debt securities	0.7	(0.1)
Shares and collective investment funds	0.3	(0.8)
Investment management fees	(0.1)	(0.0)

None of the entities in the Red Sands Group had any investments in securitisation and none of the gains or losses from investments have been recognised directly in equity

RSE and RSL, through the Investment Committees, continue to proactively manage the risk profile of their investments. The Investment Committees continue to work closely with the team of independent investment consultants in ensuring the portfolios meet the requirements of the Companies.

A.4 Performance of Other Activities

There is no other material income or associated expenses.

A.5 Any Other Information

A.5.1 Inflationary Pressures

Red Sands Group has monitored inflationary pressures for some time given the expectation of supply side shocks arising from the implementation of the Trade and Cooperation Agreement between the United Kingdom and the European Union as a result of Brexit (see section A.5.2).

In addition, the Russian Federation's invasion of Ukraine in February 2022 and the resultant impact on supply of natural resources and global supply chains, led to an immediate increase in inflationary pressures across the globe, but particularly in Europe.

In the United Kingdom, the resulting impact on household budgets of both of these events, has led to considerable strain on individuals and the wider economy.

During 2023 and into 2024, headline inflation appears to be receding in the core markets in which we operate, largely due to inflation data incurring a full year experience of these key events, but core inflation remains high and continues to be a focus area in the management of risk to the business and its partners.

While inflation remains a key risk and the Red Sands Group seeks to ensure sufficiency of premiums to meet future claims cost, the broader ongoing concern, is the continued cost of living impact on households and the resulting ability of individuals to continue to utilise insurance products as a means of protection, given the persistent financial pressures being placed upon them.

As noted above, while headline inflation rates appear to be easing and general wage increases are starting to outstrip inflation, these positive signs remain at early stages and there continue to be significant risks, including signs that the employment market may be starting to show signs of weakness, following a period of significant strength in the period since Brexit and the pandemic. This may, in turn, add to cost of living pressures, particularly if unemployment rates begin to increase significantly.

Ongoing tensions between Russia and Ukraine and in the Middle East, the latter of which have escalated in Q4 2023 and to date, also create continued potential for volatility.

Given the ongoing geopolitical outlook, the Red Sands Group continues to monitor this risk and the possibility that this may lead to further weakness and recessionary pressures in the longer term.

A.5.2 Brexit

Both RSE and RSL has obtained recognition in all European Union host state territories in which it has risk exposures, in order to ensure that policyholders are not adversely affected by Gibraltar's exit from the European Union.

The majority of Red Sands's business is in the United Kingdom. Gibraltar continues to enjoy access to the United Kingdom market and therefore there has not been any impact on the Companies' core lines of business. The Trade and Cooperation Agreement signed between the United Kingdom and the European Union introduced a number of non-tariff barriers to trade. Previous versions of our Solvency and Financial Condition Report have highlighted the risks of short and medium term inflationary pressures in the United Kingdom as a result of supply side shocks arising from Brexit, and the Boards' continue to monitor the UK specific impact of this alongside the greater inflation risk from the global macro-economic and geo-political environment (see A.5.1).

Furthermore, the European Union and the United Kingdom continue to negotiate a treaty in respect of maintaining fluidity at the border between Gibraltar and Spain. The existence or lack of such a treaty has no impact on the ability of either RSE or RSL in fulfilling its insurance contracts, but may lead to operational stresses. Red Sands is well placed to

manage these operational stresses in the short term, and is in the process of planning in the event that the negotiating parties fail to secure agreement on a treaty.

A.5.3 COVID-19

RSL has active life and health insurance contracts and has been directly impacted by changes in mortality arising from the pandemic. RSL continues to monitor both the immediate and long-term impacts on population mortality and health as a result of the pandemic and our assumptions will be adjusted accordingly.

A.5.4 Other

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

B. System of Governance

B.1 General Information on the system of governance

The executive management body of the Red Sands Group comprises of the roles detailed in the table below.

Roles	Responsibility
Managing Director	Delivery of strategy and budget within risk tolerance levels set by the Board
Finance Director	Responsible for management of finance function, overseeing the preparation and presentation of all financial accounts, monitoring of solvency capital
Underwriting Director	Responsible for management of underwriting and claims functions
Executive Director	Responsible for management of the actuarial function, information security and providing oversight of the Red Sands Group's operations
Company Secretary	Administration of corporate matters
Compliance Officer	Regulatory and non-regulatory compliance

The executive management body is accountable to each of the Red Sands Board of Directors (the "Boards"). The Boards consists of the executive Managing Director, executive Directors, a non-executive Chair, and independent non-executive Directors supported by the Company Secretary.

RSE, RSL and RSG each have the same four non-executive directors.

The Boards are collectively responsible for safeguarding the interests of their policyholders, employees, and other stakeholders to whom the Boards are responsible. This is done by setting the strategic direction of each Company congruent with the wider Red Sands Group strategic plan and ensuring that each Company has robust systems of governance, internal controls, and an adequate risk management system in place to reach its strategic goals.

The Boards are responsible to ensure that the Executive Management delivers on the agreed strategic plans, by offering guidance, providing constructive challenge and holding Executive Management to account on the set goals and objectives.

To assist with the discharge of its duties, the Boards have delegated its authority to various Committees, each with their own Terms of Reference which sets out the tasks and authorities delegated by the Boards, as well as details other functions of the relevant Committee, including such matters as composition, conduct of meetings, reporting lines, frequency of Committee meetings and frequency of reporting to the Boards.

The Boards have established four separate Committee types:

- Audit Committee
- Investment Committee
- Risk Committee
- Underwriting Committee

The Audit Committee is a single Committee established by RSG to oversee the activities of the Red Sands entities, whereas the Investment, Risk and Underwriting Committees are established separately by the RSE and RSL Boards.

Audit Committee (RSG)

The members of the Committee are appointed by the RSG Board of Directors and as at 31 December 2023 comprised two independent Non-Executive Directors and the Non-Executive Chair of the Board. The Board of Directors annually considers the independence of its Non-Executive Directors and whether the Committee has access to appropriate financial and audit expertise either within its membership or available to it in an advisory capacity.

The prime functions of the Committee, as evidenced in its TOR's, are to oversee the relationship with the external Auditors, oversee the internal audit planning and receive reports from the internal audit function. It also assists the Board with any other matter delegated to it by the Board.

The Committee holds a minimum of four scheduled meetings a year and further meetings are held as required. A majority of Committee members need to be present in order for a meeting to be valid and after each Committee meeting, a report is prepared and tabled at the next meeting of the Board of Directors.

Investment Committees (RSE and RSL)

The members of the Committees are appointed by the relevant Board of Directors. The membership of the Committees is not less than four and not more than eight individuals, and requires four members in order to be quorate – including at least one member who must be a Director of the Company which constituted the Committee and one member from the external Investment Advisor.

The Investment Committees' primary responsibilities, as evidenced in their TOR's, are:

- The management of the assets of the Companies such that regulatory solvency requirements and any internal requirements decided upon by the Boards from time-to-time are met, while making optimal use of Capital;
- Management of cash flow and liquidity position of the Companies; and
- Ensuring that liabilities are backed by assets of a suitable nature and class.

After each Committee meeting, a report is prepared and tabled at the next meeting of the Boards, with an update provided at Audit Committee meetings as required.

Risk Committees (RSE and RSL)

The members of the Committees are appointed by the relevant Board of Directors and as at 31 December 2023 comprised the Managing Director, two Executive Directors and one Non-Executive Director, being the Chair of the Audit Committee.

The role of the Risk Committee is to provide oversight and advice to the Boards in relation to current and potential future risk exposures of the Red Sands Group and wider distribution group as well as on the risk strategy, taking into account the Board's overall risk appetite.

The Risk Committee's role also includes the oversight and interpretation of assurance from internal and external assurance providers regarding the effectiveness of the risk management process and works with the executive to address any recommendations that relate to improvements to the risk management framework.

A report is prepared and tabled at every meeting of the Boards detailing the activities of the Risk Committee, with an update also provided at Audit Committee meetings as required.

As noted in section B3, the existence of Risk Committees does not mean that they are responsible for the management of risk of the Companies. Risk management is a collective responsibility of all individuals and remains the responsibility of the Boards and Senior Management, managed primarily via the safeguarding of exceptional culture and values throughout the organisation, as well as through the operation of an appropriate control environment. However, the Risk Committees have a role alongside the Boards and Senior Management in promoting a risk awareness culture and alignment of actions with values within the Red Sands Group and the wider distribution group.

Underwriting Committee (RSE and RSL)

The members of the Committees are appointed by the relevant Board of Directors and as at 31 December 2023 comprised the Managing Director, the Underwriting Director, a senior member of the underwriting team and the Chair of the Board.

The overarching role of the Underwriting Committees, as evidenced in its TOR's, is to review the strategy of, and provide oversight of, the companies underwriting and claims operations. In performing this role, the Committees consider risk appetite, risk aggregation, strategic objectives of the Group in relation to the development of the underwriting book, underwriting and claim management, reinsurance strategy and underwriting performance.

The Underwriting Committees also consider the customer experience and specific qualitative aspects around the appropriateness of insurance products, treating customers fairly and compliance with regulations and directives related to the distribution of insurance products.

A report is prepared and tabled at every meeting of the Boards detailing the activities of the Committees, with an update also provided to the Audit Committee as required.

Remuneration, Performance & Pension

The non-executive directors are paid a fixed fee for their services which is bench-marked to standard market rates. Executive directors and members of staff are paid on a fixed remuneration basis plus an annual bonus. There is a remuneration policy in place to ensure benchmarking is done regularly.

The bonus computation is based upon the profitability of the business and the individual's performance during the year. The Managing Director assesses the basis of the bonus computation on a regular basis in relation to all members of staff with the exception of himself, with the Chair of the Board setting the fixed remuneration and any bonus award for the Managing Director. No share equity schemes or supplementary pension schemes are in operation.

Material Transactions

There are no material transactions with shareholders; persons with significant influence on Red Sands nor members of the executive management body or the Board.

B.2 Fit and proper requirements

The Red Sands 'fit and proper' policy requires employees of Red Sands and members of the Boards to individually be fit and proper, having insight into the following where relevant (for the role);

- Insurance and financial markets;
- Strategy development and implementation;
- Corporate governance and risk management requirements;
- Financial, analytical and/or actuarial skills;
- Underwriting skills;
- Understanding of the regulatory framework and requirements.

The process for assessing the fitness and proprietary of each individual is carried out during the recruitment process and includes the following;

- ID verification (with photo ID);
- Candidate permitted to work in Gibraltar (where required);
- Qualifications Verified;
- Credit Check (as is appropriate);
- Criminal Convictions check (as appropriate);
- References checked with previous employer(s).

B.3 Risk management system including the own risk and solvency assessment

Risk Management System

The responsibility for the risk management function in Red Sands falls to the Risk Committees. In addition, the Committees have responsibility for oversight of the controls in place to mitigate risks, as evidenced in the preparation, review and maintenance of the Risk Register and Pillar II Governance Manual.

The view of the Risk Committees is that risk management is not limited to one function and as such the below is a table which maps areas of risk management to the relevant Red Sands operational functions responsible.

At all times ultimate oversight is the responsibility of the Boards.

Areas of Risk Management	Function to which the Board has delegated authority to manage the relevant risk
Underwriting, Claims, Complaints & Reserving Risk	Operations – Underwriting Committee
Investment Risk	Investment Committee
Liquidity & Concentration Risk	Executive Management Body (oversight by Investment Committee)
Operational Risk	Executive Management Body
Conduct Risk	Executive Management Body (oversight by Underwriting Committee)
Asset-Liability Management Risk	Operations – Finance & Accounting (oversight by Investment Committee)
Reinsurance Risk	Operations – Underwriting Committee
Strategic & Reputational Risk	Executive Management Body
Cyber/ I.T. Risk	Executive Management Body
Overall Responsibility for Risk Management	Board of Directors

Own Risk and Solvency Assessment

Red Sands maintains a Risk Register and a register of stress and scenario tests that is updated and reviewed internally. The Register is reviewed in full by the Risk Committees at least annually and key risks are monitored on a regular basis by the Risk Committees and at least annually by the Boards.

When a new risk is raised or an existing risk changes materially, and the associated impact will affect either the solvency capital requirement or the available capital, a new Solvency Capital Requirement calculation is performed. New Solvency Capital Requirement calculations are also performed when key business decisions are being considered including appropriate stress testing as required. Key business decisions include significant changes to the investment portfolio and writing significant new product lines.

The outputs of the above analysis are captured in the Own Risk and Solvency Assessment ("ORSA") report. The ORSA process and report demonstrates and evidences the Boards' and their Committees' engagements in business planning, economic capital consideration and capital planning, risk management and risk appetite, stress testing, governance and the overall review of Red Sands Group's business. The ORSA process is an ongoing one, and stress tests in particular are undertaken throughout the year when circumstances require.

B.4 Internal control system

Red Sands Group has a Compliance Officer whose role is to ensure regulatory and non-regulatory compliance as set out in Red Sands policies and procedures.

It is noted that the Compliance Officer has direct access to the Audit Committee and to the Boards of Directors. For any issue, the Compliance Officer may approach the Chair directly and the Chair will then liaise with the rest of the members of the Board as deemed necessary.

The Compliance Officer is invited to attend all relevant committee meetings, regulatory and industry body meetings and liaises with outsourced functions.

The Compliance Function ensures Red Sands' compliance with applicable laws, regulations and administrative provisions.

B.5 Internal audit function

The Internal Audit of Red Sands is the third line of defence in the Risk Management System providing an objective and independent oversight of the system of governance. The responsibility and oversight of the internal audit function has been delegated by the Boards to the Audit Committee, having its own Terms of Reference as approved by the Boards. The membership and experience of the Audit Committee is considered in section B.1.

