Building Block Insurance PCC Limited
Solvency and Financial Condition Report

building block

December 2022

Contents

EXECUTIVE SUMMARY

The Solvency II Directive 2009/138/EC ("Directive") subjects insurance and re-insurance undertakings to a wide review of solvency requirements which are intended to reflect more closely an undertaking's financial position, business profile and risk management strategy.

The Solvency II requirements are grouped using a three pillar approach:

Pillar I covers the financial requirements of undertakings, and their ability to demonstrate that they have sufficient financial resources to cover their risks;
Pillar II requires an undertaking to adopt effective risk management and governance systems; and
Pillar III relates to disclosure requirements which are aimed at achieving greater levels of transparency by undertakings in their reporting to both their supervisors and the public.

As part of the Pillar III requirements, Building Block Insurance PCC Limited ("BBI" or "the Company") has prepared the Solvency and Financial Condition Report ("SFCR") which includes a narrative report and quantitative reporting templates. This report is a summary of the Company's business and performance, system of governance, risk profile, valuation for solvency purposes and capital management directed to the Company's policy holders and beneficiaries.

This report has been prepared in accordance with Articles 292 to 298 of the European Union Commission Delegated Regulation 2015-35 of the 10th October 2014. The SFCR has been approved by the Board of Directors ("the Board") on the 27th of March 2023 and submitted to the MFSA in accordance with Article 51(1) of Directive 2009/138/EC.

A. Business and Performance

Executive Summary HIGHLIGHTS

- Building Block Insurance covered its SCR by 220.34% as at 31 December 2022 following a strengthening of underwriting performance during the year.
- A Gross written premium of £6,801,132 was written as at 31 December 2022 against a backdrop of consolidation and cancelling a number non-profitable and smaller schemes.
- The Board of BBI has agreed measures to ensure it can continue to write new, and administer existing EU business.

Building Block Insurance (BBI) is a Protected Cell Company (PCC), because of the structure BBI is able to write business through the core or alternatively through the creation of separate cells. BBI is part of the Lattice Group Holdings Ltd (51960) Malta. The purpose of this report is to satisfy the public disclosure requirements under the Financial Services (Insurance Companies) (Solvency II Directive) Act including the Delegated Regulations of the European Parliament. The elements of the disclosure relate to business performance, governance, risk profile, solvency, and capital management.
The Board is satisfied with the performance of the Company during the year and the actions taken, whilst a profit was not generated it was felt the underwriting returns and the stability of the existing schemes based the company in a favourable position for further trading
The Company has complied with all aspects of the Solvency II regulations from the date of first implementation on 1 January 2016 and the most recent solvency position of the Company is presented above. During the reporting period there have been no changes to the capital structure.

The company has written business during 2022 in line with its risk appetite, it has also continued to consolidate business introduced from MGA's in line with the strategic objectives set out by the Board during the year. For the year to 31 December 2022 the Company continues, in conformity with its authorisation by the MFSA, to write the following insurance products from its core – Pet, Vehicle Breakdown, Excess insurance and Gadget whilst other schemes were placed into run off in the year so that continued focus is given to the key lines of business to further improve performance.

The Company continues to target business which is generally expected to be low risk with the use of reinsurance where appropriate to support the management of overall risk. Reinsurance continues to play an important role in Building Block's capital management and risk mitigation. The level of the reinsurance required is considered in the context of the SCR implications and the reinsurance risk appetite. The level of reinsurance required is assessed annually and approved by the board.

The Company has in place appropriate procedures to monitor the business written and ensures that key functions are properly controlled and monitored. The Board having assessed the nature and volumes of the business to be written is satisfied that there does not exist any substantial operational risk or any material risks that may result from the risks recorded in its Risk Register including other identified risks such as liquidity, inflation and reputational risks.

Branch Application

Following the United Kingdom's exit from the European Union passporting under the Implementation period ceased and the company entered the Temporary Permissions Regime (TPR) in the UK, which allowed for passporting into the UK to continue on a temporary basis. The TPR period expires on 31st December 2023 and therefore BBI submitted a branch application in June 2022.

Following discussions with the PRA in relation to its UK branch application, the Company has agreed with the PRA to withdraw its branch application. The PRA have confirmed that the company will remain in the temporary permissions regime until the 1st August 2023, allowing the Company to continue writing policies in the UK up until this date.

Change in Insurance Manager

In January 2022, the insurance management outsourced service provider changed from Aon Insurance Management (Malta) PCC Limited (AIMM) to Willis Towers Watson Management (Malta) Limited (WTW) whilst employing an in-house part-time Compliance Function. The Company's intention to strengthen the Governance Structure of the Company was achieved.

B. Systems of Governance

Building Block Insurance PCC Limited is governed by the Board of Directors which is composed of both executive and independent non-executive directors. The Board collectively holds the relevant range of skills knowledge and experience necessary in the day to day running of the company.

The system of Governance is based on the Three lines of Defence model, and provides a clear organizational structure, with clear reporting lines and responsibilities. In line with the requirements emanating from the Solvency II directive, BBI has in place a Risk Management Function, a Compliance Function, an Internal Audit Function, and an Actuarial Function. All of which are outsourced in line with the requirement emanating from the Solvency II directives and as per BBI's Outsourcing Policy.

C. Risk Profile

The Company currently uses the Standard Formula to calculate its solvency capital requirement.

The Company's Standard Formula Solvency Capital Requirement (SF-SCR) at 31 December 2022 is £1,515 thousand. This is covered by £3,337 thousand of eligible capital resources or own funds, providing a Solvency II surplus of £1,822 thousand and a Solvency II coverage ratio of 220.34% and confirms the excess of the Company's total eligible own funds over its solvency capital requirement.

Building Block Insurance PCC Limited Solvency II Capital Performance at a glance	
	In £ '000
Own Funds to meet the SCR	3,337
Own Funds to meet the MCR	3,110
Standard Formula Solvency Capital Requirement (SCR)	1,515
Solvency Surplus	1,822
Ratio of Own Funds to SCR	220.34%

D. Valuation for Solvency Purposes

BBI prepares its accounts in line with IFRS, which follow the prudence principle for evaluation and profit recognition purposes. Financial assets are evaluated at lower of cost or market value/realizable value and underwriting profits are only recognized for earned premiums. Solvency II evaluates financial assets at market value and technical provisions at their best estimate considering the time value of money, unlike IFRS underwriting results which are recognized at the inception date of the re/insurance agreement.

E. Capital Management

The Company is required to ensure that 'Own fund' items, both at issue and subsequently, meet the requirements of the Solvency II capital regime. As part of the annual review of the medium-term capital plan review, the Company will review the own fund items to ensure they meet the requirements of the applicable capital and distribution regime and are classified correctly. The Company's own funds consist of the following items:

- Issued Share Capital
- Retained Earnings
- Capital Contribution

Any change to the share capital requires the approval of the Shareholders and the Board. Any other qualifying own fund item requires the review and approval of the Board. In such instances, the Board must ensure that the terms and conditions of any own fund item are clear and unambiguous in relation to the capital classification.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

We acknowledge our responsibility for preparing the Solvency and Financial Condition Report in all material respects in accordance with the MFSA Rules and the Solvency II Regulations.

We are satisfied that:-

Throughout the financial year in question, the insurer has complied in all material respects with the requirements of the MFSA rules and the Solvency II Regulations as applicable to the insurer; and
It is reasonable to believe that the insurer has continued to comply subsequently and will continue to do so in future.

Signed on behalf of the Board of Directors on 28 March 2023 by:

Joseph Demanuele
Director

Andrew Mirfin
Director
O.bo. the board of directors
Building Block Insurance PCC Limited

A. BUSINESS AND PERFORMANCE

A.1 BUSINESS

Company Information

Incorporation and Principal Activity

The Company was incorporated as a protected cell insurance company on 16 December 2013. The principal activities of the Company are that of an Insurance Company licensed in terms of Section 7 of the Insurance Business Act, 1998 and regulated by the Malta Financial Services Authority to write general insurance business from Malta in accordance with the Companies Act (Cell Companies carrying on business of insurance) Regulations, 2010.

Building Block Insurance PCC Limited is a protected cell insurance company incorporated in Malta and licensed and regulated by the Malta Financial Services Authority.

The immediate parent company of Building Block Insurance PCC Limited is Lattice Group Holdings Limited, a privately owned limited liability company registered in Malta (company registration number C51960) and having its registered office situated at 2 Sir Augustus Bartolo Street, Ta,Xbiex XBX 1091 Malta

The ultimate parent company is Lattice Trading Limited, a company registered in the United Kingdom (company registration number 08512981) and having its registered office at PO Box 9562, Kempton House, Dysart Road, Grantham, Lincolnshire, NG31 0EA, United Kingdom.

The following chart shows, in simplified form, a structure chart of the Company and its ultimate parent as at 31 December 2022.

The Company is a protected cell insurance company (PCC) which is licensed and authorised by the MFSA to write all classes of insurance business.

Classes of Insurance Business:

Class 1	Accident	Class 7	Goods in Transit
Class 2	Sickness	Class 8	Fire and natural forces
Class 3	Land Vehicles	Class 9	Other damage to property
Class 4	Railway Rolling stock	Class 16	Miscellaneous financial loss
Class 5	Aircraft	Class 17	Legal Expenses
Class 6	Ships	Class 18	Assistance

During 2022 the Company passported under Freedom of Services to write various classes of insurance business in the following countries: Iceland, Ireland, Portugal, Spain and United Kingdom. By the end of the year, Iceland and Portugal were deregistered and Ireland and Spain remain the countries where the Company continues to passport. The UK risks fall under the Temporary Permissions Regime.

The Company's registered office and principal place of business as at 31st December 2022 and the contact details of its External Auditors and Supervisory Authority are shown below:

Insurance Company	Building Block Insurance PCC Limited c/o Willis Towers Watson Management (Malta) Limited Development House, St. Anne Street, Floriana FRN9010 Malta Tel No: (+356) 21322076
Insurance Manager	Willis Towers Watson Management (Malta) Limited Development House, St. Anne Street, Floriana, FRN9010 Malta Tel No: (+356) 21322076
Registered Auditors	PKF Assurance (Malta) Limited 15, Level 3, Mannarino Road, Birkirkara BKR 9080, Malta
Internal Auditors	KPMG, Portico Buildings, Marina Street, Pieta, PTA9044 Malta
Supervisory Authority	Malta Financial Services Authority Triq L -Imdina, Zone 1, Central Business District, Birkirkara, CBD 1010, Malta

SIGNIFICANT EVENTS DURING THE REPORTING PERIOD AND UP TO THE DATE OF THE REPORT

Discussions are underway with an interested investor to purchase Building Block Insurance PCC Limited from the current Shareholders, which may therefore require a withdrawal of the UK Branch application. If the sale materialises, the intention is to refrain from writing any new UK business whilst putting the current risks into run-off or arrange for a portfolio transfer to a UK authorised Insurer.

There were no other significant events to be reported.

A.2 UNDERWRITING PERFORMANCE

The Company strategy is to focus on underwriting discipline and on products, business lines and geographic areas that are most profitable. The underwriting results have continued to improve and schemes with lower volumes or schemes that looked unlikely to achieve the required loss ratios have been placed in run off.

The Company after an extensive review of the existing schemes and the implemented sign off process on new schemes has proven that it can operate effectively in its targeted markets. Building Block is confident on further improvements to results in 2023 in respect underwriting profitability.

