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Solvency and Financial Condition Report

Ecclesiastical Life Limited (ELL)

For the year ended 31 December 2024

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Executive Summary

Introduction

This Solvency and Financial Condition Report (SFCR) has been prepared in line with the requirements of the Solvency II (SII) Regulations per the Prudential Regulation Authority (PRA) Rulebook, to assist the customers, business partners and shareholders of Ecclesiastical Life Limited (ELL, the Company) and other stakeholders in understanding the nature of the business, how it is managed and its solvency position. The Company is a wholly owned subsidiary of Ecclesiastical Insurance Office plc (EIO), which in turn is a wholly owned subsidiary of the Benefact Group plc (BG, the Group). An SFCR is also published covering the SII requirements of EIO and the Group.

The Business

The Company is a life insurer operating only in the United Kingdom. Following an outwards transfer of business in 2010 its in-force business consists principally of whole-of-life assurance business associated with funeral plans. The nature of the policies is such that the administration of the policies primarily involves only payment of death claims.

New business ceased in April 2013 and the legacy book has been in run-off since. ELL re-opened to new business in August 2021 through the Ecclesiastical Life Limited Investment Solution (ELLIS) product, writing whole of life policies backing funeral plans issued by Ecclesiastical Planning Services Limited (EPSL) a related undertaking of the Group and two other third parties. This newer business stream has become a more significant feature of the Company's financial performance and position as it expands.

There have been no material changes in the Company’s business and performance, system of governance, risk profile, valuation for solvency purposes or capital management over the year.

More information about the Company structure and the business written can be found in section A below.

Business Performance

The Company reported a pre-tax profit of £1.4m for the year (2023: profit of £5.1m). The main drivers of the operating profit in the current year have been from investment markets, with equity markets in particular continuing to improve, as well as the continued growth of the new business and the income associated with that. Whilst equity markets have improved, the value of bonds has reduced as yields have risen sharply, particular in the last quarter of the year as impacts of the new budget are seen and the cost of government borrowing has gone up. Inflation has struggled to hit the Bank of England target and as such interest rates still remain at a relatively high level.

Solvency and Financial Condition

The Company uses the Standard Formula to calculate its solvency capital requirement (SCR). A summary of the Company's solvency position at the end of 2024 and the change over the year is shown below:

Summary Solvency position	2024	2023	Change
	£'000	£'000	£'000
Eligible Own Funds	**42,113**	**59,813**	**(17,700)**
Standard Formula SCR			
Market risk	16,905	14,587	2,318
Counterparty default risk	1,060	1,533	(473)
Life underwriting risk	2,869	2,009	860
Diversification	(2,672)	(2,427)	(245)
Operational risk	403	431	(28)
Loss absorbing capacity of deferred tax	(1,197)	(1,081)	(116)
	17,368	**15,052**	**2,316**
Coverage ratio	**242%**	**397%**	**(155%)**

The Company's regulatory solvency coverage remains strong in 2024, although has fallen from the 2023 position. Eligible own funds before the impact of a foreseeable dividend of £20m have increased in the year due to the improved market performance and overall profit in the Company. The improved market performance has led to a rise in market risk, with equity risk the main driver, as the value of the equity investment has risen in line with markets leading to an increase in the SCR. The foreseeable dividend has led to an overall drop in the eligible own funds, with a strong solvency position and the Group looking to maximise its capital management a decision was made to pay a dividend up to EIO. Interest rate risk has risen in the year due to bond purchases in the year and the increased risk attached to the greater value, this has been despite a backdrop of lower interest rates as Bank of England base rates have dropped in the year albeit modestly leading to little movement in long terms rates.

More detail on the changes in SCR during the year is given in section E.

Outlook for 2025

Whilst inflation rates are still above the Bank of England target, interest rates are expected to remain stable for the immediate term, with forecasts of modest falls over the medium term. The continuation of low growth and high costs of borrowing at the beginning of 2025, have led to forecasts for growth being cut for 2025, whilst the continuing impact of conflicts and changes of government in the UK and US, still leads investors to remain cautious.

Solvency levels going into 2025 are strong and are projected to remain so over the plan period. The Company regularly monitors solvency levels with no instances of a breach to its minimum capital requirement (MCR), SCR or the Board's risk appetite having occurred up to the date of this report being published.

Focus over the period ahead is to profitably grow new business which is anticipated to become an increasingly significant contributor to profits. Attention will continue to be placed on disciplined management of the closed book of business to deliver modest profits.

Statement of Directors' Responsibilities

Ecclesiastical Life Limited

Financial year ended 31 December 2024

The Directors are responsible for preparing the SFCR in accordance with the Prudential Regulatory Authority rules and Solvency II Regulation.