The Head of Internal Audit reports directly to the independent Chair of the Audit Committee to ensure independence and objectivity of the role. The Head of Internal Audit was also tasked with preparing the three-year Internal Audit Plan which was approved by the Audit Committee. The Audit Plan encompasses a risk-based approach to the assessment of the Key Risks and related internal controls of Red Sands Group and ensures that there is an appropriate frequency of independent assurance applied to the review of the control environments of any significant risks. The Head of Internal Audit is responsible for either carrying out the audits directly or co-sourcing internal audit activities with external independent consultants, and reporting any findings to the Audit Committee. The Head of Internal Audit may report directly to the Chair of the Audit Committee and the Chair of the Board of Directors if deemed necessary. After the completion of each audit, the findings, recommendations, and management's comments are reported by the Head of Internal Audit to the Audit Committee.

The Head of Internal Audit has complete autonomy and access to any resource within Red Sands Group to assist with any audit as required, which includes internal audits on the companies themselves, audits on the companies' distribution partners, and other outsourced service providers as required.

B.6 Actuarial function

The Actuarial Function is comprised of members of the Red Sands Underwriting Committees, finance function and experienced actuaries. The Actuarial Function co-ordinates the calculation of the technical provisions and reviews actual performance against forecast. Red Sands Group uses the services of an independent reviewing actuarial firm to review the calculation of the technical provisions on a regular basis and ensure that the technical provisions are calculated in accordance with best practice and the relevant regulations.

B.7 Outsourcing

The following key functions are outsourced:

- Actuarial
- Investment advisory
- Policy administration
- Claims handling

The outsourcing policy is set by the Boards who define the characteristics of organisations that we may not engage with. Service level agreements are maintained and annually reviewed with all outsourced function providers.

B.8 Any other information

The system of governance ensures the following;

- Compliance with all relevant regulation
- Compliance with all relevant corporate governance
- Compliance with risk tolerance levels set by the Board
- Compliance with capital adequacy requirements
- Compliance with all fit and proper requirements as set by the Board

Through the use of non-executive directors along with suitably resourced committees reporting directly to the Boards, Red Sands Group feels the system of governance is adequate for the size, nature and complexity of the businesses.

System of Governance

The governance and operations processes in place are common across Red Sands Group. Regarding material intra-group outsourcing arrangements, Red Sands Group sharea common staff base employed by RSE.

The Gibraltar Financial Services Commission has given approval for the ORSA of Red Sands Group to be undertaken at the same time as RSE and RSL, and for a single ORSA report covering RSE, RSL and the Group to be produced.

C. Risk Profile

C.1 Underwriting risk

RSE is a diversified personal lines insurance company. The strategy of the insurer is to focus on niche high volume business lines that have generally low severity exposure profiles. RSE's underwriting risk profile can be summarised as:

- The significant majority of RSE's net premium is earned from policies of 12 months in term or less, with a focus on high volume, low value policies.
- Managed exposure to liability risk with low risk appetite. Liability risk is generally excluded from the policy as specified in the terms & conditions of the policy, or reinsured. In instances where exclusion is not possible and reinsurance is unviable, then the risk profile of liability exposures is carefully monitored and managed within the risk selection process.

RSL currently supports direct underwriters in the distribution of uncomplicated low-value life assurance in Poland via direct-to-consumer strategies. However, having signed a Commutation and Release agreement, the Company expects to no longer retrocede policies in Poland with effect from Q2 2024 and will effectively be in run-off with no new business being written either directly or indirectly.

Material risks

RSE's key underwriting risk is premium and reserve risk which comprises 62% of the undiversified underwriting risk charge. Premium and reserve risk arises from inappropriate underwriting (premium risk) and adverse claims development (reserve risk). The RSE Underwriting Committee is charged with the responsibility of managing and monitoring the technical performance of RSE.

RSL's key underwriting risks are lapse risk, expense risk and mortality risk which comprise 38%, 35% and 26% of the undiversified underwriting risk charge respectively. Lapse risk arises from a higher than expected lapse rate on existing policies. Lapse risk is managed by the measurement and monitoring of lapse rates at least monthly, and by close working with our distribution partners. Expense risk is the risk that the costs associated with running the business of the company are higher than expected. This risk has increased significantly as a result of the company signing a Commutation and Release agreement in Q1 2024 and expecting to enter a solvent run off during the course of Q2 2024. An assessment of the costs of managing the business in run-off has been conducted to ensure that the resulting increased expense provision is appropriate to the associated expense risk. Mortality risk arises from policyholders passing away before their expected lifespans, and RSL monitors mortality experience against expectation at least monthly. These risks generally offset each other, given that an increase in expenses will typically reduce future profitability and therefore reduce the lapse risk, and an increase in mortality risk will shorten the expected run off exposure. As the Company transitions into run off, both the RSL Underwriting Committee and the RSL Risk Committee will share the responsibility of managing and monitoring the technical performance of RSL, alongside the finance function charged with managing the expense base of the Company against Board set budgets

There have been no other material changes to the underwriting risks that RSE or RSL are exposed to over the reporting period.

Assessment measures

In both RSE and RSL, the measures used to monitor, assess and control the underwriting risks include:

- Using reinsurance to reduce exposure to high value claims.
- Monthly performance reporting highlights performance of key underwriting metrics.
- The ORSA includes stress and scenario testing which is used to assess the risks under stressed conditions.
- Experience investigations are conducted annually.

Risk mitigation techniques

The RSE reinsurance strategy is, where possible, to reinsure potential high value claims whilst retaining the high volume, low value business that comprises the majority of insurance written.

In general, RSL's business covers low value sums insured where traditional risk reinsurance is not required. However, RSL has made use of reinsurance capacity to provide capital support and to reduce its exposure to potentially higher value risks under products where it has less experience, and continues to manage these as it enters run off.

RSE and RSL do not make use of special purpose vehicles to mitigate or transfer risk.

Risk sensitivity

For both RSE and RSL, a number of different stress tests were conducted as part of the ORSA process to test the sensitivity to distributors ceasing to trade, material change in lapse and mortality rates, change in loss ratios, increase and decrease in new business growth rates, material change in mortality rates, decrease in renewal premiums, and a removal of the approval for Undertaking Specific Parameters ("USPs").

The latest ORSA highlighted the following material risks faced by Red Sands:

- A change in the regulatory interpretation of some elements of the Solvency II framework may result in a material increase in the solvency capital requirement.
- Removal of the approval for USPs in RSE would result in a material increase in the solvency capital requirement.
- RSE's solvency coverage is sensitive to unexpected changes in the loss ratio of the pet business.
- RSL's solvency coverage is sensitive to changes in the required expense provision once the company enters run-off

C.2 Market risk

C.2.1 Material risks

RSE has exposure to the following risks which comprise the given % of the undiversified market risk charge: equity risk (23%) and concentration risk (29%). The material risk concentrations are a number of syndicated corporate bonds and strategic loans.

RSL's key market risk exposure is the currency risk (37% of the undiversified market risk charge). The material currency risk relates to the negative technical provision associated with European business written in currencies other than GBP.

C.2.2 Prudent Person Principle

The Investment Committees, being committees of the Boards, are charged with the responsibility of measuring, reporting on, monitoring of, control and managing the performance of all RSE's and RSL's investable assets. The Investment Committees have engaged the services of external experts to assist with this activity. The terms of reference of the respective Investment Committees detail Board imposed limits and controls on the quality, liquidity, asset class, nature, duration and security of investments and investment assets.

Although Red Sands Group has a broad range of investments, the Boards have a conservative approach with respect to the volatility in the returns – preferring lower, consistent returns over volatility in order to protect available assets. This prudent approach and the short tail nature of the underwriting exposures and investment portfolios also provides protection against current inflationary pressures.

In the context of the prudent person principle it is critical to look at each asset not in isolation, but together at the portfolio level. Each asset class is going to have favourable and unfavourable periods however, if the portfolios are constructed on a balanced and diversified basis across all the risk categories, with specific focus on managing correlations between asset classes, then drawdowns at the portfolio level are likely to be less severe in times of market stress.

Red Sands Group does not have any unit-linked policies where the investment risk is borne by the policyholders.

C.2.3 Assessment Measures

In both RSE and RSL, the measures used to monitor, assess and control the market risks include:

- A comprehensive set of performance indicators is assessed on a monthly basis and reviewed in detail at every Investment Committee meeting.
- Compliance with Board imposed limits and constraints such as asset class limits, liquidity constraints, and quality constraints is controlled by means of regular measurement and reporting.

C.2.4 Risk Mitigation Techniques

The techniques used to mitigate against market risk include:

- Material foreign currency exposures on the statutory account balance sheet are hedged back to the reporting currency.
- Maintaining a portfolio of diversified investments with respect to asset class, fund manager, historical volatility, counterparty but whilst maintaining a high level of liquidity and quality of assets.
- Material exposures to equity investments are held in a fund of collective investment undertakings that provides a downside protection guarantee.

- Any investment is subject to a rigorous due diligence process. This encompasses both investment due diligence, and operational due diligence. The investment due diligence includes evaluating the following aspects of the investment institution and investment fund: investment strategy, personnel, portfolio construction, risk management, instruments and a quantitative analysis. The operational due diligence includes evaluating the following aspects of the investment institution and investment fund: trade processes, financing, liquidity & cash controls, pricing policies, counterparties, review of financial statements, corporate organisational structure, capacity management and investor base, personnel organisational structure, legal & compliance, technology and business continuity.

C.2.5 Risk Sensitivity

For both RSE and RSL, a material stress test was conducted as part of the ORSA process to test the sensitivity of the investment portfolio to a stress equal to the equivalent of a 1 in 200-year shock, which may arise from a material drawdown in values, a material increase or decrease in interest rates, a material increase and decrease in foreign exchange rates, or any combination. The stress tests were combined in a number of wider scenario tests. For each stress tests or scenario tests that breached the solvency coverage, an appropriate recovery and resolution plan was detailed.

C.3 Credit risk

Material risks

Credit risk is the risk that a counterparty will be unable to pay amounts in full when due. Counterparty default risk in RSE forms 4% of the undiversified basic SCR, and, in RSL, it forms 4% of the undiversified basic SCR.

The material risk that Red Sands has relates to two banking counterparties as at 31 December 2023, both of which have credit quality steps of 2 or better.

In RSE, the net amount due from reinsurers is not material. In RSL, the net amount due from reinsurers is negative due to reinsurance being used to provide capital support (that is the net expected future cash flow from RSL to the reinsurer).

Prudent person principle

Counterparties are selected by taking the credit rating and reputation of each entity into account. Where appropriate, Red Sands uses multiple counterparties to avoid concentration risk. Red Sands does not rely on credit ratings alone when selecting an entity, but will also conduct appropriate due diligence.

Assessment measures

Assessment measures include quarterly review of the credit ratings of the counterparties, and the assessment of independent investment advisors on the future prospects of these counterparties.

Risk mitigation techniques

Risk mitigation techniques for credit risks include banking with more than one counterparty and performing due diligence on the counterparty before placing assets with them.

Risk sensitivity

A collective downgrade in the credit quality step of the two banking counterparties and the main reinsurance counterparty of RSE and RSL respectively would not result in the Board limit on solvency coverage being breached.

C.4 Liquidity risk

Material risks

Red Sands has limited liquidity risk. Furthermore, a significant cash and cash equivalents buffer is held above that expected to be required for near-term claims and operational purposes. The Investment Committee Terms of Reference requires 60% of investment assets to either be cash or short-term deposits directly with depositaries or other assets that may be liquidated within 30 days.

Prudent person principle

Liquidity is a key consideration when investing assets. This is reflected by a very high percentage of the assets being invested in highly liquid investments.

Assessment measures

Measures used to assess liquidity risk include a medium-term cash forecast that is updated weekly, and a long-term cash forecast that is updated for each Investment Committee meeting.

Risk mitigation techniques

A material percentage of assets are held as cash in bank accounts and as short-term, high quality assets in collective investment undertakings with daily liquidity. This is to ensure that there is sufficient cash available to meet short term requirements.

Risk sensitivity

Given that liquidity is not a material risk for Red Sands, no specific liquidity risk sensitivity is undertaken.

C.5 Operational risk

Material risks

The material operational risks that Red Sands faces and continues to manage include:

- Conduct – our people's and our partners behaviours and governance processes.
- Operational systems – the risk of failure of an operational system resulting in loss of availability, or temporary loss of data.
- Outsourcing – the risk of failure or non-performance of an outsourcing partner.

- People – the risk of failure of management practices and internal controls resulting in mis-management such as fraud.

Cyber/I.T Risk – the risk of a major systems failure or cyber-attack either at Red Sands or an outsourcing partner resulting in corrupted or lost data theft and ransom costs.

Assessment measures

Measures used to assess operational risks include regular review of open risks and their associated risk mitigations by the Risk Committees, and regular audits of internal process and outsourced partners.

Risk mitigation techniques

Risk mitigation techniques employed are specific to each risk. The risk mitigation will seek to reduce, transfer, accept or eliminate the risk, and any residual risk is then signed off by the Risk Committee.

Sensitivity to operational risks has been stress tested by materially increasing the overheads of both RSE and RSL. After a material year on year increase in overheads the 3-year forecasted solvency coverage remains above the Board limits of 130%.

C.6 Other material risks

C.6.1 Brexit

As mentioned in section A.5, RSE and RSL have secured that policyholders are not adversely affected by Gibraltar's exit from the European Union. In the absence of EU Freedom of Services, RSE and RSL have a heightened level of regulatory/compliance risk in running off these exposures and continue to engage with the relevant regulatory authorities as required .

Other material risks

No other material risks are documented.

C.7 Any other information

Red Sands does not hold any off-balance sheet positions.

There are no significant risk concentrations at the level of Red Sands.

D. Valuation for Solvency Purposes

D.1 Assets

The valuation for solvency purposes of material asset classes is described below.

Corporate and Government Bonds

As at 31 December 2023, RSE had £12.0m invested in directly held corporate debt and £19.1m invested directly in UK issued government bonds ("gilts"). RSL had £3.6m invested in directly held corporate debt. RSL does not directly hold any government bonds.