A.2.1 Underwriting performance by Solvency II lines of business

Below is a comparison on the quantitative information regarding the activity and underlying results for 2022 and 2021 by line of Business:-

	Line of Business for: non-life insurance and reinsurance obligations (direct business and accepted reinsurance) in £ 000's									
	Other Motor		Assistance		Miscellaneous Financial Loss		Fire and other damage		Total	
Non- Life	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
	Premium Written									
Gross – Direct Business	0	0	3,113	3,072	148	2,919	3,540	0	6,801	5,991
Reinsurance Share	0	0	3,113	3,072	143	1,780	2,178	0	5,433	4,851
Net	0	0	0	0	5	1,140	1,362	0	1,368	1,140
	Premiums Earned									
Gross – Direct Business	0	0	3,130	2,942	154	6,968	3,340	0	6,624	9,910
Reinsurers' share	0	0	3,130	2,942	148	4,552	2,053	0	5,332	7,494
Net	0	0	0	0	6	2,416	1,286	0	1,292	2,416
	Claims Incurred									
Gross - Direct Business	-4	0	1,583	1,339	118	4,466	2,249	0	3,946	5,804
Reinsurers' share	-2	0	1,583	1,339	101	2,907	1,354	0	3,037	4,246
Net	-2	0	0	0	17	1,558	894	0	909	1,558
	Expenses									
Expenses Incurred	0	0	345	268	17	871	576	0	939	1,140

Below is a comparison on the quantitative information regarding the activity by the Top Countries for 2022 and 2021:-

	Top Countries (by amount of gross premium written)- non-life obligations in £ 000's							
	GB		IE		ES		Total	
	2022	2021	2022	2021	2022	2021	2022	2021
Premiums Written								
Gross Direct Business	6,801	5,972	0	19	0	0	6,801	5,991
Reinsurers' share	5,434	4,840	0	11	0	0	5,434	4,851
Net	1,368	1,132	0	8	0	0	1,368	1,140
Premiums Earned								
Gross Direct Business	6,623	9,762	1	112	0	36	6,624	9,910
Reinsurers' share	5,331	7,398	1	72	0	24	5,332	7,494
Net	1,292	2,364	0	40	0	12	1,292	2,416
Claims incurred								
Gross Direct Business	3,927	5,725	7	14	0	65	3,946	5,804
Reinsurers' share	3,022	4,196	-4	16	0	33	3,037	4,246
Net	905	1,529	11	-2	0	-2	909	1,558
Expenses Incurred	939	1,121	0	11	0	8	939	1,140

A.3 INVESTMENT PERFORMANCE

BBI's Investment Policy sets out asset allocations and investment limits approved and reviewed by the Board of Directors across a diversified range of investments.

The company's current aspirations are to preserve its capital and seeking reasonable return for the benefit of its stakeholders. In this regard the company is to continue with its investment strategy of retaining its capital in bank holdings until such time that the business produces certain levels of return where sufficient funds are available for investment diversification.

BBI is also determined that for the time being its priority remains to match the AMCR that is currently its solvency capital requirement and therefore its capital will be held mainly in Sterling cash holdings split, for prudent person and diversification purposes, between Royal Bank of Scotland and HSBC Malta.

A.4 PERFORMANCE OF OTHER ACTIVITIES

No additional information to report.

A.5 ANY OTHER MATERIAL INFORMATION

No additional information to report.

B. SYSTEM OF GOVERNANCE

B.1 GENERAL INFORMATION ON THE SYSTEM OF GOVERNANCE

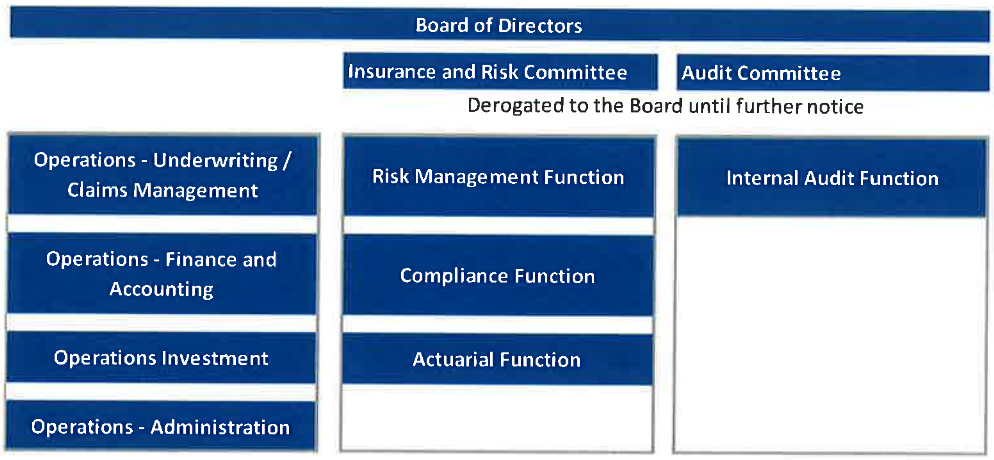
The 'General Information on the System of Governance' subsection of the report aims to provide details of the Company's management structure along with roles and responsibilities and key functions of various committees.

B.1.1 Management and Governance Structure

The oversight of the Company's business and its operations are provided through its governance structure, in which the management of risk plays a significant part. Governance starts with the Company's Board, which has overall responsibility for management of the company through providing leadership of the company within a framework of prudent and effective controls which enables each of the risks faced by the Company to be assessed and managed. The governance structure provides oversight and direction to the Company.

Included in the governance framework is the Risk Management Framework which supports the Company's risk culture. The risk framework covers the Company's business and operational functions and risk areas. It sets out the Risk Appetite, risk reporting and risk control details. The risk governance structure provides an oversight and decision-making framework within which material risks are continually identified, assessed, monitored and managed.

The governance structure is designed to support the Company's embedding of a strong risk culture through the integration of risk management with regulatory requirements and business activities. The chart below illustrates the governance and organizational structure of the Company as at 31st December 2022.



1st Line of defence	2nd line of defence	3rd line of defence
Risk and control embedded in the business.	**The oversight functions**	**Provides independent assurance**
Primary accountability within the context of day-to-day operations. The first line of defence ensures that operations are carried out correctly and that risk exposures in accordance with the risk appetite and risk policies set out by the board.	The 2nd line of defence is in charge of defining, developing, implementing, and maintaining risk frameworks, policies and procedures. It defines the business guidelines and oversees the operations.	The 3rd line of defence challenges the design and effectiveness of risk management, compliance, control and governance processes.
	It monitors and ensures that operations, policies and strategies are adequately aligned.	In order to achieve the necessary independence and objectivity, Internal Audit is an independent function that reports to the Audit Committee which is currently derogated to the board.

The Company's risk management framework is based on the "Three Lines of Defence" model. This structure allows for each function and individual to have a clear understanding of their risk management responsibilities and aids embedding an effective risk culture across the Company.

Board of Directors

The Board has overall responsibility for the oversight of the management of the Company. Its role is to provide entrepreneurial leadership of the Company within a framework of prudent and effective controls which enables each of the risks faced by the Company to be assessed and managed. The Board is responsible for promoting the long-term success of the Company whilst securing an appropriate degree of protection for policyholders. Its objectives are to set the Company's strategic aims, monitor management's performance against those strategic aims, set the Company's risk appetite, ensure the Company is adequately resourced and that effective controls are in place. The Board is composed of a mix of executive directors and independent non-executive directors so as to achieve a balance of skills, experience, challenge and debate and so that no individual or small group of individuals can dominate its decision-making. Authority in the Company flows from the Board, but it delegates the matters set out in sub-committees' Terms of Reference accordingly

The Company's governance included the:

Insurance, Risk & Compliance Committee – this committee was renamed and restructured to the Insurance and Risk Committee in August 2022. In October 2022 it was taken over by the Board of Directors following the resignation of the committee chair.

In addition, to the Board of Directors' responsibilities, as at 31st December 2022, the BBI Board also oversaw the risk management framework and the identification, assessment, and control of the Company's risk exposures across its various risk categories, together with the satisfactory conduct of all underwriting claims related activities and that an appropriate compliance and risk management framework is in place and that commercial operations are conducted within the scope of that Company's framework and policies.

Since December 2020, the Board also assumed the role of the Audit Committee in fulfilling oversight responsibilities for the financial reporting process, the system of internal control, the audit process, and the company's process for monitoring compliance with laws and regulations and overall provide a third line of defence.

B.1.2 Key Functions, Roles and Responsibilities

Persons who effectively run the Company or have other key functions are required to meet the fit and proper requirements. The system of governance includes the risk function, compliance function, actuarial function and internal audit function.

In accordance with the requirements set out in Article 42 of the Solvency II Directive (Directive 2009/138/EC), below is a list of persons within the undertaking that are responsible for key functions:-

1. Risk Management Function – Outsourced to Willis Towers Watson Management (Malta) Limited
2. Compliance Function – In-house
3. Actuarial Function – Outsourced to Numisma Advisory Services Limited
4. Internal Audit Function – Outsourced to KPMG

An overview of the roles and responsibilities for each of these functions and their key function holders are set out below:

1) Risk Management Function - Risk Officer

The Risk Management Function is in charge of establishing an effective risk management system which ensures the identification, quantification, monitoring and reporting on the risks.

The Risk Officer of the Company ensures that breaches within the Risk Appetite of the Company are not permitted. In the event of a breach, it is brought to the attention of the person concerned and eventually escalated to the Board of Directors. The individual responsible for this functions reports to the Board of BBI.

The Risk Management Function was outsourced to Willis Towers Watson Management (Malta) Limited with effect from 7th February 2022 with a director on the BBI Board approved by the regulator to oversee this function. With effect from 1st October 2022 the Board of BBI took over the oversight role of the Risk Management Function.

2) Compliance Function – Compliance Officer

The Compliance Officer, as the person responsible for all aspects of compliance:

- demonstrates independence of judgement and exercises proper day-to-day supervision and control over the activity of the Company; and

- is thoroughly familiar with Insurance Legislation which may be in force from time to time and the conditions of authorization that attach to the Company`s authority.

The Compliance Officer of the Company ensures that breaches in terms of internal control procedures and systems or conditions of authorisation to which the Company is subject, are not permitted. If the Compliance Officer becomes aware of any such breaches, he/she will draw them to the attention of the person concerned and, where appropriate, to the attention of the Board of Directors. The Compliance Officer will also record, in writing, all such breaches and the course of action taken as a result. He/She will also notify the competent authority of any breach of conditions of the Company`s authorisation upon becoming aware of such a breach.

The Compliance Function is in-house and is supported by the compliance team of Willis Towers Watson Management (Malta) Limited and the internal compliance team of BBI based in the UK.

The Compliance Officer of the Company has not reported or recorded any such breaches during 2022.

3) Actuarial Function - Appointed Actuary

The Actuarial Function is responsible for calculating the probability and risk of future events using specialised mathematical techniques, software and commercial expertise. It is a critical function for the Company, having a significant impact on the pricing, reserving and capital modelling calibration of all lines of business.

The appointed Actuary of the Company is Numisma Advisory Services Limited effective 1 October 2019 and a Director on the Board of BBI was approved by the regulator to oversee this function.

4) Internal Audit Function – Internal Auditor

The Board, Senior Management, Internal Auditor and all employees have a shared commitment to maintain and enhance the integrity of the Company's control environment. Within the context of the control framework, auditing is an independent risk assessment function established within the organisation to evaluate, test, and report on the adequacy and effectiveness of management's systems of internal control.

The purpose of these evaluations and tests is to:

- Assist the Audit Committee in executing their oversight responsibilities and,

- Provides an independent assessment of the Company's system of internal control, through reviewing how effectively key risks are being managed, and assists management in the effective discharge of its responsibilities by carrying out independent appraisals and making recommendations for improvement.

KPMG, as the Company's Internal Auditors, are responsible for enhancing the Company's Internal audit programme and ensuring that it is kept effective and efficient at all times, taking into account the Company's activities, system of governance, internal control and risk management processes.

In order to maintain audit independence, the Internal Auditor will report on the audit program, its status, and the condition of the control environment directly to the Board with an Independent Non-Executive Board Member of BBI responsible for the oversight of the internal audit function. This reporting relationship which also includes audit plans, financial budgets and staffing considerations is designed to ensure the ongoing independence of the internal audit function in order to provide for the objectivity of its findings, recommendations and opinions.

The Internal Auditor is authorised by the Audit Committee to have full and complete access to any of the organisation's records, properties and personnel.