The corporate debt and gilts are traded in active markets for similar assets as per Article 10(2) of the Delegated Act. Corporate debt is syndicated to unlisted entities led by a leading investment bank. There are no differences in the valuation of the assets for solvency purposes and those used for the valuation in financial statements. The methods and main assumptions in deriving their value for these separate purposes are the same. No changes have been made to the recognition and valuation bases during the reporting period.

Collective Investment Undertakings

As at 31 December 2023, RSE had £25.8m and RSL had £4.4m invested in collective investment undertakings.

All collective investment undertakings are traded in active markets for identical assets as per Article 10(2) of the Delegated Act. As these are actively traded securities, the market price represents fair value under Solvency II.

The value of all collective investment undertakings in the financial statements is the same as for Solvency II.

The methods and main assumptions in deriving their value for these separate purposes are the same. No changes have been made to the recognition and valuation bases during the reporting period.

Cash and Cash Equivalents

As at 31 December 2023, RSE had £65.9m and RSL had £7.8m in cash and cash equivalents.

Cash and cash equivalents are valued at face value in the reporting currency. Any currencies not in the reporting currency are valued at the spot exchange rate on the last day of trading of the reporting period. There are no differences in the valuation of the assets for solvency purposes and those used for the valuation in financial statements. The methods and main assumptions in deriving their value for these separate purposes are the same. No changes have been made to the recognition and valuation bases during the reporting period.

Reinsurance Recoverable

As at 31 December 2023, RSE's reinsurance recoverables totalled £1.4m.

As at 31 December 2023, RSL had -£1.6m in reinsurance recoverables.

Reinsurance recoverables are valued in line with the terms and conditions of the associated re-insurance contract. The calculation of RSL's reinsurance recoverables assumes future management action to recapture generations of policies when permitted to do so and in line with past practice. The methods and main assumptions in deriving their value for these separate purposes are the same. No changes have been made to the recognition and valuation bases during the reporting period.

D.2 Technical provisions

D.2.1 RSE Technical Provisions

The value of best estimate and risk margin by line of business is given in the Appendix (S.17.01.01 – 'Non-Life Technical Provisions' on page 40).

Best Estimate

Cash flow projection models have been designed for each homogenous risk group (by at least insurance product and contract term) which are then aggregated into the respective line of business above. These projection models are a best estimate of all future cash flows relating to the policy while it remains active over the life of the contract.

An Independent reviewing actuarial firm has reviewed the implemented projection models, based on a cash-flow approach, and advised that they are suitable for purpose and consistent with underlying valuation principles.

An example of one type of best estimate cash flow included in the projection models is the cost of future claims related to unearned business. It is calculated by applying expected loss ratios to unearned (at the valuation date) and future premium where the expected loss ratios have been derived based on a weighted average of normalised historical loss ratios.

The independent reviewing actuarial firm have also reviewed the main assumptions inherent in the chosen methodologies for reasonableness (such as ultimate loss ratios and payments patterns).

Risk Margin

The risk margin is calculated in accordance with the level 3 risk margin simplification as per the Delegated Act. Given the scale and the nature of the business written by RSE, the proportionality principle applies and using this simplification is considered reasonable.

The risk margin calculation is based on the guidelines 61 and 62 published by EIOPA in the document "Guidelines on the valuation of technical provisions". The independent reviewing actuarial firm have ensured that the calculation is in line with the regulatory requirements and that the risks included in the projected SCR are consistent with an amount that an insurance undertaking would require in order to take over the obligations.

Main assumptions

The risk-free interest rate term structure used for discounting the projected cash flows in the technical calculation is the relevant risk-free structure as specified by the Solvency II regulations.

The expenses incurred in servicing RSE's insurance obligations consist of administration, claims management/handling and overhead expenses. The Company performs a regular expense analysis. The best estimate expense assumptions are based on the results of this regular analysis together with budgeted expenses.

Lapse assumptions are set with reference to experience for RSE's business, guidance from subject matter experts, reinsurers and industry data.

Claims development and claim rate assumptions take account of credible internal experience.

Level of uncertainty associated with the value of technical provisions

RSE writes business with high-frequency, low-severity claims experience with only moderate volatility. The nature of this claims experience results in relatively low levels of uncertainty when projecting cash flows to make up the technical provisions. The above is evident when comparing the actual experience with previous estimates of the future claims experience. This is furthermore evidenced by RSE's USP approval for premium and reserve risk.

Uncertainty relates primarily to how future actual experience will differ from the best estimate assumptions used to calculate the technical provisions. The key assumptions are ultimate claims ratio, lapse rates and claims development factors. A robust assumption setting process is followed in order to ensure the uncertainty is well understood.

Valuation in Financial Statements (Miscellaneous Loss line of business)

The financial statement reserves relating to past claim events are seen as best estimate and are used as the base for the claims provision. The pet insurance products are an exception to the above with their explicit margin for prudence removed as well as further refinements to the method (a combination of chain-ladder and ultimate loss ratio) when compared to financial statement numbers.

Any financial statement items that would result in future cash flows (associated with intermediaries) are consolidated in the technical provisions. These include premium debtors, claim funds and profit shares. However, cash flows such as future premium on monthly paid business are also included in the technical provision but do not necessarily appear in the financial statements.

The technical provisions also estimates the most likely future cash flows (claims, expenses etc) from the unexpired contract term whereas the financial accounts have a more traditional reserve represented simply by the Unearned Premium Reserve ("UPR").

Valuation in Financial Statements (Credit & Suretyship line of business)

Financial statement reserves relating to past claim events are seen as best estimate and used as the base for claims provision. Any financial statement items that would result in future cash flows (associated with intermediaries) are consolidated in the technical provisions. These include premium debtors, claim funds and profit shares.

The technical provisions also estimate the most likely future cash flows (claims, expenses etc) from the unexpired contract term whereas the financial accounts have a more traditional reserve represented simply by the UPR.

Other Adjustments and Assumptions

The matching adjustment referred to in Article 77b of Directive 2009/138/EC has not been applied.

The volatility adjustment referred to in Article 77d of Directive 2009/138/EC has not been used.

The transitional risk-free interest rate-term structure referred to Article 308c of Directive 2009/138/EC has not been applied.

The transitional deduction referred to in Article 308d of Directive 2009/138/EC has not been applied.

There are no material changes in the relevant assumptions made in the calculation of technical provisions compared to the previous reporting period.

D.2.2 RSL Technical Provisions

RSL's primary line of business has historically been that of life insurance, including stand alone and complementary accident and sickness policies. While RSL no longer sells these products directly, it continues to run off active exposures and during 2023 provided reinsurance capacity with the same underlying profile of insurance risks. In December 2023, Generali signed an agreement with 4LifeDirect for the purchase of 100% ownership of the life insurance distribution company in Poland. As part of the transaction, the Company signed a Commutation and Release agreement in order to commute its retrocession treaty and as a result the Company expects that during Q2 2024 it will no longer retrocede policies in Poland. Therefore, the Polish business has been removed from the reported results. The accident and sickness policies are treated as similar to life products for the purposes of the technical provisions and therefore the life and the accident and sickness policies are considered together. The value of best estimate and risk margin is given in the Appendix (S.12.01.01 – 'Life and Health SLT Technical Provisions' on page 50).

Best Estimate Key Assumptions

The key assumptions underlying the calculation of the RSL's technical provisions are as follows:

1. Policy and premium persistency

   The policy persistency rates are expressed as monthly lapse rates and reflect the likelihood of a policy no longer being "on risk" for RSL due to lapsation, i.e. RSL is no longer liable to pay out any claims on the policies. Premium persistency assumptions reflect the likelihood of active policies paying their premiums.

   The above assumptions are derived based on analysis of actual experience and are revised annually where necessary.

2. Mortality

   The mortality assumptions are split by broad product group as follows:

- Non-underwritten Whole of Life & Term Life Products
  The base mortality table used is population mortality from a specific year, either from the relevant local national statistics database and other publicly available sources, or from Eurostat (where the local national statistics database does not provide mortality tables). These tables are reshaped based on current realistic estimates of expected mortality levels reflecting policy duration, policyholder age and gender.

- Simplified underwriting Whole of Life & Term Life Products
  The base mortality tables used are the reinsurer risk rates provided for the relevant product lines (with no additional loadings). Where the product is not currently reinsured, quoted reinsurer risk rates are used.

- Non-underwritten Accidental Death Products
  Similar mortality assumptions to Whole of Life products are adopted in the projection of policyholders remaining in-force (as not all deaths under this product would result in a claim). Given that the customer base of the Accidental Death product is relatively similar to that of the Whole of Life products it is not unreasonable to assume that general mortality will be similar to that of Whole of Life policyholders.

The above assumptions are derived based on analysis of actual experience and are revised annually where necessary.

3. Morbidity

This assumption reflects the likelihood of claims on the accidental disability and hospital cash products:

- Non-Underwritten Accidental Disability Products

  The basis of this assumption is based on population statistics from Eurostats by cause of the accident and by country. The population statistics are adjusted to reflect the actual experience as more information becomes available as the book matures.

  As claims are only paid for accidental disability, it is difficult for policyholders to select against RSL, therefore it is reasonable to assume that experience will be in line with that of the general population.

- Non-Underwritten Hospital Cash Plan
  Incidences of hospitalisation and average number of days in hospital are based on Eurostat population statistics, adjusted for observed experience where sufficient data is available.

The above assumptions are derived based on analysis of actual experience and are revised annually where necessary.

4. Expenses & Commission

RSL outsources the servicing of run off business and this is reflected with the expense assumptions. The expense assumptions in relation to RSL's reinsurance business reflects the Company's share of the primary insurer's expense assumptions. Expenses can be split into:

- Policy administration - a fixed amount per policy set out in the Service Level Agreements between RSL and its distributors.
- Claims administration - a fixed amount per claim set out in the Service Level Agreements between RSL and its distributors.
- Overhead expenses (including investment expenses) - assumed to be a fixed percentage of premium. Given the sale of the Polish business to Generali, an expense reserve has been set up to ensure the modelled overhead expenses do not fall below a minimum level. Overhead expenses are monitored at least annually to ensure these are in line with expectations.

The expense inflation rate is country-specific and is set to reflect the target inflation rate as determined by the monetary policy in each country, subject to short term adjustment to reflect the current high inflationary environment.

Commissions can be split into:

- Acquisition commission – a set percentage of 12 months' worth of premiums set out in Service Level Agreements between RSL and its main distributors, where this is relevant.
- Ongoing commission – a set percentage of a month's worth of premiums set out in Service Level Agreements between RSL and its main distributors, where this is relevant.

The commission clawback period is specified in the Service Level Agreements between RSL and its main distributors.

5. Interest rates

The risk-free interest rate term structures used within the model are those published be EIOPA at the valuation date for each relevant currencies.

The relevant risk-free interest rate term structures are:

- Polish Zloty
- Hungarian Forint
- Czech Koruna
- Euro (for Slovakia and Greece)
- United Kingdom Sterling – for the calculation of the risk margin.

6. Exchange rates

For the 31 December 2023 calculation of the technical provisions, cashflows are converted to GBP using the same year-end exchange rates used for the management accounts, which is the spot exchange rate on the last day of trading of the reporting period.

The above assumptions have been reviewed by an independent reviewing actuarial firm who have confirmed that they are satisfied that the assumptions used within the calculation of the technical provisions are appropriate taking into account the quality and credibility of the latest available data and that the assumptions are sufficient and appropriate to the business being modelled.

Best Estimate Methodology

The appropriateness of the methods and models used for the calculation of the technical provisions was assessed during the development phase prior to the implementation of Solvency II with reference to the main risk drivers and the line of business of RSL. The cashflow projections use standard recognised actuarial techniques, and relevant product features have been allowed for, taking into account the materiality of each feature and product line, and availability of data.

The calculation of the technical provisions has been carried out consistently with the requirements set out in the Solvency II Directive. No unusual or non-standard methods have been used in the calculation of RSL's technical provisions. Additionally, no approximate methods are used in the calculation of the technical provisions in response to the lack of availability of sufficient data of appropriate quality.

The methodologies used have been reviewed by an independent reviewing actuarial firm, who have confirmed that they consider the methods and models used in the calculation of the technical provisions to be consistent with the cashflows that are used to determine a best estimate of the liabilities arising from business sold by RSL and the requirements of Solvency II.

A description of the methodologies used in calculating each component of the technical provisions are noted below.

- Best estimate – Main Benefit
  Cashflow projections are carried out via actuarial software Prophet, using standard actuarial techniques. These models reflect the key features of each product, including the key assumptions noted above.

  The best estimate is calculated using realistic assumptions and industry accepted actuarial methods for the projection of future cashflows, discounted at the relevant risk-free interest rate term structure provided by EIOPA as at the valuation date. The present values of net future cashflows (i.e. allowing for both expected income and outgo) are output grouped by product and country, in the local currency. These amounts are converted to GBP using the same month end exchange rates as used for management accounts as at the valuation date.

  Outstanding claims amounts (i.e. pending claim settlements), any premium debtors and any incurred but not reported claims reserve (IBNR) as of the valuation date are added to the initial best estimate. These amounts are usually small relative to the size of the initial best estimate.

- Best estimate – Riders

Cashflows associated with riders attaching to the main benefit are calculated in a similar manner to above and include: Double/Triple/Quadruple Accidental Death (DAD/TAD/QAD), Funeral Comforter, Parent Cover, Premium Waiver, Permanent Disability Rider and Cancer Rider.

Risk Margin

The risk margin is calculated separately, using Method 1 detailed in the Solvency II Guidelines (Approximate individual risks/sub-risks within some or all modules/sub-modules) for projecting future Solvency Capital Requirements. This method projects each relevant component part of the SCR calculation when assuming existing business is in run off. The main components projected are:

- Life underwriting risk module.
- Health underwriting risk module.
- Default risk module (assuming all assets are held as cash at bank and current reinsurance arrangements continue but no new reinsurance is taken out).
- Market risk module (needs to be minimised therefore assuming all assets are held as cash means that the only relevant risk that needs to be projected is the currency risk component).
- Operational risk module (standard formula based on projected premiums).