5) Product Governance

Building Block has implemented a robust set-up to ensure oversight of all schemes and the business in general, this includes informal update calls and formal monthly and quarterly meetings. The monthly meetings attended by the senior management team and Compliance Officer are as follows:-

Meeting	Standing Agenda Items	Comment
Product Oversight and Governance (POG)	• Minutes and Review of Actions • Underwriting (including Reinsurance) • Claims • Operations (including Projects & systems) • Finance • Compliance and Complaints • Strategy Development and Assessment • Third-Party KPI exception review • Product Approval • ICT and Cyber Security • FCA Consumer Duty • Monitoring of MGAs and TPAs • Any other Business	This meeting covers all aspects of the business and is attended by the senior management team and Compliance Officer. This information feeds into the Insurance and Risk related agenda items in the Board Meeting. A report is circulated for each agenda item in advance of the meeting in order to aid discussion key points.
Complaints Review and Root Cause Analysis	• Review of Actions • Complaint Review • Root Cause Analysis • Any other Business	This meeting looks at complaint trends across a number of key measures along with root cause analysis of complaints. It is attended by the senior management team along with the complaints team and Compliance Officer.

In addition to these formal monthly meetings the senior management team have twice weekly update calls to ensure that the entire team is aware of the tasks being undertaken across the business and also of issues and resolutions as and when they arise.

B.1.3 Material Changes in the System of Governance during the Period

The organigram below portrays BBI's Governance Structure as at 31st December 2022:

BOARD OF DIRECTORS		
Company Secretary Outsourced to Ganado Services Ltd		
BOARD COMMITTEES		
	Insurance and Risk Committee (IRC)	**Audit Committee (AC)**
Risk Management	**Compliance**	**Internal Audit**
Outsourced to Willis Towers Watson Management (Malta) Limited	In-House	Outsourced to KPMG
Underwriting & Claims	**Finance**	**Actuarial**
In-House	In-House	Outsourced to Numisma
External Audit	**Insurance Distribution Activitives (IDD)**	**Risk Management System**
Outsourced to PKF Assurance Malta	In-House	In-House

Through 2022, there have been a number of changes in BBI's governance structure.

1. A decision was made to change the outsourced service provider from Aon Insurance Managers (Malta) PCC Limited (AIMM) to Willis Towers Watson Management (Malta) Limited (WTW) whilst employing an in-house part-time Compliance Function. The Company is confident that this model will further strengthen the Governance structure of the Company. This change came into effect in early 2022.
2. Both the Audit Committee and the Insurance, Risk and Compliance Committee (later restructured to Insurance and Risk Committee) were taken over by the Board.
3. Compliance Function is performed in-house with the support of the Compliance team at Willis Towers Watson Management (Malta) Limited and the in-house Compliance team at BBI where necessary.
4. Finance Function is performed in-house with oversight support from the Finance team at Willis Towers Watson Management (Malta) Limited where necessary.

B.1.4 Remuneration Policy

The Company's Remuneration Policy outlines the terms and conditions for the remuneration of members of the Board, responsible for Key Function, service providers and other categories of staff whose professional activities have a material impact on the Company's Risk Profile. The compensation programme is structured on the principle of providing a fair, market-competitive, performance-driven remuneration package.

The remuneration policy sets out to preclude the possibility of manipulation, negative incentives and undesired risk retention.

B.2 FIT AND PROPER

The purpose of this policy is to set out the Company's approach to the assessment of the Fitness and Propriety of persons who effectively run the Company or are responsible for other key functions.

The Company is aware of regulations in this area as are currently in place. This policy must at all times be in compliance with the regulations around the area of Fitness and Propriety as maybe issued by regulators from time to time.

The Objectives of the Fitness and Propriety policy are to ensure:

- that all persons who effectively run the Company or are responsible for other key functions at all times possess the professional qualifications, knowledge and experience to enable sound and prudent management (fit);
- that all persons who effectively run the Company or are responsible for other key functions at all times are of good repute and integrity (probity);
- that the members of the Board shall, collectively, be able to provide for the sound and prudent management of the Company;
- that the Board should have the appropriate balance of skills, experience and knowledge of the Company to enable it to discharge its duties and responsibilities effectively;

When assessments of a person's Fitness and Probity for a responsible person to occupy a responsible position are conducted they must be made:

- before the person is appointed;
- on at least an annual basis following appointment;
- upon the event of material information adverse to the assessment becoming known to the Company or any other circumstances whereby the fitness or probity of responsible persons may be adversely affected.

B.3 RISK MANAGEMENT SYSTEM

Risk Management Overview, Strategy and Objectives

The Company believes that a strong, effective and embedded risk management framework is crucial to maintaining successful business operations and delivering sustainable, long-term profitability.

The Company utilises the 'Three Lines of Defence' model for risk management and has a risk governance structure that encompasses its principal business operations and risk areas. It also defines a framework which includes a Board appointed risk committee, risk reporting and risk controls embedded throughout the Company. The Risk Governance Structure provides an oversight and decision-making framework within which material risks are continually identified, assessed, monitored and managed.

The Company seeks to maintain a risk profile that meets its business objectives and its approach to risk-taking is quantified through its risk appetite statement which aligns the Company's strategic business goals against the risks it faces, ensuring that these risks are maintained at levels consistent with the Company's financial resources. This, in tandem with continuous management and monitoring of the Company's capital position, ensures that the Company continues to manage its business in an environment of controlled, proportionate risk-taking to generate sustainable earnings and deliver long-term value for Shareholders.

The Company's adherence to its quantified risk parameters is supported by ongoing risk identification exercises, the outputs of which are documented within its standing risk register framework, which captures the material risks that the company faces.

The Company's Insurance, Risk and Compliance Committee has ultimate responsibility for development and oversight of the risk management framework.

Risk Culture

The Company has an ongoing commitment towards maintaining an effective risk culture, as it is critical to its success in maintaining and developing an effective risk management system.

Each function and individual is provided with a clear understanding of their risk management responsibilities in order to embed an effective risk culture across the Company; and the risk governance structure also provides an oversight and decision-making framework within which material risks are continually identified, assessed, monitored and managed.

The Governance structure is designed to support the Company's embedding of a strong risk culture through the integration of risk management with regulatory requirements and business activities.

Risk Appetite

Risk is accepted as a potential cost of being open for new business, and servicing existing business. The cost of controlling all risks to a "minimal" level could easily outweigh any benefits derived from reducing the cost of risk events. The organisation does accept some volatility in operational profit in order to generate profits over the long term.

Risk Appetite is the expression of the level of acceptable and/or unacceptable risk as defined by the Board and senior management. Risk appetite reflects the organisation's willingness to take on risk as derived from its capacity to bear risk and the philosophy or attitude toward risk taking.

The Board sets out the overall risk appetite of the organisation. Such is cascaded into more detailed expressions of appetite or limits applicable to each business function and each risk described in the Risk Register. This facilitates risk-taking decisions.

As an overarching risk appetite, the organisation defines an overall top-down risk appetite based on the results of the Solvency II Standard Model and its ORSA, as follows:

- **Minimum Buffer:**
  The ORSA required funds position is calculated to cover a maximum sustainable loss at a 99.5% confidence level within a one-year time horizon sufficient to meet a 1 in 200 year risk of default. Available funds for the PCC as a whole must be maintained above a minimum of 120% of Solvency II SCR or ORSA requirement whichever the higher. This ensures the PCC operates at all times at a ratio that is above regulatory requirements.

Subject to regulatory and Board approval, any cells created in Building Block Insurance PCC Limited may be allowed to be in a deficit solvency position based on Solvency II SCR so long as sufficient surplus funds are available in the core to meet such deficit and that the cell does not have a non-recourse provision.

Risk Identification

Since new risks may emerge periodically, the company continually assesses and revises its current risk profile, and assembles these profiles and identified material risks into its Risk Register.

The outputs from these activities enable the Company to identify key areas for focus and to identify their potential impact on the company's risk profile.

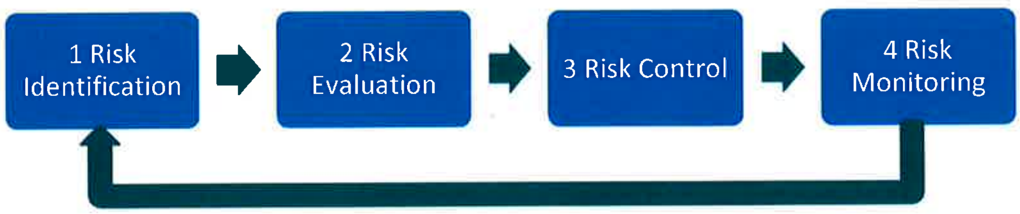
Risk Register

The Company maintains a dynamic, interactive risk register structure, where issues or developments within specific risks at a certain level are captured, discussed and assessed.

Identified risks are aligned to the 9 main risk categories of Underwriting, Liquidity and Concentration, Operational, Reinsurance, Strategic, Reputational, Asset-liability Management, Investments and Cyber.

Risk Management and Control

The management of the Company's key risks and the establishment and application of relevant mitigating controls is an essential part of the management of its activities against its defined risk appetite:



Solvency Capital Management

The Company's Solvency Capital Requirement is calculated using the Standard Formula.

Own Risk and Solvency Assessment (ORSA)

The Own Risk & Solvency Assessment (ORSA) is a set of processes undertaken to define, assess and manage the risk and solvency capital position of the Company. The ORSA Process draws together the results and analysis delivered through each of the above risk processes. The ORSA provides the Board of Directors with a forward-looking risk and capital assessment. The adequacy of the available capital, the Risk Appetite and the appropriateness of the risk limits is assessed for the business planning period, considering the evolving risk profile.

1. Strategy and Business Plan

The board and senior management discussed the future strategy and business plan which were subsequently adopted by the board

- **Define the Stress Scenarios**

  The scenarios are a combination of base and stress scenarios. The base scenarios are the most likely outcome of the strategy that the Company is pursuing. Stress scenarios are designed to simulate the impact of high inherent and/or residual risks identified. These scenarios incorporate risks identified in the Company's risk register as well as risks identified by other external stakeholders or sources. The scenarios are developed with input from the senior management team, risk management the actuarial function, and the board. With the final scenarios being approved by the board.

  Stress testing and scenario analysis are used to assess whether the available and future capital are sufficient in expected and stressed situations. The appropriateness of the risk limits is also assessed by stress testing.

  Reverse stress testing, which is the process of identifying and simulating scenarios that can lead to the failure of the firm, is used to provide a sensitivity analysis.

- **Stress the Financial Plan**

  Stress and reverse stress scenarios are embedded into the projected financial plan under Solvency II. Related Solvency Capital Requirement ("SCR") and Minimum Capital Requirement ("MCR") ratios are then calculated for each year, resulting in the Stressed Financial Plan and the solvency impact of the validated scenarios. The tasks of this process are conducted by the Actuarial Function and validated by the Risk Management Function.

- **Assess prospective solvency needs**

  On the basis of the Stressed Financial Plan, potential additional mitigation actions are identified, where appropriate, to reduce the impact of the Stress Scenarios. The main purpose of this stage is to identify and assess any relevant complementary control, mitigation actions or review of the Risk Appetite in order to match prospective solvency needs with capital position. Any remaining solvency gap will be covered through a relevant capital plan, i.e. measures to restore the Company's solvency margin over a given period of time should the assumed scenarios occur.

- **Produce the ORSA report**

  The purpose of the ORSA report is to bring clarity about the projected risk profile and solvency needs to the 3 different stakeholders, the Board, the Shareholders and the Supervisory Authority, through dedicated sets of information in line with their expectations (as summarized in the table below).

- **ORSA workshop**

  The Directors participate in a workshop with the appointed actuaries to agree and challenge the findings of the report. This discussion is minuted and any changes adjusted as per instructions from the Board.

- **Board approval**

  The ORSA report is approved by the Board of Directors during the Board Meeting.

ORSA Report

The ORSA Report is used to summarise the outputs of risk management and capital assessment processes. This report includes both the quantitative and the qualitative outputs of these processes and links these to the Company's business performance, to assist the Board and senior management in making strategic business decisions. The ORSA report is prepared annually, or earlier in cases where an event occurs that results in a material change to the Company's Risk Profile or Business Plan, and this is reviewed, challenged and ultimately signed off at Board level.