Options & Guarantees

There are no complicated or unusual options and guarantees on any of RSL products.

Level of uncertainty associated with the value of technical provisions

As with all projections, there is uncertainty within the selected best estimates where judgements need to be made. The areas of uncertainty/judgment for each of the key assumptions are detailed below.

1. Persistency

The main uncertainties associated with the persistency assumptions are the shape of the policy persistency and long-term premium persistency rates.

2. Mortality

Non-underwritten Whole of Life & Term Life Products

The main uncertainties associated with this assumption are the level of insured mortality relative to population mortality during the initial "selection" period.

Simplified underwriting Whole of Life & Term Life Products

The main uncertainty associated with this assumption is whether the reinsurer risk rates are a true reflection of the actual mortality of the specific insured portfolio.

Non-underwritten Accidental Death Products

The uncertainties associated with this assumption are the shape of the insured accidental mortality by age may differ from that of the general population.

The Actuarial Function has performed sensitivity tests over the course of the year in order to quantitatively analyse the sensitivity of RSL's Technical Provisions to these best estimate assumptions.

Valuation in Financial Statements

The method adopted for the valuation is a gross premium valuation method which explicitly allows for the expected future cash-flows arising from the policies in-force at the valuation date. Policies are valued on an individual basis and are not grouped. Any rider benefits are valued as part of the host policy and not on a standalone basis. Furthermore, as per regulation 30 referred to above, no policy is treated as an asset and negative reserves are eliminated at the policy level.

Other Adjustments and Assumptions

The matching adjustment referred to in Article 77b of Directive 2009/138/EC has not been applied.

The volatility adjustment referred to in Article 77d of Directive 2009/138/EC has not been used.

The transitional risk-free interest rate-term structure referred to Article 308c of Directive 2009/138/EC has not been applied.

The transitional deduction referred to in Article 308d of Directive 2009/138/EC has not been applied.

There are no other material changes in the relevant assumptions made in the calculation of technical provisions compared to the previous reporting period.

D.3 Other liabilities

The valuation for solvency purposes of material liability classes is described below.

Net Deferred Tax Liability

In both RSE and RSL, the net deferred tax liability is calculated as the net of the deferred tax liability and the deferred tax asset.

The deferred tax asset is calculated as the applicable tax rate multiplied by the difference between the sum of "technical liabilities", "reinsurance payables", and "any other liabilities" on the Solvency 2 balance sheet and the GAAP balance sheet.

The deferred tax liability is calculated as the applicable tax rate multiplied by the difference between the sum of "reinsurance assets", "insurance, loans & other receivables", and "any other assets" on the Solvency II balance sheet and the GAAP balance sheet.

No net deferred tax liability or asset is included on the GAAP balance sheet. No changes have been made to the recognition and valuation bases during the reporting period.

Reinsurance Payables

In both RSE and RSL, reinsurance payables are valued in line with the terms and conditions of the associated re-insurance contract. There are no differences in the valuation of the liability for solvency purposes and those used for the valuation in financial statements. The methods and main assumptions in deriving their value for these separate purposes are the same. No changes have been made to the recognition and valuation bases during the reporting period.

Any Other Liabilities

The material liabilities included under any other liabilities are Insurance Premium Tax payable, income tax payable, accruals, and creditors arising from insurance operations. There are no differences in the valuation of the liability for solvency purposes and those used for the valuation in financial statements. The methods and main assumptions in deriving their value for these separate purposes are the same. No changes have been made to the recognition and valuation bases during the reporting period.

Subordinated Liability

The Subordinated Liabilities item in RSE is comprised of the subordinated debt issued by RSE in October 2015. The subscriber of the debt is a specialist fund that invests in the illiquid subordinated debt of European small to mid-cap insurers. This debt qualifies as Tier 2 capital from a Solvency II capital perspective.

Other

No Red Sands liabilities are subject to financial or operating leases.

There are no liabilities associated with material employee benefits.

D.4 Alternative methods for valuation

An alternative valuation method has been applied to the subordinated debt in RSE. There is a limited traded market for the long dated subordinated debt of small European insurers. As a result, it is not possible to apply the valuation methodology in Article 10(2). Rather the alternative valuation approach Article 10(7b) is applied, which employs a discounted cash-flow approach. The discount factor that is currently applied remains Euribor plus spread at issuance. This methodology has been reviewed by an independent reviewing actuarial firm as well as an independent audit firm who have confirmed that they are satisfied with the methodology applied

D.5 Any other information

D.5.1 Group Valuation for Solvency Purposes

The bases, methods and assumptions used at Red Sands for the valuation for solvency purposes of the Group's assets, technical provisions and other liabilities are no different from those used by any of its subsidiaries for the valuation for solvency purposes of its assets, technical provisions and other liabilities.

E. Capital Management

E.1 Own funds

Objective & Process

Both RSE and RSL have Board stated objectives to maintain own funds of more than 130% of the Solvency Capital Requirement.

Any dividends require approval of the relevant Red Sands Board and will not be approved or paid if this results in the forecasted solvency coverage breaching the level noted above over the planning horizon of three years.

Any additional own funds raised by issuing of shares or raising of debt requires approval of the relevant Red Sands Board and prior authorisation from the Gibraltar Financial Services Commission, unless they comply with Articles 69, 72 or 76 of the Commission Delegated Regulation (EU) 2015/35.

Own Funds

RSE and RSL both have only one class of share, namely Tier 1 ordinary shares. No new shares have been issued by either company over the reporting period.

RSE has €20m of sub-ordinated Tier 2 debt. The debt is classified as Tier 2 and is sub-ordinated to the ordinary shares. The maturity of the debt is January 2026. The debt was issued in Euros.

All own capital in excess of the ordinary shares and associated share premium account are accounted for in the reconciliation reserve.

Material Changes

In RSE, the material change over the reporting period is an increase in own funds of £7.2m. Of this change, £7.7m is due to increases in retained earnings (net of dividends paid). Valuation changes on the subordinated debt have contributed negatively by £0.3m.

In RSL, the material change over the reporting period is a decrease in own funds of £4.1m (net of dividends paid). The main driver of this change is the sale of the Polish portfolio to Generali and consequently the removal of the technical provisions associated with the Polish business as well as the increase in the overhead expense assumption.

The material differences between equity as shown in the undertaking's financial statements and the excess of assets over liabilities as calculated for solvency purposes are:

- The difference in basis for the calculation of the best estimate liabilities and reinsurance recoverable in RSL between the financial statements and Solvency II.
- The exclusion of margin from the Solvency II best estimates.

Capital Requirement

The eligible amount of own funds to cover the Solvency Capital Requirement and Minimum Capital Requirement, classified by tiers, is provided in the Appendix (S.23.01.01 – 'Own Funds' on pages 42 and 43 for RSE; and S.23.01.01 – 'Own Funds' on pages 51 and 52 for RSL). The same

quantitative reporting templates also provide the solvency ratios, calculated as eligible own funds as a percentage of the Solvency Capital Requirement.

Other

No basic own-fund items are subject to transitional arrangements.

There exist no options or warrants on the own funds.

There are no ancillary own funds.

There are no significant restrictions affecting the availability and transferability of own funds within Red Sands.

E.2 Solvency Capital Requirement and Minimum Capital Requirement

The Solvency Capital Requirement at the end of the reporting period, split by risk module, is provided in the Appendix (S.25.01.01.01 – 'Solvency Capital Requirement' on page 44 for RSE; and S.25.01.01.01 – 'Solvency Capital Requirement' on page 53 for RSL).

The Minimum Capital Requirement at the end of the reporting period is provided in the Appendix (S.25.01.01.01 – 'Minimum Capital Requirement' on page 45 for RSE; and S.25.01.01.01 – 'Minimum Capital Requirement' on page 54 for RSL).

The standard model, adjusted via the use of USPs in respect of RSE, is used to calculate the Capital Requirement.

Loss absorbing capacity of deferred taxes

RSE recognises a deferred tax liability of £2.4m as at 31 December 2023 and RSL recognises a deferred tax liability of £0.4m as at 31 December 2023. The Group recognises a deferred tax liability of £2.8m. Deferred tax assets and deferred tax liabilities are calculated based on the future taxable profits recognised within available capital, taken at the prevailing tax rates at the balance sheet date.

The loss absorbing capacity of deferred tax has been assessed and a reduction taken in the solvency capital requirement of RSE of £6.8m and of RSL of £0.4m.

Simplified Calculations

No simplified calculations are used.

Undertaking Specific Parameters ("USPs")

In RSE, USPs are used in the calculation of Premium and Reserve Risk for the Miscellaneous Financial Loss segment. It is believed that the calibration of the "Miscellaneous Financial Loss" in the standard formula does not reflect RSE's insurance risk profile.

"Miscellaneous Financial Loss" is a generic category for insurance that is not covered by more specific categories. It includes insurance obligations which cover employment risk, insufficiency of income, bad weather, loss of benefit, continuing general expenses, unforeseen trading expenses, loss of market value, loss of rent or revenue, indirect trading losses, other financial loss (non-

trading) as well as any other risk of non-life insurance not covered by the specific lines of business. Given the wide range of insurance obligations covered by the "Miscellaneous Financial Loss" category, it is by nature generic and hence not representative of any of the heterogeneous insurance obligations which get allocated in this category.

For the above reasons, it is RSE's view that the standard formula parameter calibration used for "Miscellaneous Financial Loss" for both premium and reserve risk does not properly reflect the risk profile of RSE and so RSE should continue the use of Undertaking-Specific Parameters for its insurance portfolios (aggregated within "Miscellaneous Financial Loss") to allow RSE to more closely match capital requirements to its risk profile. The use of USPs has been approved by the GFSC and an annual report which is shared with the Board is prepared by the Actuarial Function detailing updates to the USP application. An independent reviewing actuarial firm also performs an annual review of the USP calculations undertaken by the Actuarial Function. .

Material Changes

In RSE, the Solvency Capital Requirement has increased by £5.5m over the reporting period, mainly due to an increase in the non-life underwriting risk charge as a result of increasing business volumes.

In RSL, the Solvency Capital Requirement decreased by £12.0m over the reporting period. The main change that led to this decrease is the drop in the life underwriting risk charge as a result of the sale of the Polish 4LD business to Generali.

The Minimum Capital Requirement of both RSE and RSL has moved in line with the Solvency Capital Requirements of each trading entity.

E.3 Use of the duration-based equity risk sub-module in the calculation of the Solvency Capital Requirement

Red Sands has not used the duration-based equity risk sub-module in the calculation of the Solvency Capital Requirement.

E.4 Differences between the standard formula and any internal model used

Red Sands has not used any internal model in the calculation of the Solvency Capital Requirement.

E.5 Non-compliance with the Minimum Capital Requirement and non-compliance with the Solvency Capital Requirement

Red Sands's own capital is and has been compliant with the Minimum Capital Requirement and Solvency Capital Requirement throughout the reporting period.

E.6 Any other information

Red Sands Capital Management

Method 1 (Accounting consolidation-based method) of the Solvency II Directive has been used to calculate the Group's solvency.

The subordinated debt own fund item in RSE is not transferrable to another entity within the group. The subordinated debt own fund item is included in the calculation of the group solvency

up to the contribution of RSE to the Group's SCR in accordance with Article 330(5) of the Delegated Act.

The Group Solvency Capital Requirement is provided in the Appendix (S.23.01.22 – 'Solvency Capital Requirement' on page 62-64).

The material source of group diversification effects is due to the life and health underwriting risk modules having a correlation coefficient of 0 with the non-life underwriting risk module. This contributes approximately 51% of the Group's basic Solvency Capital Requirement diversification benefit.

Appendix – Quantitative Reporting Templates

The following pages contain the public quantitative reporting templates (QRTs) of:

- Red Sands Insurance Company (Europe) Limited (Solo QRTs) - Pages 38 to 47
- Red Sands Life Assurance Company (Europe) Limited (Solo QRTs) - Pages 48 to 56
- Red Sands Group Holdings Limited (Group QRTs) - Pages 57 to 67

S.02.01.02
Balance Sheet

All monetary amounts presented in £'000

		Solvency II value
Assets		**C0010**
Intangible assets	**R0030**	0
Deferred tax assets	**R0040**	0
Pension benefit surplus	**R0050**	0
Property, plant & equipment held for own use	**R0060**	1,311
Investments (other than assets held for index-linked and unit-linked contracts)	**R0070**	101,229
Property (other than for own use)	**R0080**	0
Holdings in related undertakings, including participations	**R0090**	0
Equities	**R0100**	493
Equities - listed	**R0110**	0
Equities - unlisted	**R0120**	493
Bonds	**R0130**	23,114
Government Bonds	**R0140**	19,113
Corporate Bonds	**R0150**	4,002
Structured notes	**R0160**	0
Collateralised securities	**R0170**	0
Collective Investments Undertakings	**R0180**	77,383
Derivatives	**R0190**	238
Deposits other than cash equivalents	**R0200**	0
Other investments	**R0210**	0
Assets held for index-linked and unit-linked contracts	**R0220**	0
Loans and mortgages	**R0230**	9,399
Loans on policies	**R0240**	0
Loans and mortgages to individuals	**R0250**	0
Other loans and mortgages	**R0260**	9,399
Reinsurance recoverables from:	**R0270**	1,397
Non-life and health similar to non-life	**R0280**	1,397
Non-life excluding health	**R0290**	1,397
Health similar to non-life	**R0300**	0
Life and health similar to life, excluding health and index-linked and unit-linked	**R0310**	0
Health similar to life	**R0320**	0
Life excluding health and index-linked and unit-linked	**R0330**	0
Life index-linked and unit-linked	**R0340**	0
Deposits to cedants	**R0350**	0
Insurance and intermediaries receivables	**R0360**	9,467
Reinsurance receivables	**R0370**	0
Receivables (trade, not insurance)	**R0380**	0
Own shares (held directly)	**R0390**	0
Amounts due in respect of own fund items or initial fund called up but not yet paid in	**R0400**	0
Cash and cash equivalents	**R0410**	33,523
Any other assets, not elsewhere shown	**R0420**	0
Total assets	**R0500**	**156,327**

S.02.01.02
Balance Sheet

All monetary amounts presented in £'000

		Solvency II value
Liabilities		**C0010**
Technical provisions – non-life	**R0510**	50,692
Technical provisions – non-life (excluding health)	**R0520**	48,204
Technical provisions calculated as a whole	**R0530**	0
Best Estimate	**R0540**	45,951
Risk margin	**R0550**	2,253
Technical provisions - health (similar to non-life)	**R0560**	2,488
Technical provisions calculated as a whole	**R0570**	0
Best Estimate	**R0580**	2,479
Risk margin	**R0590**	9
Technical provisions - life (excluding index-linked and unit-linked)	**R0600**	0
Technical provisions - health (similar to life)	**R0610**	0
Technical provisions calculated as a whole	**R0620**	0
Best Estimate	**R0630**	0
Risk margin	**R0640**	0
Technical provisions – life (excluding health and index-linked and unit-linked)	**R0650**	0
Technical provisions calculated as a whole	**R0660**	0
Best Estimate	**R0670**	0
Risk margin	**R0680**	0
Technical provisions – index-linked and unit-linked	**R0690**	0
Technical provisions calculated as a whole	**R0700**	0
Best Estimate	**R0710**	0
Risk margin	**R0720**	0
Contingent liabilities	**R0740**	0
Provisions other than technical provisions	**R0750**	0
Pension benefit obligations	**R0760**	0
Deposits from reinsurers	**R0770**	0
Deferred tax liabilities	**R0780**	2,419
Derivatives	**R0790**	0
Debts owed to credit institutions	**R0800**	0
Financial liabilities other than debts owed to credit institutions	**R0810**	0
Insurance & intermediaries payables	**R0820**	0
Reinsurance payables	**R0830**	0
Payables (trade, not insurance)	**R0840**	17,912
Subordinated liabilities	**R0850**	17,331
Subordinated liabilities not in Basic Own Funds	**R0860**	0
Subordinated liabilities in Basic Own Funds	**R0870**	17,331
Any other liabilities, not elsewhere shown	**R0880**	0
Total liabilities	**R0900**	**88,353**
Excess of assets over liabilities	**R1000**	**67,974**

S.05.01.02

All monetary amounts presented in £'000

Premiums, claims and expenses by line of business

		Line of Business for: non-life insurance and reinsurance obligations (direct business and accepted proportional reinsurance)							Total
		Medical expense insurance	Other motor insurance	Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance	Assistance	Miscellaneous financial loss	
		C0010	C0050	C0070	C0080	C0090	C0110	C0120	C0200
Premiums written									
Gross - Direct Business	R0110	11,757	21,957	18,157	0	2,282	11,757	302,104	368,014
Gross - Proportional reinsurance accepted	R0120	0	0	0	0	0	0	0	0
Gross - Non-proportional reinsurance accepted	R0130								0
Reinsurers' share	R0140	266	0	1,538	0	0	266	539	2,608
Net	R0200	11,491	21,957	16,619	0	2,282	11,491	301,565	365,405
Premiums earned									
Gross - Direct Business	R0210	11,164	4,836	14,428	0	4,100	11,164	302,523	348,214
Gross - Proportional reinsurance accepted	R0220	0	0	0	0	0	0	0	0
Gross - Non-proportional reinsurance accepted	R0230								0
Reinsurers' share	R0240	266	0	1,538	0	0	266	539	2,608
Net	R0300	10,898	4,836	12,890	0	4,100	10,898	301,983	345,606
Claims incurred									
Gross - Direct Business	R0310	2,463	3,533	13,272	0	1,340	2,463	196,641	219,710
Gross - Proportional reinsurance accepted	R0320	0	0	0	0	0	0	0	0
Gross - Non-proportional reinsurance accepted	R0330								0
Reinsurers' share	R0340	(14)	0	544	0	0	(14)	189	704
Net	R0400	2,477	3,533	12,727	0	1,340	2,477	196,452	219,006
Changes in other technical provisions									
Gross - Direct Business	R0410	(414)	(2,968)	(254)	0	105	(414)	125	(3,820)
Gross - Proportional reinsurance accepted	R0420	0	0	0	0	0	0	0	0
Gross - Non- proportional reinsurance accepted	R0430								0
Reinsurers'share	R0440	0	0	0	0	0	0	0	0
Net	R0500	(414)	(2,968)	(254)	0	105	(414)	125	(3,820)
Expenses incurred	R0550	6,692	4,220	3,953	0	1,755	6,692	84,471	107,783
Other expenses	R1200								6,714
Total expenses	R1300								114,497

S.05.02.01

All monetary amounts presented in £'000

Premiums, claims and expenses by country

		Home country	Top 5 countries (by amount of gross premiums written) - non-life obligations					Total top 5 countries and home country
		C0010	C0020	C0030	C0040	C0050	C0060	C0070
	R0010		GB	IE	PL			
		C0080	C0090	C0100	C0110	C0120	C0150	C0140
Premiums written								
Gross - Direct Business	R0110	0	368,044	(30)	0			368,014
Gross - Proportional reinsurance accepted	R0120	0	0	0	0			0
Gross - Non-proportional reinsurance accepted	R0130	0	0	0	0			0
Reinsurers' share	R0140	0	2,608	0	0			2,608
Net	R0200	0	365,435	(30)	0			365,405
Premiums earned								
Gross - Direct Business	R0210	0	347,820	394	0			348,214
Gross - Proportional reinsurance accepted	R0220	0	0	0	0			0
Gross - Non-proportional reinsurance accepted	R0230	0	0	0	0			0
Reinsurers' share	R0240	0	2,608	0	0			2,608
Net	R0300	0	345,211	394	0			345,606
Claims incurred								
Gross - Direct Business	R0310	0	219,504	206	0			219,710
Gross - Proportional reinsurance accepted	R0320	0	0	0	0			0
Gross - Non-proportional reinsurance accepted	R0330	0	0	0	0			0
Reinsurers' share	R0340	0	704	0	0			704
Net	R0400	0	218,799	206	0			219,006
Changes in other technical provisions								
Gross - Direct Business	R0410	0	(3,940)	120	0			(3,820)
Gross - Proportional reinsurance accepted	R0420	0	0	0	0			0
Gross - Non-proportional reinsurance accepted	R0430	0	0	0	0			0
Reinsurers' share	R0440	0	0	0	0			0
Net	R0500	0	(3,940)	120	0			(3,820)
Expenses incurred	R0550	0	107,852	4	(73)			107,783
Other expenses	R1200							6,714
Total expenses	R1300							114,497

S.17.01.01

All monetary amounts presented in £'000

Non-Life Technical Provisions

		Direct business and accepted proportional reinsurance							Total non-life obligation
		Medical expense insurance	Other motor insurance	Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance	Assistance	Miscellaneous financial loss	
		C0020	C0060	C0080	C0090	C0100	C0120	C0130	C0180
Technical provisions calculated as a whole	**R0010**	0	0	0	0	0	0	0	0
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP calculated as a whole	**R0050**	0	0	0	0	0	0	0	0
Technical provisions calculated as a sum of BE and RM									
Best estimate									
Premium provisions									
Gross - Total	**R0060**	939	16,843	7,862	0	5,275	939	(18,266)	13,592
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	**R0140**	0	0	0	0	0	0	(471)	(471)
Net Best Estimate of Premium Provisions	**R0150**	939	16,843	7,862	0	5,275	939	(17,795)	14,063
Claims provisions									
Gross - Total	**R0160**	1,540	(1,388)	6,136	0	3,361	1,540	23,649	34,838
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	**R0240**	0	0	994	0	0	0	874	1,868
Net Best Estimate of Claims Provisions	**R0250**	1,540	(1,388)	5,142	0	3,361	1,540	22,775	32,970
Total Best estimate - gross	**R0260**	2,479	15,455	13,999	0	8,635	2,479	5,383	48,430
Total Best estimate - net	**R0270**	2,479	15,455	13,004	0	8,635	2,479	4,981	47,033
Risk margin	**R0280**	9	57	48	0	425	9	1,714	2,262
Amount of the transitional on Technical Provisions									
Technical provisions calculated as a whole	**R0290**	0	0	0	0	0	0	0	0
Best estimate	**R0300**	0	0	0	0	0	0	0	0
Risk margin	**R0310**	0	0	0	0	0	0	0	0
Technical provisions - total									
Technical provisions - total	**R0320**	2,488	15,512	14,047	0	9,060	2,488	7,097	50,692
Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total	**R0330**	0	0	994	0	0	0	403	1,397
Technical provisions minus recoverables from reinsurance/SPV and Finite Re- total	**R0340**	2,488	15,512	13,053	0	9,060	2,488	6,694	49,295

S.19.01.01.01

All monetary amounts presented in £'000

Non-life insurance claims - Total non-life business

Accident year / Underwriting year	Z0010	Underwriting Year

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

	Year	0	1	2	3	4	5	6	7	8	9	10&+		In Current year	Sum of all years (cumulative)
		C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110		C0170	C0180
Prior	R0100											62,773	R0100	0	62,773
N-9	R0160	0	0	0	0	0	0	0	0	43,147	0		R0160	0	43,147
N-8	R0170	0	0	0	0	0	0	0	51,151	0			R0170	0	51,151
N-7	R0180	0	0	0	0	0	0	63,048	0				R0180	0	63,048
N-6	R0190	0	0	0	0	0	75,427	0					R0190	0	75,427
N-5	R0200	0	0	0	0	84,739	0						R0200	0	84,739
N-4	R0210	0	0	0	98,937	7							R0210	7	98,943
N-3	R0220	0	0	116,324	71								R0220	71	116,395
N-2	R0230	0	151,859	687									R0230	687	152,546
N-1	R0240	167,370	24,637										R0240	24,637	192,006
N	R0250	188,289											R0250	188,289	188,289
													Total R0260	213,690	1,128,465

Gross undiscounted Best Estimate Claims Provisions - Development year (absolute amount)

	Year	0	1	2	3	4	5	6	7	8	9	10&+		Year end (discounted data)
		C0200	C0210	C0220	C0230	C0240	C0250	C0260	C0270	C0280	C0290	C0350		C0360
Prior	R0100											0	R0100	0
N-9	R0160	0	0	0	0	0	0	0	0	0	0		R0160	0
N-8	R0170	0	0	0	0	0	0	0	0	0			R0170	0
N-7	R0180	0	0	0	0	0	0	0	0				R0180	0
N-6	R0190	0	0	0	0	0	0	0					R0190	0
N-5	R0200	0	0	0	0	0	0						R0200	0
N-4	R0210	0	0	0	0	0							R0210	0
N-3	R0220	0	0	0	0								R0220	0
N-2	R0230	0	0	0									R0230	0
N-1	R0240	0	0										R0240	0
N	R0250	35,843											R0250	34,838
													Total R0260	34,838

S.23.01.01

All monetary amounts presented in £'000

Own Funds

		Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
		C0010	C0020	C0030	C0040	C0050
Basic own funds before deduction for participations in other financial sector as foreseen in article 68 of Delegated Regulation 2015/35						
Ordinary share capital (gross of own shares)	R0010	3,006	3,006		0	
Share premium account related to ordinary share capital	R0030	5,994	5,994		0	
Initial funds, members' contributions or the equivalent basic own - fund item for mutual and mutual-type undertakings	R0040	0	0		0	
Subordinated mutual member accounts	R0050	0		0	0	0
Surplus funds	R0070	0	0			
Preference shares	R0090	0		0	0	0
Share premium account related to preference shares	R0110	0		0	0	0
Reconciliation reserve	R0130	58,974	58,974			
Subordinated liabilities	R0140	17,331		0	17,331	0
An amount equal to the value of net deferred tax assets	R0160	0				
Other own fund items approved by the supervisory authority as basic own funds not specified above	R0180	0	0	0	0	0
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds						
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds	R0220	0				
Deductions						
Deductions for participations in financial and credit institutions	R0230	0	0	0	0	0
Total basic own funds after deductions	R0290	85,305	67,974	0	17,331	0
Ancillary own funds						
Unpaid and uncalled ordinary share capital callable on demand	R0300	0			0	
Unpaid and uncalled initial funds, members' contributions or the equivalent basic own fund item for mutual and mutual - type undertakings, callable on demand	R0310	0			0	
Unpaid and uncalled preference shares callable on demand	R0320	0			0	0
A legally binding commitment to subscribe and pay for subordinated liabilities on demand	R0330	0			0	0
Letters of credit and guarantees under Article 96(2) of the Directive 2009/138/EC	R0340	0			0	
Letters of credit and guarantees other than under Article 96(2) of the Directive 2009/138/EC	R0350	0			0	0
Supplementary members calls under first subparagraph of Article 96(3) of the Directive 2009/138/EC	R0360	0			0	
Supplementary members calls - other than under first subparagraph of Article 96(3) of the Directive 2009/138/EC	R0370	0			0	0
Other ancillary own funds	R0390	0			0	0
Total ancillary own funds	R0400	0			0	0

S.23.01.01

All monetary amounts presented in £'000

Own Funds

		Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
		C0010	C0020	C0030	C0040	C0050
Available and eligible own funds						
Total available own funds to meet the SCR	R0500	85,305	67,974	0	17,331	0
Total available own funds to meet the MCR	R0510	85,305	67,974	0	17,331	
Total eligible own funds to meet the SCR	R0540	85,305	67,974	0	17,331	0
Total eligible own funds to meet the MCR	R0550	72,997	67,974	0	5,024	
SCR	R0580	55,821				
MCR	R0600	25,120				
Ratio of Eligible own funds to SCR	R0620	1.5282				
Ratio of Eligible own funds to MCR	R0640	2.9060				