The ORSA Report is a key document for management, the Board and the regulator.

B.4 INTERNAL CONTROL SYSTEM

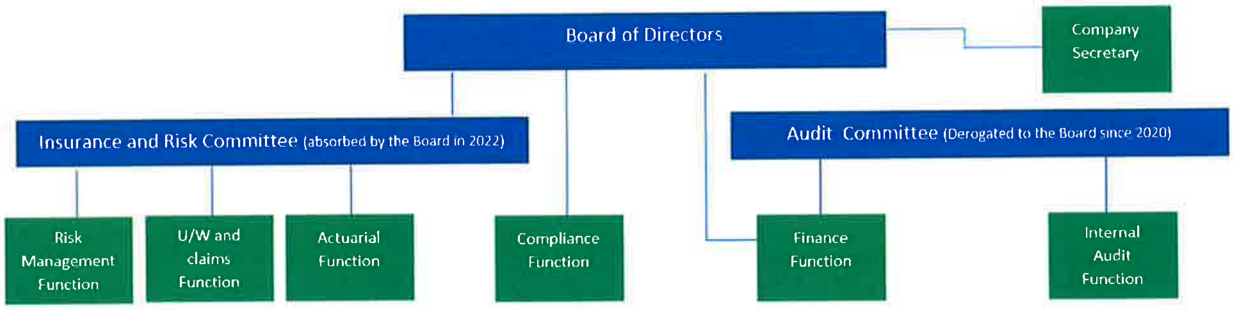
The Internal Control System is a mix of actions and processes undertaken by all stakeholders within the Company to provide reasonable assurance that the strategic objectives will be achieved.

The objectives of the Internal Control System are therefore to ensure:

- An ordered execution of ethical, economical, efficient and effective operations;
- Accountability obligations are fulfilled;
- Availability and reliability of financial and non-financial information;
- Compliance with applicable laws, regulations and administrative provisions;
- Resources are protected against losses, misuses and damages.

Organisation Structure

The Organisation Structure as at 31 December 2022 was as follows:



The objectives of the Internal Control System are therefore to ensure:

- An ordered execution of ethical, economical, efficient and effective operations;
- Accountability obligations are fulfilled;
- Availability and reliability of financial and non-financial information;
- Compliance with applicable laws, regulations and administrative provisions;

Resources are protected against losses, misuses and damages.

In order to achieve these objectives, the Internal Control framework of the Company is structured around five complementary components as follows:

Component	Contents
1) Control environment	A strong "risk and control" culture is embedded within the Company's operations through the continuous oversight of the Board of Directors and the communication to all internal stakeholders of all governance and risk principles through the present manual.
2) Risk assessment	Procedures and policies are detailed and formalized in order to disclose the way of identifying, managing, controlling, mitigating and reporting issues relating to each risk category.
3) Reporting channels	Clear and structured reporting processes are in place enabling the Board of Directors to have access to relevant, complete, reliable, correct and timely communication related to internal as well as external events.
4) Monitoring process	The appropriate escalation of significant issues to the Board of Directors, the ongoing involvement of all internal stakeholders as well as the Internal Audit process enables to Company to continuously monitor and adapt, when necessary, its Internal Control System.
5) Control activities	The Company developed a comprehensive set of preventive, detective or corrective control actions embedded in its daily operations, as formalized hereafter.

The Compliance Policy

The Company has in place a Compliance Policy prepared pursuant to Article 46 of the European Solvency II Directive, Chapter 6, Section 6.5 of the MFSA Insurance Rules and the MFSA Insurance Rules Guidelines relating to the Responsibilities of Compliance Officers.

The purpose of this Policy is to describe the approach of BBI to the management of the Compliance activities and to define the scope, objectives, and responsibilities of the Company's Compliance Function.

The Compliance Function is the document owner of the Compliance Policy, and an annual review is performed to ensure that the Policy continues to the in line with the guidelines and rules issued by EIOPA and MFSA. The Board has approved a new Compliance Policy during the Board meeting held in August 2022, and the Compliance Officer is responsible for its execution. This Compliance Policy applies to all members of the Board, staff of the Company and to all functions of the Company, including those provided by outsourced service providers.

This Policy is an integral part of the business of the Company and is thus drafted in line with other corporate policies of the Company.

The Board recognises that laws, regulations, and standards, applicable to the Company include primary legislation, regulations and standards issued by legislators and supervisors, codes of business and internal codes of conduct applicable to the staff across each of the functions, whether internal or provided by outsourced service providers.

The Board is committed to complying with applicable laws and regulations in all jurisdictions in which it writes insurance/reinsurance.

B.5 INTERNAL AUDIT FUNCTION

The purpose of the Internal Audit Function is to serve as a Board oversight function that objectively evaluates and recommends improvements to the Company's Internal Control System by facilitating an objective and independent assessment. The Internal Audit Function is outsourced to KPMG.

The main objective of the Internal Audit Function is to ensure governance, risk management and control systems are effective, efficient and correctly designed.

The Internal Audit Function must ensure that all aspects and processes of the Company are assessed at least once over a three year period. The internal Audit function takes a risk-based approach in deciding its priorities.

The scope of the Internal Audit Function includes the review of Risk Management, Internal Control, information and governance systems.

To fulfil its responsibilities, the Internal Audit Function must:

- review the adequacy of control activities to ensure compliance with policies, plans, procedures, and business objectives;
- assess the reliability and security of financial and management information and the systems and operations (in-house or outsourced) that produce this information;
- review established procedures and systems and propose improvements;
- evaluate controls and monitor the ORSA process design, effectiveness and control actions;
  follow up recommendations to make sure that effective remedial actions are undertaken;
- carry out adequate investigations, appraisals or reviews requested by the Board of Directors.

In due course, the Internal Audit Function submits a three year audit plan to the Board of Directors for review and approval.

The said audit plan contains at least the proposed work schedule and related resources and budgets requirements.

It provides information about the systems and processes to be assessed, the current order of priority of audit projects and how they are to be carried out.

The Internal Audit Function is responsible for planning, conducting, reporting and following up on audit projects included in the audit plan and decides on the scope and timing of audits.

Every year, the Audit Committee or the Board of Directors review the Audit Plan for the coming year and confirm the audit plan. The Board, on the recommendation of the Audit Committee may re-prioritise certain tasks in accordance with the exigencies of the Company to ensure flexibility.

B.6 ACTUARIAL FUNCTION

BBI's Actuarial Function is responsible for preparing actuarial, statistical calculations that would allow the determination of rates, technical provisions and risk modelling used as a basis for the calculation of BBI's capital requirements. BBI's Actuarial Function is outsourced to Numisma Consulting Limited.

B.7 OUTSOURCING ARRANGEMENTS

The purpose of this policy is to establish the requirements for identifying, justifying, and implementing outsourcing arrangements for any function or activity within the Company, this in order to ensure that the outsourcing activities are carried out appropriately.

The Company remains fully responsible for discharging all of its obligations when it outsources functions or activities.

It is a requirement that outsourcing of critical or important operational functions or activities shall not be undertaken in such a way as to lead to any of the following:

a) materially impairing the quality of the system of governance of the Company;
b) unduly increasing the operational risk;
c) impairing the ability of the MFSA to monitor the compliance of the Company with its obligations;
d) undermining continuous and satisfactory service to reinsured counterparties

The 'Outsourcing' sub-section of the report provides a description of the Company's critical outsourcing activities and the outsource service providers. The Company's Outsourcing Service Providers are defined as Third Parties that perform/provide core business activities, i.e. insurance products/services (and/or regulated activities) on behalf of the company. The Company utilises outsourcing arrangements for a number of operational activities in order to reduce operational costs and free internal personnel for other key functions within the Company.

The screening/due diligence process confirms if a vendor is suitably qualified and possesses the expertise, experience and capabilities for the goods and/or services being provided to the Company.

B.8 ANY OTHER MATERIAL INFORMATION

There is no other material information in relation to system of governance to be reported.

B.9 REPORTING AT GROUP LEVEL

The Company does not fall under the provisions of Group Supervision.

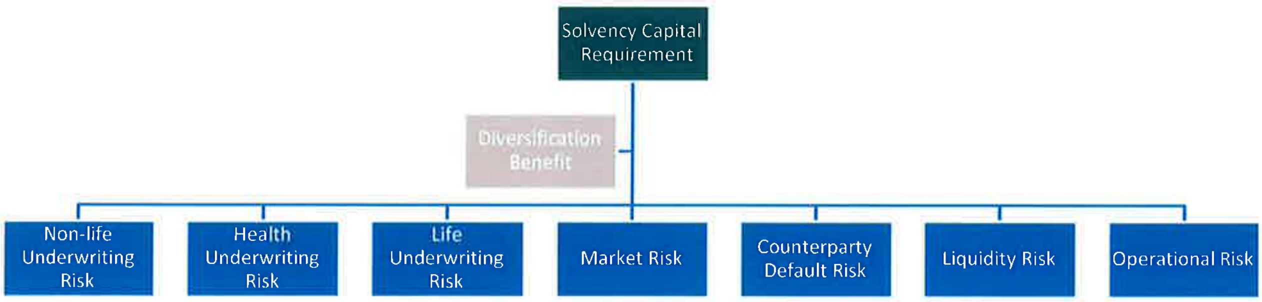
C. RISK PROFILE

The Risk Profile section of the report captures the complexity of the overall risk status of the Company, taking into account all the material risks to which the Company is exposed. For each major risk grouping, this section provides a description of:

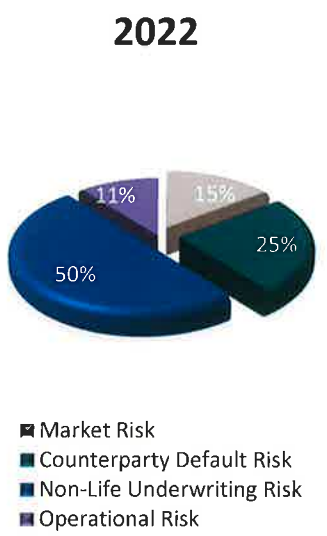
- Risk exposure;
- Measures used to assess the risk;
- Risk concentration;
- Risk mitigation; and
- Risk sensitivities

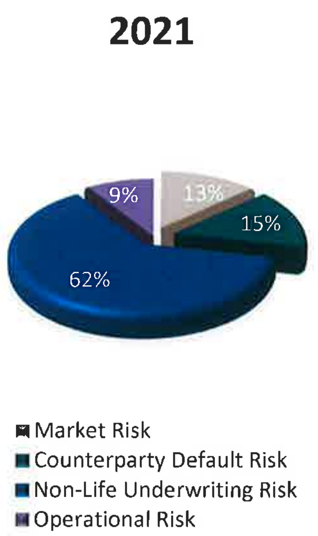
The Company believes that a strong, effective and embedded risk management framework is crucial to maintaining successful business operations and delivering sustainable, long-term profitability.

The Company's Solvency Capital Requirement (SCR) is calculated using the Standard Formula. The SCR is composed of the following modules:



As it can be seen from the below chart, in 2022 the main SCR component was the Non-Life Underwriting Risk. This is the same as at 2021 albeit having a different percentage.





Risk Profile, Measurement and Assessment

The Company's Risk Management Framework supports the identification, measurement, management, monitoring and reporting of the major risk groupings the Company may be exposed to, including:

- Insurance risk (Underwriting Risk);
- Market Risk;
- Credit Risk (Counterparty Default Risk);
- Liquidity Risk; and
- Operational Risk

The Company's risk assessment draws on available management information (MI) and key risk indicators (KRIs). KRI results, particularly those that breach an agreed trigger level, are discussed within the risk management governance structure to identify the root cause and to approve remedial actions for the relevant risk owners to execute.

The Company has identified a number of risks that may potentially impact on the successful execution of its business plan and ability to generate sustainable profits during 2022 and beyond.