Reconciliation reserve

		C0060
Reconciliation reserve		
Excess of assets over liabilities	R0700	67,974
Own shares (held directly and indirectly)	R0710	0
Foreseeable dividends, distributions and charges	R0720	0
Other basic own fund items	R0730	9,000
Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	R0740	0
Reconciliation reserve	R0760	58,974
Expected profits		
Expected profits included in future premiums (EPIFP) - Life business	R0770	0
Expected profits included in future premiums (EPIFP) - Non-life business	R0780	4,698
Total Expected profits included in future premiums (EPIFP)	R0790	4,698

S.25.01.01.01

All monetary amounts presented in £'000

Solvency Capital Requirement

		Gross solvency capital requirement	USP	Simplification
		C0110	C0090	C0100
Market risk	R0010	8,282		
Counterparty default risk	R0020	2,730		
Life underwriting risk	R0030	1,082	0	0
Health underwriting risk	R0040	2,081	0	0
Non-life underwriting risk	R0050	47,765	0	0
Diversification	R0060	(9,776)		
Intangible asset risk	R0070	0		
Basic Solvency Capital Requirement	R0100	52,164		

Calculation of Solvency Capital Requirement		C0100
Adjustment due to RFF/MAP nSCR aggregation	R0120	0
Operational risk	R0130	10,449
Loss-absorbing capacity of technical provisions	R0140	0
Loss-absorbing capacity of deferred taxes	R0150	(6,791)
Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC	R0160	0
Solvency capital requirement excluding capital add-on	R0200	55,821
Capital add-on already set	R0210	0
Solvency capital requirement	R0220	55,821
Other information on SCR		
Capital requirement for duration-based equity risk sub-module	R0400	0
Total amount of Notional Solvency Capital Requirements for remaining part	R0410	0
Total amount of Notional Solvency Capital Requirements for ring fenced funds	R0420	0
Total amount of Notional Solvency Capital Requirements for matching adjustment portfolios	R0430	0
Diversification effects due to RFF nSCR aggregation for article 304	R0440	0

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

Calculation of loss absorbing capacity of deferred taxes

		C0130
DTA	R0600	0
DTA carry forward	R0610	0
DTA due to deductible temporary differences	R0620	0
DTL	R0630	(2,419)
LAC DT	R0640	(6,791)
LAC DT justified by reversion of deferred tax liabilities	R0650	(2,419)
LAC DT justified by reference to probable future taxable economic profit	R0660	(4,373)
LAC DT justified by carry back, current year	R0670	0
LAC DT justified by carry back, future years	R0680	0
Maximum LAC DT	R0690	(6,791)

S.28.01.01

All monetary amounts presented in £'000

Minimum Capital Requirement

Linear formula component for non-life insurance and reinsurance obligations		C0010
MCR$_{NL}$ Result	R0010	73,726

		Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance) written premiums in the last 12 months
		C0020	C0030
Medical expense insurance and proportional reinsurance	R0020	3,459	11,491
Income protection insurance and proportional reinsurance	R0030	0	0
Workers' compensation insurance and proportional reinsurance	R0040	0	0
Motor vehicle liability insurance and proportional reinsurance	R0050	0	0
Other motor insurance and proportional reinsurance	R0060	19,180	21,957
Marine, aviation and transport insurance and proportional reinsurance	R0070	0	0
Fire and other damage to property insurance and proportional reinsurance	R0080	15,037	16,619
General liability insurance and proportional reinsurance	R0090	0	0
Credit and suretyship insurance and proportional reinsurance	R0100	8,932	2,249
Legal expenses insurance and proportional reinsurance	R0110	0	0
Assistance and proportional reinsurance	R0120	3,459	11,491
Miscellaneous financial loss insurance and proportional reinsurance	R0130	152,299	290,948
Non-proportional health reinsurance	R0140	0	0
Non-proportional casualty reinsurance	R0150	0	0
Non-proportional marine, aviation and transport reinsurance	R0160	0	0
Non-proportional property reinsurance	R0170	0	0

Linear formula component for life insurance and reinsurance obligations		C0040
MCR$_{NL}$ Result	R0200	0

Total capital at risk for all life (re)insurance obligations		Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance/SPV) total capital at risk
		C0050	C0060
Obligations with profit participation - guaranteed benefits	R0210	0	
Obligations with profit participation - future discretionary benefits	R0220	0	
Index-linked and unit-linked insurance obligations	R0230	0	
Other life (re)insurance and health (re)insurance obligations	R0240	0	
Total capital at risk for all life (re)insurance obligations	R0250		0

Overall MCR calculation		C0070
Linear MCR	R0300	73,726
SCR	R0310	55,821
MCR cap	R0320	25,120
MCR floor	R0330	13,955
Combined MCR	R0340	25,120
Absolute floor of the MCR	R0350	3,466
Minimum Capital Requirement	R0400	25,120

S.02.01.02
Balance Sheet

All monetary amounts presented in £'000

		Solvency II value
Assets		**C0010**
Intangible assets	**R0030**	0
Deferred tax assets	**R0040**	0
Pension benefit surplus	**R0050**	0
Property, plant & equipment held for own use	**R0060**	0
Investments (other than assets held for index-linked and unit-linked contracts)	**R0070**	17,115
Property (other than for own use)	**R0080**	0
Holdings in related undertakings, including participations	**R0090**	0
Equities	**R0100**	0
Equities - listed	**R0110**	0
Equities - unlisted	**R0120**	0
Bonds	**R0130**	0
Government Bonds	**R0140**	0
Corporate Bonds	**R0150**	0
Structured notes	**R0160**	0
Collateralised securities	**R0170**	0
Collective Investments Undertakings	**R0180**	17,115
Derivatives	**R0190**	0
Deposits other than cash equivalents	**R0200**	0
Other investments	**R0210**	0
Assets held for index-linked and unit-linked contracts	**R0220**	0
Loans and mortgages	**R0230**	0
Loans on policies	**R0240**	0
Loans and mortgages to individuals	**R0250**	0
Other loans and mortgages	**R0260**	0
Reinsurance recoverables from:	**R0270**	(1,573)
Non-life and health similar to non-life	**R0280**	0
Non-life excluding health	**R0290**	0
Health similar to non-life	**R0300**	0
Life and health similar to life, excluding health and index-linked and unit-linked	**R0310**	(1,573)
Health similar to life	**R0320**	1
Life excluding health and index-linked and unit-linked	**R0330**	(1,574)
Life index-linked and unit-linked	**R0340**	0
Deposits to cedants	**R0350**	0
Insurance and intermediaries receivables	**R0360**	9,287
Reinsurance receivables	**R0370**	0
Receivables (trade, not insurance)	**R0380**	24
Own shares (held directly)	**R0390**	0
Amounts due in respect of own fund items or initial fund called up but not yet paid in	**R0400**	0
Cash and cash equivalents	**R0410**	3,036
Any other assets, not elsewhere shown	**R0420**	0
Total assets	**R0500**	**27,888**

S.02.01.02
Balance Sheet

All monetary amounts presented in £'000

		Solvency II value
Liabilities		**C0010**
Technical provisions – non-life	**R0510**	0
Technical provisions – non-life (excluding health)	**R0520**	0
Technical provisions calculated as a whole	**R0530**	0
Best Estimate	**R0540**	0
Risk margin	**R0550**	0
Technical provisions - health (similar to non-life)	**R0560**	0
Technical provisions calculated as a whole	**R0570**	0
Best Estimate	**R0580**	0
Risk margin	**R0590**	0
Technical provisions - life (excluding index-linked and unit-linked)	**R0600**	(7,299)
Technical provisions - health (similar to life)	**R0610**	(255)
Technical provisions calculated as a whole	**R0620**	0
Best Estimate	**R0630**	(256)
Risk margin	**R0640**	1
Technical provisions – life (excluding health and index-linked and unit-linked)	**R0650**	(7,044)
Technical provisions calculated as a whole	**R0660**	0
Best Estimate	**R0670**	(8,310)
Risk margin	**R0680**	1,266
Technical provisions – index-linked and unit-linked	**R0690**	0
Technical provisions calculated as a whole	**R0700**	0
Best Estimate	**R0710**	0
Risk margin	**R0720**	0
Contingent liabilities	**R0740**	0
Provisions other than technical provisions	**R0750**	0
Pension benefit obligations	**R0760**	0
Deposits from reinsurers	**R0770**	0
Deferred tax liabilities	**R0780**	442
Derivatives	**R0790**	105
Debts owed to credit institutions	**R0800**	0
Financial liabilities other than debts owed to credit institutions	**R0810**	0
Insurance & intermediaries payables	**R0820**	0
Reinsurance payables	**R0830**	605
Payables (trade, not insurance)	**R0840**	1,050
Subordinated liabilities	**R0850**	0
Subordinated liabilities not in Basic Own Funds	**R0860**	0
Subordinated liabilities in Basic Own Funds	**R0870**	0
Any other liabilities, not elsewhere shown	**R0880**	0
Total liabilities	**R0900**	**(5,097)**
Excess of assets over liabilities	**R1000**	**32,985**

S.05.01.02

All monetary amounts presented in £'000

Premiums, claims and expenses by line of business

		Line of business for: life insurance obligations		Line of business for: life reinsurance obligations		Total
		Health insurance	Other life insurance	Health insurance	Other life insurance	
		C0210	C0240	C0270	C0280	C0300
Premiums written						
Gross	R1410	169	7,404	0	12,885	20,457
Reinsurers' share	R1420	8	1,944	0	29	1,981
Net	R1500	161	5,459	0	12,856	18,476
Premiums earned						
Gross	R1510	169	7,404	0	12,885	20,457
Reinsurers' share	R1520	8	1,944	0	29	1,981
Net	R1600	161	5,459	0	12,856	18,476
Claims incurred						
Gross	R1610	36	3,260	0	4,933	8,229
Reinsurers' share	R1620	9	1,205	0	(19)	1,195
Net	R1700	27	2,054	0	4,953	7,034
Changes in other technical provisions						
Gross	R1710	0	0	0	0	0
Reinsurers' share	R1720	0	0	0	0	0
Net	R1800	0	0	0	0	0
Expenses incurred	R1900	102	3,448	0	3,703	7,252
Other expenses	R2500					315
Total expenses	R2600					7,568

S.05.02.01.04

All monetary amounts presented in £'000

Premiums, claims and expenses by country

Life obligations

		Home country	Top 5 countries (by amount of gross premiums written) - life obligations					Total top 5 countries and home country
		C0150	C0160	C0170	C0180	C0190	C0200	C0210
	R1400		PL	HU	SK	CZ	GR	
		C0220	C0230	C0240	C0250	C0260	C0270	C0280
Premiums written								
Gross	R1410	0	12,885	3,520	1,944	1,935	174	20,457
Reinsurers' share	R1420	0	29	621	550	781	0	1,981
Net	R1500	0	12,856	2,899	1,393	1,154	174	18,476
Premiums earned								
Gross	R1510	0	12,885	3,520	1,944	1,935	174	20,457
Reinsurers' share	R1520	0	29	621	550	781	0	1,981
Net	R1600	0	12,856	2,899	1,393	1,154	174	18,476
Claims incurred								
Gross	R1610	0	4,926	1,507	844	874	78	8,229
Reinsurers' share	R1620	0	(19)	345	382	488	0	1,195
Net	R1700	0	4,946	1,162	462	387	78	7,034
Changes in other technical provisions								
Gross	R1710	0	0	0	0	0	0	0
Reinsurers' share	R1720	0	0	0	0	0	0	0
Net	R1800	0	0	0	0	0	0	0
Expenses incurred	R1900	0	5,636	793	341	434	49	7,252
Other expenses	R2500							315
Total expenses	R2600							7,568

S.12.01.01

All monetary amounts presented in £'000

Life and Health SLT Technical Provisions

		Other life insurance		Accepted reinsurance		Total (Life other than health insurance, incl. Unit-Linked)	Health insurance (direct business)		Health reinsurance (reinsurance accepted)	Total (Health similar to life insurance)
			Contracts without options and guarantees		Other life insurance			Contracts without options and guarantees		
		C0060	C0070	C0100	C0130	C0150	C0160	C0170	C0200	C0210
Technical provisions calculated as a whole	**R0010**	0		0	0	0	0		0	0
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP calculated as a whole	**R0020**	0		0	0	0	0		0	0
Technical provisions calculated as a sum of BE and RM										
Best Estimate										
Gross Best Estimate	**R0030**		(9,309)	999	999	(8,310)		(6)	(250)	(256)
Total recoverables from reinsurance/SPV and Finite Re before the adjustment for expected losses due to counterparty default	**R0040**		(1,574)	0		(1,574)		1	0	1
Recoverables from reinsurance (except SPV and Finite Re) before adjustment for expected losses	**R0050**		(1,574)	0		(1,574)		1	0	1
Recoverables from SPV before adjustment for expected losses	**R0060**		0	0		0		0	0	0
Recoverables from Finite Re before adjustment for expected losses	**R0070**		0	0		0		0	0	0
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	**R0080**		(1,574)	0	0	(1,574)		1	0	1
Best estimate minus recoverables from reinsurance/SPV and Finite Re	**R0090**		(7,734)	999		(6,736)		(7)	(250)	(257)
Risk Margin	**R0100**	1,030		236	236	1,266	1		0	1
Amount of the transitional on Technical Provisions										
Technical Provisions calculated as a whole	**R0110**	0		0		0	0		0	0
Best estimate	**R0120**		0	0		0		0	0	0
Risk margin	**R0130**	0		0		0	0		0	0
Technical provisions - total	**R0200**	(8,279)		1,234		(7,044)	(5)		(250)	(255)