Risk Area	Description
Insurance Risk	1. Failure of Pricing, Product or Strategy
Market Risk	2. Currency risk
Credit Risk	3. Unexpected Credit Loss – Reinsurer & Bank counterparty failure
Operations Risk	4. Operational Risk

C.1 UNDERWRITING RISK

Underwriting Risk (Insurance Risk) encompasses the risks the Company is exposed to arising from its insurance underwriting operations and is broadly split and assessed between the following risk categories:

INSURANCE RISK EXPOSURES

1. **Premium Risk**

Premium Risk arises from the failure of pricing, product or strategy. It encompasses the risk of loss due to the potential timing, frequency and severity of covered loss events differing from that assumed at the time of underwriting and pricing a risk. Premium risk arises during market and/or investment cycles where there is pressure on pricing margins, which results in being unable to charge an appropriate price without undermining its market position.

Premium Risk is driven by changes in actual earned premiums and forecast premiums.

2. **Reserve Risk**

Reserve Risk arises from adverse reserve development through failing to set sufficient cash reserves or through failing to adopt a robust and consistent reserve strategy offered to insureds. It represents the difference between the actual versus expected variability in the timing or amount (size/severity and count/ frequency) of loss costs including indemnity, legal and loss adjustment expenses.

Reserve Risk is influenced by changes in Claims Provisions.

3. **Catastrophe Risk – Natural / Man Made**

Natural Catastrophe Risk arises from the failure to manage risk aggregation or accumulation that may result in an increased exposure to natural catastrophe losses (e.g. hurricanes, earthquakes, floods etc.). If insured risks are overly correlated due to say, geographical concentration, losses can occur and affect multiple lines of business.

Man Made Catastrophe Risk arises from failure to manage risk aggregation or accumulation that may result in increased exposure to man-made catastrophe losses (e.g. terrorism, explosion, systemic financial losses, latent disease, pandemic etc.).

In 2021, the company had a Catastrophe Risk exposure of over £859 thousand which was later decreased to £84 thousand in 2022, as a result of the Company reclassifying the PET and GAD schemes into the Fire and other damage to property.

4. **Lapse Risk**

Non-life lapse risk reflects the risk of loss, or of adverse change in the value of insurance liabilities, resulting from a discontinuance of insurance policies.

The Company's product portfolio and subject matter coverage is such that a Catastrophe Risk is minimal. The Lapse Risk is very much a minor factor, in that the product portfolio consists mainly of short-term duration, and in no case other than GAP, of more than 12 months' duration. The product sector in which the Company operates has historically experienced a reasonably high policy lapse rate and this has been taken into account at all stages. In 2021, the company had a Lapse Risk exposure of over £16 thousand which was later decreased to £15 thousand in 2022.

INSURANCE RISK MITIGATION TECHNIQUES

The Company manages insurance risks by monitoring and controlling the nature of and accumulation by geographic location of the risks in each line of business underwritten, the terms and conditions of the underwriting and the premiums the Company charges for taking on the risk. This is achieved through a number of common techniques and procedures, some of the most significant are highlighted below:

Type of Risk	Specific Risk	Risk Mitigation techniques
Premium Risk	Pricing Adequacy	The Company evaluates the pricing adequacy of the schemes on offer ensuring that returns being generated are in line with the company`s strategic objectives.
Premium Risk	Inadequate Claims/premium reserve	"(1) Business plan sets parameters, classes, limitations and profitability expectations. (2) Regular exceptions reporting which identifies items that exceed pre-determined limits. (3) Review of target with actual underwriting performance. (4) Review of underwriting authorities. (5) Regular review of the reserving policies, ensuring adequacy of reserve. (6) Immediate review of the claim reserve following a claim update."
Premium Risk	Inappropriate reinsurance arrangements	(1) All reinsurance is placed with A rated reinsurers (2) BBI appetite is to cede most risks under a quota share agreement thus guaranteeing solvency and capital requirements "

PROCESS FOR MONITORING THE EFFECTIVENESS OF INSURANCE RISK MITIGATION TECHNIQUES

The company manages this risk through regular monitoring of their portfolio and via discussion in the Product Oversight Governance meetings which are held on a monthly basis. In addition, as part of the IRC oversight, a monthly claims meeting is held. In order to control such risk, Building Block updates its rating and policy wording on a regular basis. Moreover, in instances when products underperform, Building Block may also decide to withdraw from it thereby entering into runoff.

The Insurance and Risk Committee monitors the continued effectiveness of the above risk mitigation techniques through processes and deliverables including its Risk Register and Risk Appetite. The outputs of these risk processes are fundamental to the delivery of the Own Risk and Solvency Assessment (ORSA) and, ultimately, the annual ORSA report.

In relation to Reserve Risk, the Company utilises its appointed Actuarial function to perform reviews of its reserves to provide an independent review of their adequacy.

C.2 MARKET RISK

Market Risk occurs where the Company is adversely affected by movements in the fair value of its financial assets arising primarily from market movements, to interest rates, foreign exchange rates or other price risks.

MARKET RISK EXPOSURE

The Company is exposed to Currency Risk which is the potential financial loss arising from the change in value of currency exchange rates or from closing out a currency position at a loss due to adverse movements in exchange rates.

MEASURES USED TO ASSESS MARKET RISK

Foreign exchange (FOREX) exposure is monitored on a monthly basis.

MARKET RISK CONCENTRATION – by Currency

The Company's cash and cash equivalent holdings as at 31 December 2022 in a currency other than its functional currency, which is GBP, amounted to £40 thousand from a total holding of £3,346 thousand which is equivalent to 1%.

MARKET RISK MITIGATION TECHNIQUES

The Company manages Market Risk in order to minimise the impact on its solvency position due to adverse market movements.

Risk Mitigation and the Prudent Person Principle

The Company's current position at this stage, with a view to preserving its capital and seeking reasonable return for the benefit of its policyholders and Shareholders, is to continue with its investment policy of retaining its capital in bank holdings until such time that the business produces certain levels of return where sufficient funds are available for investment when the markets are also more stable.

Currency Risk mitigation is achieved by the monitoring of its excess of assets over liabilities by currency.

Liquidity Risk: Since the Company holds cash and cash equivalents sufficient coverage is provided for the uncertainties and short-term nature of its Technical Provision liability cash flows.

Counterparty Default Risk (Credit Risk): The Company has reinsurance arrangements backed by collaterals and therefore, Credit Risk is kept in control.

C.3 CREDIT RISK

Credit Risk (Counterparty Default Risk) is defined as the change in the value of assets and liabilities caused by unexpected default or deterioration in the credit standing of independent counterparties and debtors.

CREDIT RISK EXPOSURE

The Company is exposed to the following categories of Credit Risk:

- Type 1 exposures that include risk mitigating contracts like reinsurance arrangements, securitisations, derivatives, deposits with ceding and credit institutions, cash at bank and letters of credit that are not diversifiable but are likely to be rated.

- Type 2 exposures that include diversifiable and unrated exposures such as receivable from intermediaries, policyholder debtors etc.

CREDIT RISK CONCENTRATION

The Credit Risk of the Company is concentrated as follows:

- Type 1 exposures relating to the Company's reinsurance (reinsurance recoverable and reinsurance receivables) and banking (cash holdings) arrangements.

- Type 2 exposures relate to Receivables due from coverholders and arising out of insurance operations. However, this exposure is well diversified.

CREDIT RISK MITIGATION TECHNIQUES

The Company monitors and controls Credit Risk to its exposures by ensuring that reinsurance treaties are reached with highly rated Reinsurance Undertakings. Likewise, is done where it comes to its holdings with credit institutions. These ratings are monitored and reported at both IRC and Board level. The set appetite and tolerance serve as a control to ensure that the Company sticks to the approved limits. In some circumstances the Company may require third-party guarantees, reinsurance or collateral, such as letters of credit.

C.4 LIQUIDITY RISK

Liquidity risk is defined as the inability to access funds when liabilities fall due as a result of nature of investments, failure to efficiently and effectively administer and manage cash flows, inability to access funds in current account due to an unforeseen event at Bank / Credit Institution and liquidity difficulties due to insufficient capital as a result of business performance / regulatory changes.

The company has a very limited exposure to Liquidity Risk since its assets are mainly held in cash and cash equivalents. One of the Company's lines of business boasts a high degree of stable cashflow which further adds to lessen this risk exposure. To this end, in its scenario analysis during the ORSA process the company considered the loss of such a business line to test the effect of its cashflow. Results indicate that the company continues to remain solvent with the solvency position remaining well above its risk appetite. Table for scenario 3 as reference to above provides an overview of the quantitative performance in the event of the loss of the vehicle breakdown cover.

The Company manages its funds in such a manner as to ensure adequate funds are available to meet such calls.

BBI assesses its liquidity risk on an ongoing basis and is satisfied with its liquidity position.

C.5 OPERATIONAL RISK

Operational and Compliance risks are typically more difficult to identify and assess quantitatively than other risk types. The risks are dependent on several factors, including:

- The performance of the management, operations and outsourced entities including exposure to fraud and compliance issues.
- The performance of the Board vis-à-vis the strategy of the Company and to compliance issues.
- Maintaining an adequate SCR and MCR Cover Rate.

The Company is exposed to operational risk, which is defined as the risk of loss resulting from inadequate or failed internal processes, people, and systems or from external events. This includes the failure of key outsourcing arrangements, business disruption, fraud, and loss of key management.

This definition also includes legal risk and reputational risk, as the Company considers reputational risk critical and therefore has adopted this broad definition of operational risk.

The process through which the Company's operational risk universe is determined and subsequent estimates of frequency and severity are assessed is captured in the Operational Risk Policy document. This process safeguards the ongoing improvement of the control environment and ensures that operational risk is identifiable and mitigated.

The Company is reliant on the use of external parties to provide a number of key services, and thus is therefore exposed to the potential failure of these outsourcing partners. To this end the Company exercises direct oversight and ensures that in case of failure, the service can be resumed through the provider's applicable continuity plan..

A change in the regulatory, legal, or political environment may have consequences on the Company's Business Model, operations and financials. The Company is subject to financial regulation in Malta and is required to comply with capital adequacy requirements.

OPERATIONAL RISK EXPOSURES

The Company is exposed to the following main types of Operational risk:

Operational Risk	Description
Outsourcing	Failure of the Service provider to deliver contracted services to BBI Failure to develop and implement operational systems which enable the business to achieve regulatory requirements and business objectives
Succession planning	Loss of senior management or key staff leading to disruption of key business functions.
Sanctions	Failure to meet AML & CTF checks
Conduct	Ensuring accuracy of customer facing content
Compliance	Failure to have sufficient knowledge of legal and regulatory requirement in jurisdictions in which BBI operates, leading to regulatory breaches and censure. Failure to comply with regulatory reporting in an accurate and timely manner, leading to regulatory scrutiny and/or breach. Failure to comply with local tax laws in local jurisdictions particularly local insurance premium tax levies Relevant persons/ employees do not possess sufficient knowledge & ability in relation to the product distributed or role / activity carried out. Ineffective product design or target market not properly defined, distribution channels not appropriate for target market, appropriate product information not supplied to distributors, inappropriate claims exclusion list not supplied to policyholder resulting in increased number of complaints.
Information Technology	Failure to Implement adequate measures to securely store and protect business critical data Risk impact of IT development not meeting the pace to fulfil the strategy of the company
Financial	The risk of a capital availability as a result of a political and/or financial event affecting the established business strategy.
Data Quality	Failure to attain quality data or have timely readily available data, allowing for accurate reporting.

C.6 OTHER MATERIAL RISKS

There are no other Material Risks to note.

D. VALUATION FOR SOLVENCY PURPOSES

BBI prepares its accounts in line with IFRS, which follow the prudence principle for evaluation and profit recognition purposes. Financial assets are evaluated at lower of cost or market value/realizable value and underwriting profits are only recognized for earned premiums. Solvency II evaluates financial assets at market value and technical provisions at their best estimate considering the time value of money, unlike IFRS underwriting results which are recognized at the inception date of the insurance agreement.

The 'Valuation for Solvency Purposes' section of the report describes the valuation of assets, technical provisions and other liabilities from IFRS basis to Solvency basis. The section also outlines the approach and methodology underlying the valuation.