S.23.01.01

All monetary amounts presented in £'000

Own Funds

		Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
		C0010	C0020	C0030	C0040	C0050
Basic own funds before deduction for participations in other financial sector as foreseen in article 68 of Delegated Regulation 2015/35						
Ordinary share capital (gross of own shares)	R0010	3,502	3,502		0	
Share premium account related to ordinary share capital	R0030	1,499	1,499		0	
Initial funds, members' contributions or the equivalent basic own - fund item for mutual and mutual-type undertakings	R0040	0	0		0	
Subordinated mutual member accounts	R0050	0		0	0	0
Surplus funds	R0070	0	0			
Preference shares	R0090	0		0	0	0
Share premium account related to preference shares	R0110	0		0	0	0
Reconciliation reserve	R0130	27,985	27,985			
Subordinated liabilities	R0140	0		0	0	0
An amount equal to the value of net deferred tax assets	R0160	0				
Other own fund items approved by the supervisory authority as basic own funds not specified above	R0180	0	0	0	0	0
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds						
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds	R0220	0				
Deductions						
Deductions for participations in financial and credit institutions	R0230	0	0	0	0	0
Total basic own funds after deductions	R0290	32,985	32,985	0	0	0
Ancillary own funds						
Unpaid and uncalled ordinary share capital callable on demand	R0300	0			0	
Unpaid and uncalled initial funds, members' contributions or the equivalent basic own fund item for mutual and mutual - type undertakings, callable on demand	R0310	0			0	
Unpaid and uncalled preference shares callable on demand	R0320	0			0	0
A legally binding commitment to subscribe and pay for subordinated liabilities on demand	R0330	0			0	0
Letters of credit and guarantees under Article 96(2) of the Directive 2009/138/EC	R0340	0			0	
Letters of credit and guarantees other than under Article 96(2) of the Directive 2009/138/EC	R0350	0			0	0
Supplementary members calls under first subparagraph of Article 96(3) of the Directive 2009/138/EC	R0360	0			0	
Supplementary members calls - other than under first subparagraph of Article 96(3) of the Directive 2009/138/EC	R0370	0			0	0
Other ancillary own funds	R0390	0			0	0
Total ancillary own funds	R0400	0			0	0

S.23.01.01
Own Funds

All monetary amounts presented in £'000

		Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
		C0010	C0020	C0030	C0040	C0050
Available and eligible own funds						
Total available own funds to meet the SCR	R0500	32,985	32,985	0	0	0
Total available own funds to meet the MCR	R0510	32,985	32,985	0	0	
Total eligible own funds to meet the SCR	R0540	32,985	32,985	0	0	0
Total eligible own funds to meet the MCR	R0550	32,985	32,985	0	0	
SCR	R0580	9,356				
MCR	R0600	3,495				
Ratio of Eligible own funds to SCR	R0620	3.5254				
Ratio of Eligible own funds to MCR	R0640	9.4387				

Reconciliation reserve

		C0060
Reconciliation reserve		
Excess of assets over liabilities	R0700	32,985
Own shares (held directly and indirectly)	R0710	0
Foreseeable dividends, distributions and charges	R0720	0
Other basic own fund items	R0730	5,000
Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	R0740	0
Reconciliation reserve	R0760	27,985
Expected profits		
Expected profits included in future premiums (EPIFP) - Life business	R0770	6,993
Expected profits included in future premiums (EPIFP) - Non-life business	R0780	0
Total Expected profits included in future premiums (EPIFP)	R0790	6,993

S.25.01.01.01

All monetary amounts presented in £'000

Solvency Capital Requirement

		Gross solvency capital requirement	USP	Simplification
		C0110	C0090	C0100
Market risk	R0010	2,258		
Counterparty default risk	R0020	473		
Life underwriting risk	R0030	7,980	0	0
Health underwriting risk	R0040	10	0	0
Non-life underwriting risk	R0050	61	0	0
Diversification	R0060	(1,805)		
Intangible asset risk	R0070	0		
Basic Solvency Capital Requirement	R0100	8,977		

Calculation of Solvency Capital Requirement		C0100
Adjustment due to RFF/MAP nSCR aggregation	R0120	0
Operational risk	R0130	821
Loss-absorbing capacity of technical provisions	R0140	0
Loss-absorbing capacity of deferred taxes	R0150	(442)
Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC	R0160	0
Solvency capital requirement excluding capital add-on	R0200	9,356
Capital add-on already set	R0210	0
Solvency capital requirement	R0220	9,356
Other information on SCR		
Capital requirement for duration-based equity risk sub-module	R0400	0
Total amount of Notional Solvency Capital Requirements for remaining part	R0410	0
Total amount of Notional Solvency Capital Requirements for ring fenced funds	R0420	0
Total amount of Notional Solvency Capital Requirements for matching adjustment portfolios	R0430	0
Diversification effects due to RFF nSCR aggregation for article 304	R0440	0

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

Calculation of loss absorbing capacity of deferred taxes

		C0130
DTA	R0600	0
DTA carry forward	R0610	0
DTA due to deductible temporary differences	R0620	0
DTL	R0630	442
LAC DT	R0640	(442)
LAC DT justified by reversion of deferred tax liabilities	R0650	(442)
LAC DT justified by reference to probable future taxable economic profit	R0660	0
LAC DT justified by carry back, current year	R0670	0
LAC DT justified by carry back, future years	R0680	0
Maximum LAC DT	R0690	0

S.28.01.01

All monetary amounts presented in £'000

Minimum Capital Requirement

Linear formula component for non-life insurance and reinsurance obligations		C0010
MCR$_{NL}$ Result	R0010	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
Medical expense insurance and proportional reinsurance	R0020	0	0
Income protection insurance and proportional reinsurance	R0030	0	0
Workers' compensation insurance and proportional reinsurance	R0040	0	0
Motor vehicle liability insurance and proportional reinsurance	R0050	0	0
Other motor insurance and proportional reinsurance	R0060	0	0
Marine, aviation and transport insurance and proportional reinsurance	R0070	0	0
Fire and other damage to property insurance and proportional reinsurance	R0080	0	0
General liability insurance and proportional reinsurance	R0090	0	0
Credit and suretyship insurance and proportional reinsurance	R0100	0	0
Legal expenses insurance and proportional reinsurance	R0110	0	0
Assistance and proportional reinsurance	R0120	0	0
Miscellaneous financial loss insurance and proportional reinsurance	R0130	0	0
Non-proportional health reinsurance	R0140	0	0
Non-proportional casualty reinsurance	R0150	0	0
Non-proportional marine, aviation and transport reinsurance	R0160	0	0
Non-proportional property reinsurance	R0170	0	0

Linear formula component for life insurance and reinsurance obligations		C0040
MCR$_{NL}$ Result	R0200	23

Total capital at risk for all life (re)insurance obligations		Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance/SPV) total capital at risk
		C0050	C0060
Obligations with profit participation - guaranteed benefits	R0210	0	
Obligations with profit participation - future discretionary benefits	R0220	0	
Index-linked and unit-linked insurance obligations	R0230	0	
Other life (re)insurance and health (re)insurance obligations	R0240	0	
Total capital at risk for all life (re)insurance obligations	R0250		33,132

Overall MCR calculation		C0070
Linear MCR	R0300	23
SCR	R0310	9,356
MCR cap	R0320	4,210
MCR floor	R0330	2,339
Combined MCR	R0340	2,339
Absolute floor of the MCR	R0350	3,495
Minimum Capital Requirement	R0400	3,495

S.32.01.04

Undertakings in the scope of the group

Identification code of the undertaking	Country	Legal Name of the undertaking	Type of undertaking	Legal form	Category (mutual/ non mutual)	Supervisory Authority
C0020	C0010	C0040	C0050	C0060	C0070	C0080
LEI/2138004RADPM6P4RN187	GB	Red Sands Group Holdings Limited	5 (Insurance Holding Company)		2 (Non-mutual)	Gibraltar Financial Services Commission
LEI/2138005IYMT42CKY2R50	GB	Red Sands Insurance Company (Europe) Limited	2 (Non-Life Insurance Company)		2 (Non-mutual)	Gibraltar Financial Services Commission
LEI/213800YI4HA4IJ5HMS03	GB	Red Sands Life Assurance Company (Europe) Limited	1 (Life Insurance Company)		2 (Non-mutual)	Gibraltar Financial Services Commission

Identification code of the undertaking	Criteria of influence						Inclusion in the scope of Group supervision		Group solvency calculation
	% 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
C0020	C0180	C0190	C0200	C0210	C0220	C0230	C0240	C0250	C0260
LEI/2138004RADPM6P4RN187							Yes		1 (Method 1: Full Consolidation)
LEI/2138005IYMT42CKY2R50	100.0000	100.0000	100.0000		1 (Dominant)	100.0000	Yes		1 (Method 1: Full Consolidation)
LEI/213800YI4HA4IJ5HMS03	100.0000	100.0000	100.0000		1 (Dominant)	100.0000	Yes		1 (Method 1: Full Consolidation)

S.02.01.02
Balance Sheet

All monetary amounts presented in £'000

		Solvency II value
Assets		**C0010**
Intangible assets	**R0030**	0
Deferred tax assets	**R0040**	0
Pension benefit surplus	**R0050**	0
Property, plant & equipment held for own use	**R0060**	1,311
Investments (other than assets held for index-linked and unit-linked contracts)	**R0070**	118,343
Property (other than for own use)	**R0080**	0
Holdings in related undertakings, including participations	**R0090**	0
Equities	**R0100**	493
Equities - listed	**R0110**	0
Equities - unlisted	**R0120**	493
Bonds	**R0130**	23,114
Government Bonds	**R0140**	19,113
Corporate Bonds	**R0150**	4,002
Structured notes	**R0160**	0
Collateralised securities	**R0170**	0
Collective Investments Undertakings	**R0180**	94,498
Derivatives	**R0190**	238
Deposits other than cash equivalents	**R0200**	0
Other investments	**R0210**	0
Assets held for index-linked and unit-linked contracts	**R0220**	0
Loans and mortgages	**R0230**	9,399
Loans on policies	**R0240**	0
Loans and mortgages to individuals	**R0250**	0
Other loans and mortgages	**R0260**	9,399
Reinsurance recoverables from:	**R0270**	(176)
Non-life and health similar to non-life	**R0280**	1,397
Non-life excluding health	**R0290**	1,397
Health similar to non-life	**R0300**	0
Life and health similar to life, excluding health and index-linked and unit-linked	**R0310**	(1,573)
Health similar to life	**R0320**	1
Life excluding health and index-linked and unit-linked	**R0330**	(1,574)
Life index-linked and unit-linked	**R0340**	0
Deposits to cedants	**R0350**	0
Insurance and intermediaries receivables	**R0360**	18,478
Reinsurance receivables	**R0370**	0
Receivables (trade, not insurance)	**R0380**	24
Own shares (held directly)	**R0390**	0
Amounts due in respect of own fund items or initial fund called up but not yet paid in	**R0400**	0
Cash and cash equivalents	**R0410**	36,586
Any other assets, not elsewhere shown	**R0420**	0
Total assets	**R0500**	**183,966**

S.02.01.02
Balance Sheet

All monetary amounts presented in £'000

		Solvency II value
Liabilities		**C0010**
Technical provisions – non-life	**R0510**	50,692
Technical provisions – non-life (excluding health)	**R0520**	48,204
Technical provisions calculated as a whole	**R0530**	0
Best Estimate	**R0540**	45,951
Risk margin	**R0550**	2,253
Technical provisions - health (similar to non-life)	**R0560**	2,488
Technical provisions calculated as a whole	**R0570**	0
Best Estimate	**R0580**	2,479
Risk margin	**R0590**	9
Technical provisions - life (excluding index-linked and unit-linked)	**R0600**	(7,299)
Technical provisions - health (similar to life)	**R0610**	(255)
Technical provisions calculated as a whole	**R0620**	0
Best Estimate	**R0630**	(256)
Risk margin	**R0640**	1
Technical provisions – life (excluding health and index-linked and unit-linked)	**R0650**	(7,044)
Technical provisions calculated as a whole	**R0660**	0
Best Estimate	**R0670**	(8,310)
Risk margin	**R0680**	1,266
Technical provisions – index-linked and unit-linked	**R0690**	0
Technical provisions calculated as a whole	**R0700**	0
Best Estimate	**R0710**	0
Risk margin	**R0720**	0
Contingent liabilities	**R0740**	0
Provisions other than technical provisions	**R0750**	0
Pension benefit obligations	**R0760**	0
Deposits from reinsurers	**R0770**	0
Deferred tax liabilities	**R0780**	2,861
Derivatives	**R0790**	105
Debts owed to credit institutions	**R0800**	0
Financial liabilities other than debts owed to credit institutions	**R0810**	0
Insurance & intermediaries payables	**R0820**	0
Reinsurance payables	**R0830**	605
Payables (trade, not insurance)	**R0840**	18,757
Subordinated liabilities	**R0850**	17,331
Subordinated liabilities not in Basic Own Funds	**R0860**	0
Subordinated liabilities in Basic Own Funds	**R0870**	17,331
Any other liabilities, not elsewhere shown	**R0880**	0
Total liabilities	**R0900**	**83,052**
Excess of assets over liabilities	**R1000**	**100,914**