Key elements of the section include:

- Assets;
- Technical Provisions (TPs);
- Other Liabilities; and
- Any other information

Valuation basis, methods and main assumptions

In accordance with Article 75 of the Solvency II Directive, the Company's assets and liabilities other than technical provisions are measured in accordance with principles of an arm's length transaction between knowledgeable willing parties using market consistent valuation methods.

The Company's Own Funds position is different from the equity stated in its financial statements for a number of reasons. Valuation differences are representative of items of assets and liabilities which have been valued on a different basis for Solvency II reporting purposes compared with IFRS.

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D.1 ASSETS

Notes: Assets' valuations, approach and/or methodology

1) Solvency II and IFRS accounts balance sheet differences

Capital resources are calculated differently under Solvency II and IFRS resulting from differences in the classification and valuation of certain items under Solvency II definitions compared to IFRS:

- Deferred Acquisition Costs
  - Not recognised under Solvency II
- Intangible Assets
  - Disallowed unless they can be readily sold
- Deferred Tax Assets
  - Included under Solvency II
- Reinsurance Recoverables
  - Adjusted for expected losses due to counterparty default.
- Insurance and Intermediaries Receivables
  - Adjusted for expected losses due to counterparty default.
- Investments (other than assets held for index-linked and unit-linked funds), and Any other liabilities, not elsewhere shown
  - Adjusted for the loan from the subsidiary, though the effect of the adjustment on the former offsets the effect of the adjustment on the latter.

The table below compares the assets of the company with those of the previous reporting period:

Differences between Solvency II values and Statutory IFRS Accounts values (£'000)			
		2022	**2021**
Assets	Deferred Acquisition Costs	-1,010	-1,002
	Intangible Assets	-2	-7
	Deferred Tax Assets	0	0
	Investments (other than assets held for index-linked and unit-linked funds)	-352	0
	Reinsurance Recoverables	-1,333	-1,398
	Insurance and Intermediaries Receivables	-115	-79
	Difference arising from SII valuation of Assets	**-2,812**	**-2,486**
Liabilities	Technical Provisions	-1,211	-1,280
	Deferred Reinsurance Commission	-872	-880
	Reinsurance Payables	0	0
	Any other liabilities, not elsewhere shown	-352	0
	Difference arising from SII valuation of Technical Provisions	-2,435	-2,160
Total difference Excess of Assets over Liabilities (SII vs IFRS valuations)		**-377**	**-326**

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D.2 TECHNICAL PROVISIONS

The Solvency II technical provisions consist of a claim provision, premium provision and a risk margin. The claim provision includes the premium and claim cash flows associated with periods of exposure prior to the valuation date. Technical Provisions under Solvency II can be calculated as:

Premium Provisions + Claim Provisions + Risk Margin

The table below compare BBI's technical provisions as at 31st December 2022 to the ones reported in the previous reporting period.

		31/12/2022 £' 000	31/12/2021 £' 000	Increase/ Decrease £'000
Best Estimate Liabilities	Fire and other damage to property insurance	2,067	0	2,067
	Assistance and proportional reinsurance	934	897	37
	Miscellaneous financial loss insurance and proportional reinsurance	76	2259	-2183
Total Best Estimate Liabilities		**3,077**	**3,156**	**-79**
Total Risk Margin		94	173	-79
Total Technical Provisions		**3,171**	**3,329**	**-158**

As all product lines are relatively new, therefore we do not have adequate data to perform a comparison of best estimate against experience.

NOTES: Liability (Technical Provisions) valuations, approach and/or methodology

3. Best Estimate Liabilities / Technical Provisions

- The Best Estimate Liabilities is the Sum of the Premium Provisions and Claim Provisions.
- The Premium Provisions related to unearned premiums and have been calculated by adding the expected claim, maintenance expenses and claims expenses. This is known as the Initial Premium Provision *("Initial PP")*. From the Initial PP, a return premium is also estimated that increases the provision. The return premium is calculated as the lapse probability multiplied by the net cash-flows that relate to the product under consideration.
- The Claim Provisions relate to the outstanding claims on which an IBNR andclaims handling costs were added.
- Both the Claim Provisions and Premium provisions were discounted using payment patterns for each line of business.
- The Actuarial function of the Company believes that determining the Best Estimate Liabilities, and therefore the Technical Provisions, using this method is appropriate.
- Assumptions: The key assumptions underlying the calculation of the Best Estimate Liabilities are the loss ratios and expense ratios applied to each product type.

4.	Risk Margin	• The Risk Margin has been calculated in accordance with Article 86(d) of the Solvency II Directive and subsection 4 of the Commission Delegated Regulation (EU) 2015/35. • The Risk Margin has been determined as part of the solvency calculations and has been added to the Best Estimate Liabilities to determine the total Technical Provisions. • The Risk Margin can be considered as the cost of capital which is added to the Best Estimate of Premium and Claim Provisions so that you get a sufficient value for another insurer to take-over and meet the insurance obligations. • The calculation of the Risk Margin is performed using the following simplification approach: • The future SCRs are projected yearly as a proportion of the future Cash Flows (CF) of Technical Provisions. • The Loss Absorbing Capacity ("LAC") of Technical Provisions is set to 0. • Using the relevant Solvency II correlation matrices, the SCR and Basic SCR for the reference undertaking are estimated. • The total Risk Margin is calculated using the equation: $RM = \sum_{t \geq 0} CoC \cdot SCR_{RU}(t)/(1 + r_{t+1})^{t+1}$ • The total Risk Margin is allocated to the Lines of Business proportional to the Technical Provisions
5.	Matching Adjustment	• Not applied
6.	Volatility Adjustment	• Not applied
7.	Transitional Interest Rate and Deductions	• No transitional risk-free interest rate term structure has been applied • No transitional deduction has been applied
8.	Use of Non-Standard Methods	• No non-standard methods have been adopted to calculate the Technical Provisions.
9.	Appropriateness of IT Systems	• The approach adopted to calculate BBI's Technical Provisions is not unduly complex and therefore not limited by the nature of IT systems.
10.	Change of Method	• There have been no material changes in the methods used to determine the Technical Provisions.

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D.3 OTHER LIABILITIES

There are no other technical liabilities to note.

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D.4 ALTERNATIVE METHODS FOR VALUATION

No alternative methods have been used or adopted for the valuation of Technical Provisions.

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D.5 ANY OTHER MATERIAL INFORMATION

In 2021 the Company restated the 2020 SCR figures to reintroduce the catastrophe risk on the PET scheme. The PET scheme includes a pandemic exclusion within the wording of the policy, and we therefore do not believe there is any catastrophe risk on this line of business, however this is included within all our calculations. In 2022, after discussions with the MFSA the Company has reclassified the PET scheme into Fire and other damage to property which gives a more accurate representation of the exposed risks to this scheme.

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E. CAPITAL MANAGEMENT

The 'Capital Management' section of the report describes the internal operational structures or procedures underlying capital management within the Company as well as the projections of capital position over a three-year planning horizon.

The Capital Plan is updated at least annually or more frequently if a material change occurs to the Company's risk or capital profile, business strategy, the macro-economic outlook or if regulatory feedback warrants a change.

Key elements include:

- Own Funds;
- SCR and MCR

E.1 OWN FUNDS

The Company's Own funds may be comprised of items on the balance sheet which are referred to as basic own funds and off-balance sheet items that may be called up to absorb losses referred to as ancillary own funds. This sub-section of the report aims to provide a view of capital management activities in the Company, its capital management methods and the structure, amount and quality of Own Funds.

Composition and Quality of Own Funds

Under Solvency II regulation, capital is referred to as Own Funds and the regulation distinguishes between Basic Own Funds (BOF) and Ancillary Own Funds (AOF). Capital under Solvency II starts with the excess of assets over liabilities as determined by the Balance Sheet. Qualifying subordinated debt is then added to this and the combined amount is known as Basic Own Funds. The whole amount is classified into tiers of Own Funds. Restrictions are applied to limit the extent to which the various components of Own Funds can be used to meet the capital requirements.

The Company's own funds consist of the following items:

- Issued Share Capital;
- Capital contribution;
- Retained earnings;
- Deferred Tax Asset

Any change to the share capital or capital contribution requires the approval of the Shareholder and the Board. Any other qualifying own fund item requires the review and approval of the Board. In such instances, the Board must ensure that the terms and conditions of any own fund item are clear and unambiguous in relation to the capital classification.

In the event that the Company requires an injection of Capital, an extraordinary Board Meeting will need to be convened whereby a request is made to the Shareholder is notified clearly identifying the amount and form of Capital required.

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E.2 SOLVENCY CAPITAL REQUIREMENT AND MINIMUM CAPITAL REQUIREMENT

The SCR and MCR requirement section of the report aims to provide a comprehensive view to assess the adequacy of the Company's capital in line with the regulatory requirements.

Tier 1 basic own funds

The basic own funds are classified and tiered. The Company's ordinary share capital is classified as Tier 1 capital and the Company currently has no restricted tier 1 capital. Further to this, the company's own funds also include a reconciliation reserve. In 2019, the Company received capital injections totalling £250,000 during the reporting period from its immediate parent company.

Tier 2 basic own funds

The Company has no Tier 2 basic own funds.

Tier 2 ancillary own funds

The Company currently has no tier 2 ancillary own funds.

Tier 3 basic own funds

Tier 3 capital resources consists of net residual deferred tax assets (this agrees to the net deferred tax position on the Balance Sheet for solo reporting only). As at 31st December 2022, the company's deferred tax asset amounted to £403 thousand.

The following tables reflect the structure, amount, and quality of own funds, as well as BBI's coverage ratios for the financial year end 2022 and the financial year end 2021.

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	Total in £'000		Tier 1 – unrestricted in £'000		Tier 1 - restricted in £'000		Tier 2 in £'000		Tier 3 in £'000	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
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)	3,926	3,926	3,926	3,926			-	-		
Share premium account related to ordinary share capital	-	-	-	-			-	-		
Initial funds, members' contributions or the equivalent basic own - fund item for mutual and mutual-type undertakings	-	-	-	-			-	-		
Subordinated mutual member accounts	-	-			-	-	-	-	-	-
Surplus funds	-	-	-	-						
Preference shares	-	-			-	-	-	-	-	-
Share premium account related to preference shares	-	-			-	-	-	-	-	-
Reconciliation reserve	-3,601	-3,321	-3,601	-3,321						
Subordinated liabilities	-	-			-	-	-	-	-	-
An amount equal to the value of net deferred tax assets	403	403							403	403
Other own fund items approved by the supervisory authority as basic own funds not specified above	2,785	2,785	2,785	2,785	-	-	-	-	-	-
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	-	-								
Deductions										
"Deductions for participations in financial and credit institutions"	-	-	-	-	-	-	-	-	-	-

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	Total in £'000		Tier 1 – unrestricted in £'000		Tier 1 - restricted in £'000		Tier 2 in £'000		Tier 3 in £'000	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Total basic own funds after deductions	3,512	3,792	3,110	3,389	-	-	-	-	403	403
Ancillary own funds										
Unpaid and uncalled ordinary share capital callable on demand	-	-								
Unpaid and uncalled initial funds, members' contributions or the equivalent basic own fund item for mutual and mutual - type undertakings, callable on demand	-	-								
Unpaid and uncalled preference shares callable on demand	-	-								
A legally binding commitment to subscribe and pay for subordinated liabilities on demand	-	-								
Letters of credit and guarantees under Article 96(2) of the Directive 2009/138/EC	-	-								
Letters of credit and guarantees other than under Article 96(2) of the Directive 2009/138/EC	-	-								
Supplementary members calls under first subparagraph of Article 96(3) of the Directive 2009/138/EC	-	-								
Supplementary members calls - other than under first subparagraph of Article 96(3) of the Directive 2009/138/EC	-	-								
Other ancillary own funds	-	-								
Total Ancillary own funds	-	-								
Available and eligible own Funds										
Total available own funds to meet the SCR	3,512	3,792	3,110	3,389	-	-	-	-	403	403
Total available own funds to meet the MCR	3,110	3,389	3,110	3,389	-	-	-	-		
Total eligible own funds to meet the SCR	3,337	3,792	3,110	3,389	-	-	-	-	227	403
Total eligible own funds to meet the MCR	3,110	3,389	3,110	3,389	-	-	-	-		
SCR	1,515	2,751								
MCR	2,395	2,101								
Ratio of Eligible own funds to SCR	220.34%	137.85%								
Ratio of Eligible own funds to MCR	129.87%	161.34%								

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Reconciliation Reserve in £'000		
	2022	**2021**
Excess of assets over liabilities	3,512	3,792
Own shares (held directly and indirectly)	-	-
Foreseeable dividends, distributions and charges	-	-
Other basic own fund items	7,113	7,113
Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	-	-
Reconciliation Reserve	-3,601	-3,321

Expected Profits in £'000		
	2022	**2021**
Expected profits included in future premium (EPIFP)- Life Business	-	-
Expected profits included in future premium (EPIFP)- Non-Life Business	-	-
Total Expected profits included in future premium (EPIFP)	-	-

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E.2.1 Solvency Capital Requirement (SCR)

The SCR is the amount of funds that the Company is required to hold in line with the Solvency II Directive. The SCR calculation is a formula-based figure calibrated to ensure that all quantifiable risks are taken into account.

The assessment of the SCR using the standard formula approach is based on a modular approach consisting; life, non-life, market, health and counterparty default risks with associated sub-modules. These are aggregated in the standard formula using correlation matrices, both at the submodule and the main module level. An intangible asset module is then added (uncorrelated) to give the BSCR. The operational risk component and adjustments for risk absorbing effect of future profit sharing and deferred taxes are then allowed for, to give the overall SCR.

The table below highlights the capital requirements for each risk module.

Capital Requirement by Risk Module	Net Solvency Capital requirement £'000 2022	Net Solvency Capital requirement £'000 2021
Market Risk	270	426
Counterparty Default Risk	454	491
Non-life Underwriting Risk	921	2,018
Diversification	-329	-481
Basic Solvency Capital Requirement (BSCR)	**1,316**	**2454**
Operational Risk	199	297
Loss-absorbing capacity of technical provisions	-	-
Loss-absorbing capacity of deferred taxes	-	0
Solvency Capital Requirement	**1,515**	**2,751**

E.2.1.A Insurance Risk Module (Underwriting Risk Module)

Non-life underwriting risk mainly arises from:

- £897 thousand of Premium and Reserve Risk driven by earned premiums, forecast premiums and claims provisions of Non-life lines.
- £84 thousand of Catastrophe Risk by the Company's exposure to man-made catastrophe and natural catastrophe risks.
- £15 thousand of Lapse Risk driven by the Company's exposure to lapse risk.

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	Underwriting Risk £'000	
	2022	2021
Premium & Reserve Risk	897	1,623

Catastrophe Risk	84	859
Lapse Risk	15	16
Diversification benefit	-75	-480
Underwriting Risk	**921**	**2,018**

E.2.1.B Market Risk Module

The Market Risk component of SF-SCR is driven by risks inherent within the Company's assets and liabilities portfolio and the main charge for Market Risk SF-SCR over the reporting period of £418 thousand (before diversification effect) arises from Market Concentration Risk (£167 thousand) which accounts for 40% of the total market risk (before diversification effect).

E.2.1.C Counterparty Default Risk Module - (Credit Risk Module)

£454 thousand Counterparty Default Risk SF-SCR arises from risk of default on Reinsurance Recoverable and Cash at Bank.

E.2.1.D Operational Risk SCR

£199 thousand Operational Risk SF-SCR is driven by technical provisions and earned premium of all lines of business.

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E.2.2 Minimum Capital Requirement (MCR)

The Company uses the Standard Formula to calculate its MCR. The amount of the MCR for the reporting period is £2,395 thousand. The MCR is determined in EUR but reported in GBP.

The following table shows the MCR calculation:

	Overall MCR Calculation £'000	
	2022	2021
Linear MCR	507	629
SCR	1,515	2,751
MCR cap	682	1,238
MCR floor	379	688
Combined MCR	507	688
Absolute floor of the MCR	2,395	2,101
Minimum Capital Requirement (MCR)	**2,395**	**2,101**

Information on the Inputs used to calculate the MCR

The non-life MCR is based on factors applied to net premiums written amounts in the previous 12 months and the net best estimate technical provisions both split by Solvency II class of business. The charge for premium and technical provision elements are then summed to create a total charge.

Calculation of MCR (Inputs)	Net (of reinsurance) best estimate provisions £'000	Net (of reinsurance) written premiums in last 12 months £'000
Miscellaneous financial loss insurance and proportional reinsurance	28	148
Fire and other damage to property insurance	917	1,362
Assistance and proportional reinsurance	165	3,113

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Capital Management Company Approach

The Company's objectives when managing capital are:

- to comply with the insurance capital requirements (MCR and SCR) required by the Maltese insurance regulator (MFSA);

- to safeguard the company's ability to continue as a going concern so that it can continue to provide returns for Shareholders and benefits for other stakeholders; and,

- to optimise the quality of available Own Funds, in respect of the capital position of the Company.

In order to maintain or adjust the capital structure, the Company may issue new shares or capitalise contributions received from its Shareholders. The Company is required to hold regulatory capital for its general insurance business in compliance with Maltese insurance legislation and the rules issued by the Malta Financial Services Authority (MFSA). The minimum capital requirement must be maintained at all times throughout the year. The Company monitors its capital level on a regular basis, by ensuring that sufficient assets are maintained to match insurance liabilities and to provide solvency cover and that the capital position and surplus are in line with internal and regulatory capital requirements.

As at 31 December 2015 the company was in full compliance with its Solvency I requirements, having capital in excess of the required minimum set by the Regulator.

As from 1 January 2016, the company was subject to the requirements of the EU Solvency II directive. The Solvency II regime establishes a new set of EU-wide capital requirements, risk management and disclosure standards. The company must hold eligible own funds to cover the solvency capital requirement (SCR) and eligible basic own funds to cover the minimum capital requirement (MCR). The SCR shall be calculated either in accordance with the standard formula or using a full or partial internal model (PIM) as approved by the Regulator. The Company must immediately inform the Regulator where it observes that its SCR or MCR are no longer complied with or where there is risk of non-compliance in the following six months for SCR and three months for MCR.

The Company opted for the standard formula under the Solvency II regime to calculate the SCR as the assumptions underlying the standard formula are considered to be a good fit for the Company's risk profile. At 31 December 2022, the company's eligible own funds of £3.3 m adequately covered the capital requirement.

The Company was compliant with its regulatory capital requirements throughout the financial year.

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E.3 USE OF THE DURATION-BASED EQUITY RISK SUB-MODULE IN THE CALCULATION OF THE SCR

The Company did not make use of the duration-based equity risk sub-module in the reporting during the reporting period.

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E.4 DIFFERENCES BETWEEN THE STANDARD FORMULA AND ANY INTERNAL MODEL USED

The Company uses the Standard Formula to calculate the SCR and therefore no differences exist.

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E.5 NON-COMPLIANCE WITH THE MINIMUM CAPITAL REQUIREMENT AND NON-COMPLIANCE WITH THE SOLVENCY CAPITAL REQUIREMENT

During the reporting period, there were no instances of non-compliance with the Solvency II capital requirements. In addition, the Company held Own Funds in excess of both the SCR and MCR requirements over the reporting period.

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F. APPENDICES

F.1 Public QRTs

SE.02.01.16
Balance sheet

	Solvency II value	Statutory accounts value	Reclassification adjustments
	C0010	C0020	EC0021
Assets			
Goodwill		0.00	
Deferred acquisition costs		1,010,036.00	
Intangible assets	0.00	2,212.00	
Deferred tax assets	402,500.00	402,500.00	
Pension benefit surplus	0.00	0.00	
Property, plant & equipment held for own use	0.00	0.00	
Investments (other than assets held for index-linked and unit-linked contracts)	583,017.77	934,672.00	0.00
Property (other than for own use)	350,000.00	350,000.00	
Holdings in related undertakings, including participations	0.00	0.00	
Equities	233,017.77	584,672.00	0.00
Equities - listed	0.00	0.00	
Equities - unlisted	233,017.77	584,672.00	
Bonds	0.00	0.00	0.00
Government Bonds	0.00	0.00	
Corporate Bonds	0.00	0.00	
Structured notes	0.00	0.00	
Collateralised securities	0.00	0.00	
Collective Investments Undertakings	0.00	0.00	
Derivatives	0.00	0.00	
Deposits other than cash equivalents	0.00	0.00	
Other investments	0.00	0.00	
Assets held for index-linked and unit-linked contracts	0.00	0.00	
Loans and mortgages	0.00	0.00	0.00
Loans on policies	0.00	0.00	
Loans and mortgages to individuals	0.00	0.00	
Other loans and mortgages	0.00	0.00	
Reinsurance recoverables from:	1,966,510.72	3,299,121.00	
Non-life and health similar to non-life	1,966,510.72	3,299,121.00	
Non-life excluding health	1,966,510.72	3,299,121.00	
Health similar to non-life	0.00	0.00	
Life and health similar to life, excluding index-linked and unit-linked	0.00	0.00	
Health similar to life	0.00	0.00	
Life excluding health and index-linked and unit-linked	0.00	0.00	
Life index-linked and unit-linked	0.00	0.00	
Deposits to cedants	0.00	0.00	
Insurance and intermediaries receivables	1,142,015.76	1,256,748.39	
Reinsurance receivables	51,482.74	51,482.74	
Receivables (trade, not insurance)	68,694.00	68,694.00	
Own shares (held directly)	0.00	0.00	
Amounts due in respect of own fund items or initial fund called up but not yet paid in	0.00		
Cash and cash equivalents	3,346,397.77	3,346,398.00	
Any other assets, not elsewhere shown	211,252.00	211,252.00	
Total assets	7,771,870.76	10,583,116.13	0.00

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	Solvency II value	Statutory accounts value	Reclassification adjustments
	C0010	C0020	EC0021
Liabilities			
Technical provisions - non-life	3,171,066.57	4,381,819.00	
Technical provisions - non-life (excluding health)	3,171,066.57	4,381,819.00	
TP calculated as a whole	0.00		
Best Estimate	3,076,651.66		
Risk margin	94,414.91		
Technical provisions - health (similar to non-life)	0.00	0.00	
TP calculated as a whole	0.00		
Best Estimate	0.00		
Risk margin	0.00		
Technical provisions - life (excluding index-linked and unit-linked)	0.00	0.00	
Technical provisions - health (similar to life)	0.00	0.00	
TP calculated as a whole	0.00		
Best Estimate	0.00		
Risk margin	0.00		
Technical provisions - life (excluding health and index-linked and unit-linked)	0.00	0.00	
TP calculated as a whole	0.00		
Best Estimate	0.00		
Risk margin	0.00		
Technical provisions - index-linked and unit-linked	0.00	0.00	
TP calculated as a whole	0.00		
Best Estimate	0.00		
Risk margin	0.00		
Other technical provisions		0.00	
Contingent liabilities	0.00	0.00	
Provisions other than technical provisions	211,115.19	1,083,101.00	
Pension benefit obligations	0.00	0.00	
Deposits from reinsurers	0.00	0.00	
Deferred tax liabilities	0.00	0.00	
Derivatives	0.00	0.00	
Debts owed to credit institutions	0.00	0.00	0.00
Debts owed to credit institutions resident domestically			
Debts owed to credit institutions resident in the euro area other than domestic			
Debts owed to credit institutions resident in rest of the world			
Financial liabilities other than debts owed to credit institutions	0.00	0.00	0.00
Debts owed to non-credit institutions	0.00		0.00
Debts owed to non-credit institutions resident domestically			
Debts owed to non-credit institutions resident in the euro area other than domestic			
Debts owed to non-credit institutions resident in rest of the world			
Other financial liabilities (debt securities issued)			
Insurance & intermediaries payables	436,236.00	436,236.00	
Reinsurance payables	165,710.78	165,710.78	
Payables (trade, not insurance)	275,332.00	275,332.00	
Subordinated liabilities	0.00	0.00	0.00
Subordinated liabilities not in BOF	0.00	0.00	
Subordinated liabilities in BOF	0.00	0.00	
Any other liabilities, not elsewhere shown	0.00	351,654.00	
Total liabilities	4,259,460.54	6,693,852.78	0.00
Excess of assets over liabilities	3,512,410.22	3,889,263.35	0.00