S.05.01.02
Premiums, claims and expenses by line of business
Non-life business

All monetary amounts presented in £'000

		Line of Business for: non-life insurance and reinsurance obligations (direct business and accepted proportional reinsurance)							Total
		Medical expense insurance	Other motor insurance	Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance	Assistance	Miscellaneous financial loss	
		C0010	C0050	C0070	C0080	C0090	C0110	C0120	C0200
Premiums written									
Gross - Direct Business	R0110	11,757	21,957	18,157	0	2,282	11,757	302,104	368,014
Gross - Proportional reinsurance accepted	R0120	0	0	0	0	0	0	0	0
Gross - Non-proportional reinsurance accepted	R0130								0
Reinsurers' share	R0140	266	0	1,538	0	0	266	539	2,608
Net	R0200	11,491	21,957	16,619	0	2,282	11,491	301,565	365,405
Premiums earned									
Gross - Direct Business	R0210	11,164	4,836	14,428	0	4,100	11,164	302,523	348,214
Gross - Proportional reinsurance accepted	R0220	0	0	0	0	0	0	0	0
Gross - Non-proportional reinsurance accepted	R0230								0
Reinsurers' share	R0240	266	0	1,538	0	0	266	539	2,608
Net	R0300	10,898	4,836	12,890	0	4,100	10,898	301,983	345,606
Claims incurred									
Gross - Direct Business	R0310	2,463	3,533	13,272	0	1,340	2,463	196,641	219,710
Gross - Proportional reinsurance accepted	R0320	0	0	0	0	0	0	0	0
Gross - Non-proportional reinsurance accepted	R0330								0
Reinsurers' share	R0340	(14)	0	544	0	0	(14)	189	704
Net	R0400	2,477	3,533	12,727	0	1,340	2,477	196,452	219,006
Changes in other technical provisions									
Gross - Direct Business	R0410	(414)	(2,968)	(254)	0	105	(414)	125	(3,820)
Gross - Proportional reinsurance accepted	R0420	0	0	0	0	0	0	0	0
Gross - Non- proportional reinsurance accepted	R0430								0
Reinsurers'share	R0440	0	0	0	0	0	0	0	0
Net	R0500	(414)	(2,968)	(254)	0	105	(414)	125	(3,820)
Expenses incurred	R0550	6,692	4,220	3,953	0	1,755	6,692	84,471	107,783
Other expenses	R1200								6,714
Total expenses	R1300								114,497

S.05.01.02

All monetary amounts presented in £'000

Premiums, claims and expenses by line of business

Life business

		Line of business for: life insurance obligations		Line of business for: life reinsurance obligations		Total
		Health insurance	Other life insurance	Health insurance	Other life insurance	
		C0210	C0240	C0270	C0280	C0300
Premiums written						
Gross	R1410	169	7,404	0	12,885	20,457
Reinsurers' share	R1420	8	1,944	0	29	1,981
Net	R1500	161	5,459	0	12,856	18,476
Premiums earned						
Gross	R1510	169	7,404	0	12,885	20,457
Reinsurers' share	R1520	8	1,944	0	29	1,981
Net	R1600	161	5,459	0	12,856	18,476
Claims incurred						
Gross	R1610	36	3,260	0	4,933	8,229
Reinsurers' share	R1620	9	1,205	0	(19)	1,195
Net	R1700	27	2,054	0	4,953	7,034
Changes in other technical provisions						
Gross	R1710	0	0	0	0	0
Reinsurers' share	R1720	0	0	0	0	0
Net	R1800	0	0	0	0	0
Expenses incurred	R1900	102	3,448	0	3,703	7,252
Other expenses	R2500					315
Total expenses	R2600					7,568

S.05.02.01.01

All monetary amounts presented in £'000

Premiums, claims and expenses by country

Non-life obligations

		Home country	Top 5 countries (by amount of gross premiums written) - non-life obligations					Total top 5 countries and home country
		C0010	C0020	C0030	C0040	C0050	C0060	C0070
	R0010		GB	IE	PL			
		C0080	C0090	C0100	C0110	C0120	C0150	C0140
Premiums written								
Gross	R0110	0	368,044	(30)	0			368,014
Reinsurers' share	R0120	0	0	0	0			0
Net	R0200	0	0	0	0			0
Premiums earned								
Gross	R0210	0	365,435	(30)	0			365,405
Reinsurers' share	R0220	0	0	0	0			0
Net	R0300	0	347,820	394	0			348,214
Claims incurred								
Gross	R0310	0	0	0	0			0
Reinsurers' share	R0320	0	2,608	0	0			2,608
Net	R0400	0	345,211	394	0			345,606
Changes in other technical provisions								
Gross	R0410	0	219,504	206	0			219,710
Reinsurers' share	R0420	0	0	0	0			0
Net	R0500	0	0	0	0			0
Expenses incurred	R0550	0	107,852	4	(73)			107,783
Other expenses	R1200							6,714
Total expenses	R1300							114,497

S.05.02.01.04

All monetary amounts presented in £'000

Premiums, claims and expenses by country

Life obligations

		Home country	Top 5 countries (by amount of gross premiums written) - life obligations					Total top 5 countries and home country
		C0150	C0160	C0170	C0180	C0190	C0200	C0210
	R1400		PL	HU	SK	CZ	GR	
		C0220	C0230	C0240	C0250	C0260	C0270	C0280
Premiums written								
Gross	R1410	0	12,885	3,520	1,944	1,935	174	20,457
Reinsurers' share	R1420	0	29	621	550	781	0	1,981
Net	R1500	0	12,856	2,899	1,393	1,154	174	18,476
Premiums earned								
Gross	R1510	0	12,885	3,520	1,944	1,935	174	20,457
Reinsurers' share	R1520	0	29	621	550	781	0	1,981
Net	R1600	0	12,856	2,899	1,393	1,154	174	18,476
Claims incurred								
Gross	R1610	0	4,926	1,507	844	874	78	8,229
Reinsurers' share	R1620	0	(19)	345	382	488	0	1,195
Net	R1700	0	4,946	1,162	462	387	78	7,034
Changes in other technical provisions								
Gross	R1710	0	0	0	0	0	0	0
Reinsurers' share	R1720	0	0	0	0	0	0	0
Net	R1800	0	0	0	0	0	0	0
Expenses incurred	R1900	0	5,636	793	341	434	49	7,252
Other expenses	R2500							315
Total expenses	R2600							7,568

S.23.01.22

All monetary amounts presented in £'000

Own Funds

		Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
		C0010	C0020	C0030	C0040	C0050
Basic own funds before deduction for participations in other financial sector as foreseen in article 68 of Delegated Regulation 2015/35						
Ordinary share capital (gross of own shares)	R0010	758	758		0	
Non-available called but not paid in ordinary share capital at group level	R0020	0	0		0	
Share premium account related to ordinary share capital	R0030	13,343	13,343		0	
Initial funds, members' contributions or the equivalent basic own - fund item for mutual and mutual-type undertakings	R0040	0	0		0	
Subordinated mutual member accounts	R0050	0		0	0	0
Non-available subordinated mutual member accounts at group level	R0060	0		0	0	0
Surplus funds	R0070	0	0			
Non-available surplus funds at group level	R0080	0	0			
Preference shares	R0090	0		0	0	0
Non-available preference shares at group level	R0100	0		0	0	0
Share premium account related to preference shares	R0110	0		0	0	0
Non-available share premium account related to preference shares at group level	R0120	0		0	0	0
Reconciliation reserve	R0130	86,814	86,814			
Subordinated liabilities	R0140	17,331		0	17,331	0
Non-available subordinated liabilities at group level	R0150	813		0	813	0
An amount equal to the value of net deferred tax assets	R0160	0				0
The amount equal to the value of net deferred tax assets not available at the group level	R0170	0				0
Other own fund items approved by the supervisory authority as basic own funds not specified above	R0180	0	0	0	0	0
Non available own funds related to other own funds items approved by supervisory authority	R0190	0	0	0	0	0
Minority interests (if not reported as part of a specific own fund item)	R0200	0	0	0	0	0
Non-available minority interests at group level	R0210	0	0	0	0	0
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds						
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds	R0220	0				
Deductions						
Deductions for participations in other financial undertakings, including non-regulated undertakings carrying out financial activities	R0230	0	0	0	0	0
whereof deducted according to art 228 of the Directive 2009/138/EC	R0240	0	0	0	0	0
Deductions for participations where there is non-availability of information (Article 229)	R0250	0	0	0	0	0
Deduction for participations included by using D&A when a combination of methods is used	R0260	0	0	0	0	0
Total of non-available own fund items	R0270	813	0	0	813	0
Total deductions	R0280	**813**	**0**	**0**	**813**	**0**
Total basic own funds after deductions	R0290	**117,432**	**100,914**	**0**	**16,518**	**0**

S.23.01.22

All monetary amounts presented in £'000

Own Funds

		Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
		C0010	C0020	C0030	C0040	C0050
Ancillary own funds						
Unpaid and uncalled ordinary share capital callable on demand	R0300	0			0	
Unpaid and uncalled initial funds, members' contributions or the equivalent basic own fund item for mutual and mutual - type undertakings, callable on demand	R0310	0			0	
Unpaid and uncalled preference shares callable on demand	R0320	0			0	0
A legally binding commitment to subscribe and pay for subordinated liabilities on demand	R0330	0			0	0
Letters of credit and guarantees under Article 96(2) of the Directive 2009/138/EC	R0340	0			0	
Letters of credit and guarantees other than under Article 96(2) of the Directive 2009/138/EC	R0350	0			0	0
Supplementary members calls under first subparagraph of Article 96(3) of the Directive 2009/138/EC	R0360	0			0	
Supplementary members calls - other than under first subparagraph of Article 96(3) of the Directive 2009/138/EC	R0370	0			0	0
Non available ancillary own funds at group level	R0380	0			0	0
Other ancillary own funds	R0390	0			0	0
Total ancillary own funds	R0400	0			0	0
Own funds of other financial sectors						
Credit institutions, investment firms, financial institutions, alternative investment fund managers, UCITS management companies - total	R0410	0	0	0	0	
Institutions for occupational retirement provision	R0420	0	0	0	0	0
Non regulated entities carrying out financial activities	R0430	0	0	0	0	
Total own funds of other financial sectors	R0440	0	0	0	0	0
Own funds when using the D&A, exclusively or in combination of method 1						
Own funds aggregated when using the D&A and combination of method	R0450	0	0	0	0	0
Own funds aggregated when using the D&A and combination of method net of IGT	R0460	0	0	0	0	0
Total available own funds to meet the consolidated group SCR (excluding own funds from other financial sector and from undertakings included via D&A)	R0520	0	0	0	0	0
Total available own funds to meet the minimum consolidated group SCR	R0530	117,432	100,914	0	16,518	
Total eligible own funds to meet the consolidated group SCR (excluding own funds from other financial sector and from undertakings included via D&A)	R0560	117,432	100,914	0	16,518	0
Total eligible own funds to meet the minimum consolidated group SCR	R0570	117,432	100,914	0	16,518	
Consolidated Group SCR	R0590	58,568				
Minimum consolidated Group SCR	R0610	26,356				
Ratio of Eligible own funds to the consolidated Group SCR (excluding other financial sectors and the undertakings included via D&A)	R0630	2.0050				
Ratio of Eligible own funds to Minimum Consolidated Group SCR	R0650	4.4557				
Total eligible own funds to meet the group SCR (including own funds from other financial sector and from the undertakings included via D&A)	R0660	117,432				
SCR for entities included with D&A method	R0670					
Group SCR	R0680	58,568				
Ratio of Eligible own funds to group SCR including other financial sectors and the undertakings included via D&A	R0690	2.0050				

S.23.01.22
Own Funds

All monetary amounts presented in £'000

Reconciliation reserve

		C0060
Reconciliation reserve		
Excess of assets over liabilities	**R0700**	100,914
Own shares (held directly and indirectly)	**R0710**	0
Foreseeable dividends, distributions and charges	**R0720**	0
Other basic own fund items	**R0730**	14,100
Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	**R0740**	0
Other non-available own funds	**R0750**	0
Reconciliation reserve	**R0760**	86,814
Expected profits		
Expected profits included in future premiums (EPIFP) - Life business	**R0770**	6,993
Expected profits included in future premiums (EPIFP) - Non-life business	**R0780**	4,698
Total Expected profits included in future premiums (EPIFP)	**R0790**	11,690

S.25.01.22

All monetary amounts presented in £'000

Solvency Capital Requirement

		Gross solvency capital requirement	USP	Simplification
		C0110	C0090	C0100
Market risk	R0010	9,947		
Counterparty default risk	R0020	3,102		
Life underwriting risk	R0030	8,234	0	0
Health underwriting risk	R0040	2,086	0	0
Non-life underwriting risk	R0050	47,796	0	0
Diversification	R0060	(16,920)		
Intangible asset risk	R0070	0		
Basic Solvency Capital Requirement	R0100	54,244		

Calculation of Solvency Capital Requirement		C0100
Adjustment due to RFF/MAP nSCR aggregation	R0120	0
Operational risk	R0130	11,270
Loss-absorbing capacity of technical provisions	R0140	0
Loss-absorbing capacity of deferred taxes	R0150	(6,946)
Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC	R0160	0
Solvency capital requirement excluding capital add-on	R0200	58,568
Capital add-on already set	R0210	0
Solvency capital requirement for undertakings under consolidated method	R0220	58,568
Other information on SCR		
Capital requirement for duration-based equity risk sub-module	R0400	0
Total amount of Notional Solvency Capital Requirements for remaining part	R0410	0
Total amount of Notional Solvency Capital Requirements for ring fenced funds	R0420	0
Total amount of Notional Solvency Capital Requirements for matching adjustment portfolios	R0430	0
Diversification effects due to RFF nSCR aggregation for article 304	R0440	0
Method used to calculate the adjustment due to RFF/MAP nSCR aggregation	R0450	No adjustment
Net future discretionary benefits	R0460	0
Minimum consolidated group solvency capital requirement	R0470	26,356
Information on other entities		
Capital requirement for other financial sectors (Non-insurance capital requirements)	R0500	0
Capital requirement for other financial sectors (Non-insurance capital requirements) - Credit institutions, investment firms and financial institutions, alternative investment funds managers, UCITS management companies	R0510	0
Capital requirement for other financial sectors (Non-insurance capital requirements) - Institutions for occupational retirement provisions	R0520	0
Capital requirement for other financial sectors (Non-insurance capital requirements) - Capital requirement for non-regulated entities carrying out financial activities	R0530	0
Capital requirement for non-controlled participation requirements	R0540	0
Capital requirement for residual undertakings	R0550	0
Overall SCR		
SCR for undertakings included via D and A	R0560	0
Solvency capital requirement	R0570	58,568