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S.17.01.01
Non-Life Technical Provisions

	Direct business and accepted proportional reinsurance			
	Fire and other damage to property insurance	Assistance	Miscellaneous financial loss	Total Non-Life obligation
	C0080	C0120	C0130	C0180
Technical provisions calculated as a whole	0.00	0.00	0.00	0.00
Direct business				0.00
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP calculated as a whole				0.00
Technical provisions calculated as a sum of BE and RM				
Best estimate				
Premium provisions				
Gross - Total	1,603,666.85	933,716.93	34,610.45	2,571,994.23
Gross - direct business	1,603,666.85	933,716.93	34,610.45	2,571,994.23
Total recoverable from reinsurance/SPV and Finite Re before the adjustment for expected losses due to counterparty default	872,545.73	803,313.04	30,893.39	1,706,752.16
Recoverables from reinsurance (except SPV and Finite Reinsurance) before adjustment for expected losses	872,545.73	803,313.04	30,893.39	1,706,752.16
Recoverables from SPV before adjustment for expected losses	0.00	0.00	0.00	0.00
Recoverables from Finite Reinsurance before adjustment for expected losses	0.00	0.00	0.00	0.00
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	872,243.23	768,636.63	29,562.79	1,670,442.64
Net Best Estimate of Premium Provisions	731,423.62	165,080.30	5,047.67	901,551.59
Claims provisions				
Gross - Total	463,591.68	0.00	41,065.76	504,657.43
Gross - direct business	463,591.68	0.00	41,065.76	504,657.43
Total recoverable from reinsurance/SPV and Finite Re before the adjustment for expected losses due to counterparty default	277,734.90	0.00	18,418.00	296,152.91
Recoverables from reinsurance (except SPV and Finite Reinsurance) before adjustment for expected losses	277,734.90	0.00	18,418.00	296,152.91
Recoverables from SPV before adjustment for expected losses	0.00	0.00	0.00	0.00
Recoverables from Finite Reinsurance before adjustment for expected losses	0.00	0.00	0.00	0.00
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	277,655.35	0.00	18,412.73	296,068.08
Net Best Estimate of Claims Provisions	185,936.32	0.00	22,653.03	208,589.35
Total best estimate - gross	2,067,258.53	933,716.93	75,676.21	3,076,651.66
Total best estimate - net	917,359.94	165,080.30	27,700.70	1,110,140.94
Risk margin	78,019.33	14,039.70	2,355.88	94,414.91
Amount of the transitional on Technical Provisions				
TP as a whole				0.00
Best estimate				0.00
Risk margin				0.00
Technical provisions - total	2,145,277.86	947,756.63	78,032.09	3,171,066.57
Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total	1,149,898.58	768,636.63	47,975.51	1,966,510.72
Technical provisions minus recoverables from reinsurance/SPV and Finite Re- total	995,379.27	179,120.00	30,056.58	1,204,555.85
Line of Business (LoB): further segmentation (Homogeneous Risk Groups)				
Premium provisions - Total number of homogeneous risk group	1		1	
Claims provisions - Total number of homogeneous risk groups	1		1	
Cash-flows of the Best estimate of Premium Provisions (Gross)				
Cash out-flows				
Future benefits and claims	1,549,743.99	816,300.56	30,849.07	2,396,893.62
Future expenses and other cash out-flows	387,416.58	189,484.05	5,634.73	582,535.36
Cash in-flows				
Future premiums	298,214.91	59,085.93	1,486.60	358,787.44
Other cash in-flows (incl. Recoverables from salvages and subrogations)	35,278.81	12,981.75	386.75	48,647.31
Cash-flows of the Best estimate of Claims Provisions (Gross)				
Cash out-flows				
Future benefits and claims	456,257.12	0.00	40,919.61	497,176.72
Future expenses and other cash out-flows	7,334.56	0.00	146.15	7,480.71
Cash in-flows				
Future premiums	0.00	0.00	0.00	0.00
Other cash in-flows (incl. Recoverables from salvages and subrogations)	0.00	0.00	0.00	0.00
Percentage of gross Best Estimate calculated using approximations	0.00%	0.00%	0.00%	0.00%
Best estimate subject to transitional of the interest rate				0.00
Technical provisions without transitional on interest rate				0.00
Best estimate subject to volatility adjustment				0.00
Technical provisions without volatility adjustment and without others transitional measures				0.00

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S.23.01.01
Own Funds

	Total	Tier 1 unrestricted	Tier 1 restricted	Tier 2	Tier 3
	C0010	C0020	C0030	C0040	C0050
Basic own funds before deduction for participations in other financial sector as foreseen in article 68 of Delegated Regulation 2015/35					
Ordinary share capital (gross of own shares)	3,925,957.33	3,925,957.33		0.00	
Share premium account related to ordinary share capital	0.00	0.00		0.00	
Initial funds, members' contributions or the equivalent basic own-fund item for mutual and mutual-type undertakings	0.00	0.00		0.00	
Subordinated mutual member accounts	0.00		0.00	0.00	0.00
Surplus funds	0.00	0.00			
Preference shares	0.00		0.00	0.00	0.00
Share premium account related to preference shares	0.00		0.00	0.00	0.00
Reconciliation reserve	-3,600,719.11	-3,600,719.11			
Subordinated liabilities	0.00		0.00	0.00	0.00
An amount equal to the value of net deferred tax assets	402,500.00				402,500.00
Other own fund items approved by the supervisory authority as basic own funds not specified above	2,784,672.00	2,784,672.00	0.00	0.00	0.00
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	0.00				
Deductions					
Deductions for participations in financial and credit institutions	0.00				
Total basic own funds after deductions	3,512,410.22	3,109,910.22	0.00	0.00	402,500.00
Ancillary own funds					
Unpaid and uncalled ordinary share capital callable on demand	0.00				
Unpaid and uncalled initial funds, members' contributions or the equivalent basic own fund item for mutual and mutual - type undertakings, callable on demand	0.00				
Unpaid and uncalled preference shares callable on demand	0.00				
A legally binding commitment to subscribe and pay for subordinated liabilities on demand	0.00				
Letters of credit and guarantees under Article 96(2) of the Directive 2009/138/EC	0.00				
Letters of credit and guarantees other than under Article 96(2) of the Directive 2009/138/EC	0.00				
Supplementary members calls under first subparagraph of Article 96(3) of the Directive 2009/138/EC	0.00				
Supplementary members calls - other than under first subparagraph of Article 96(3) of the Directive 2009/138/EC	0.00				
Other ancillary own funds	0.00				
Total ancillary own funds	0.00			0.00	0.00
Available and eligible own funds					
Total available own funds to meet the SCR	3,512,410.22	3,109,910.22	0.00	0.00	402,500.00
Total available own funds to meet the MCR	3,109,910.22	3,109,910.22	0.00	0.00	
Total eligible own funds to meet the SCR	3,337,089.95	3,109,910.22	0.00	0.00	227,179.73
Total eligible own funds to meet the MCR	3,109,910.22	3,109,910.22	0.00	0.00	
SCR	1,514,531.56				
MCR	2,394,711.00				
Ratio of Eligible own funds to SCR	220.34%				
Ratio of Eligible own funds to MCR	129.87%				

	C0060
Reconciliation reserve	
Excess of assets over liabilities	3,512,410.22
Own shares (held directly and indirectly)	0.00
Foreseeable dividends, distributions and charges	
Other basic own fund items	7,113,129.33
Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	0.00
Reconciliation reserve	-3,600,719.11
Expected profits	
Expected profits included in future premiums (EPIFP) - Life business	
Expected profits included in future premiums (EPIFP) - Non- life business	
Total Expected profits included in future premiums (EPIFP)	0.00

S.25.01.01
Solvency Capital Requirement - for undertakings on Standard Formula

Article 112 | Regular reporting

	Net solvency capital requirement	Gross solvency capital requirement	Allocation from adjustments due to RFF and Matching adjustments portfolios	USP	Simplifications
	C0030	C0040	C0050	C0090	C0120
Market risk	269,882.39	269,882.39	0.00		
Counterparty default risk	453,647.54	453,647.54	0.00		
Life underwriting risk			0.00		
Health underwriting risk			0.00		
Non-life underwriting risk	921,478.76	921,478.76	0.00		
Diversification	-329,203.44	-329,203.44			
Intangible asset risk	0.00	0.00			
Basic Solvency Capital Requirement	1,315,805.25	1,315,805.25			

	C0100
Calculation of Solvency Capital Requirement	
Adjustment due to RFF/MAP nSCR aggregation	
Operational risk	198,726.31
Loss-absorbing capacity of technical provisions	0.00
Loss-absorbing capacity of deferred taxes	
Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC	
Solvency Capital Requirement excluding capital add-on	1,514,531.56
Capital add-ons already set	
Solvency capital requirement	1,514,531.56
Other information on SCR	
Capital requirement for duration-based equity risk sub-module	
Total amount of Notional Solvency Capital Requirements for remaining part	
Total amount of Notional Solvency Capital Requirements for ring fenced funds	
Total amount of Notional Solvency Capital Requirements for matching adjustment portfolios	
Diversification effects due to RFF nSCR aggregation for article 304	
Method used to calculate the adjustment due to RFF/MAP nSCR aggregation	No adjustment
Net future discretionary benefits	0.00

	C0109
Approach to tax rate	
Approach based on average tax rate	

	Before the shock	After the shock	LAC DT
	C0110	C0120	C0130
Calculation of loss absorbing capacity of deferred taxes			
DTA			
DTA carry forward	0.00		
DTA due to deductible temporary differences			
DTL			
LAC DT			
LAC DT justified by reversion of deferred tax liabilities			
LAC DT justified by reference to probable future taxable economic profit			0.00
LAC DT justified by carry back, current year			
LAC DT justified by carry back, future years			
Maximum LAC DT			0.00

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S.28.01.01

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

Linear formula component for non-life insurance and reinsurance obligations	C0010
MCR_{NL} Result	506,902.66

	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	0.00	0.00
Income protection insurance and proportional reinsurance	0.00	0.00
Workers' compensation insurance and proportional reinsurance	0.00	0.00
Motor vehicle liability insurance and proportional reinsurance	0.00	0.00
Other motor insurance and proportional reinsurance	0.00	0.00
Marine, aviation and transport insurance and proportional reinsurance	0.00	0.00
Fire and other damage to property insurance and proportional reinsurance	917,359.94	1,362,402.54
General liability insurance and proportional reinsurance	0.00	0.00
Credit and suretyship insurance and proportional reinsurance	0.00	0.00
Legal expenses insurance and proportional reinsurance	0.00	0.00
Assistance and proportional reinsurance	165,080.30	3,112,577.42
Miscellaneous financial loss insurance and proportional reinsurance	27,700.70	148,067.96
Non-proportional health reinsurance	0.00	0.00
Non-proportional casualty reinsurance	0.00	0.00
Non-proportional marine, aviation and transport reinsurance	0.00	0.00
Non-proportional property reinsurance	0.00	0.00

Linear formula component for life insurance and reinsurance obligations	C0040
MCR_{L} Result	0.00

	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		
Obligations with profit participation - future discretionary benefits		
Index-linked and unit-linked insurance obligations		
Other life (re)insurance and health (re)insurance obligations		
Total capital at risk for all life (re)insurance obligations		

Overall MCR calculation	C0070
Linear MCR	506,902.66
SCR	1,514,531.56
MCR cap	681,539.20
MCR floor	378,632.89
Combined MCR	506,902.66
Absolute floor of the MCR	2,394,711.00
Minimum Capital Requirement	2,394,711.00

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