Each of the Directors, whose names and functions are listed in the Board of Directors section of the Company's Annual Report & Accounts, confirm that, to the best of their knowledge:

a) Throughout the financial year in question, the Company has complied in all material respects with the requirements of the PRA Rules and the Solvency II Regulations as applicable to the insurer; and

b) It is reasonable to believe that, at the date of the publication of the SFCR, the Company continues so to comply, and will continue so to comply in future.

By Order of the Board

Steve O'Dwyer Director
Date: 20 March 2025

A. Business and performance

A.1 Business details and group structure

A.1.1 Name and legal form of the Company

Ecclesiastical Life Limited is a limited company incorporated and domiciled in England. The address of the registered office is:

Benefact House
2000 Pioneer Avenue
Gloucester Business Park
Brockworth
Gloucester
GL3 4AW

A.1.2. Supervisory authority

The supervisory authority of the Company and the Group is:

Prudential Regulation Authority
Bank of England
20 Moorgate
London
EC2R 6DA

A.1.3. External auditor

The external auditor of the Company and the Group is:

PricewaterhouseCoopers LLP
2 Glass Wharf
Temple Quay
Bristol
BS2 0FR

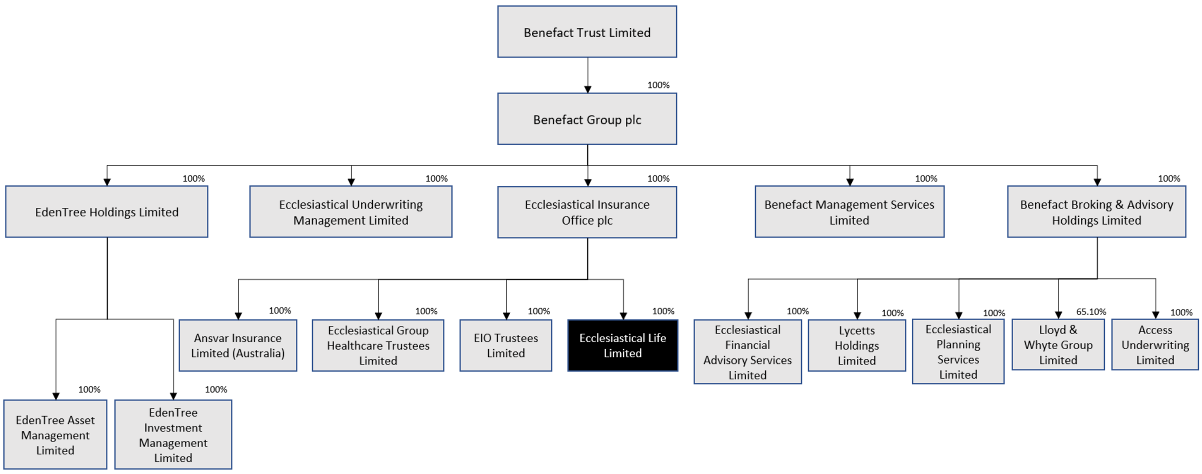
A.1.4. Qualifying holdings

Qualifying holdings are a direct or indirect holding in the Company which represents 10% or more of the capital or of the voting rights, or a holding that makes it possible to exercise a significant influence over the Company.

The entire equity share capital of the Company is owned by EIO.

A.1.5. Group structure

Below is a simplified representation of the Benefact Group and the position of the Company within that group:



The Company is a wholly-owned subsidiary of EIO. Its ultimate parent is Benefact Trust Limited (BTL), a registered charity. All companies are incorporated and operate in the United Kingdom.

Lines of business

The Company's material line of business is index-linked and unit-linked life insurance contracts, with business wholly conducted in the United Kingdom.

Significant events

During 2024, whilst interest rates and inflation stabilised, borrowing rates began to rise and so whilst there was positive news in most equity markets, bond yields have risen in the period. Geopolitical factors, including continuing tensions in the Middle East continue to hold back markets. These factors have contributed to the financial risks faced by the Company and impacted the value of its investments. Whilst rates of inflation have reduced they remain above the Bank of England target and whilst there has been a recent cut in interest rates in early 2025, they are expected to remain relatively stable over the rest of the year. Growth forecasts for 2025 in the United Kingdom have been halved, with investor confidence still fairly low.

Risks are being continually monitored and the Company is managing the ongoing impact of inflation, interest rate variability and geopolitical uncertainty, utilising business continuity and risk management processes where appropriate.

The Company has a robust and regular solvency monitoring process in place together with a strong risk management framework. Up to the date of this report being published no instances of a breach of its MCR, SCR or the Board's risk appetite have been identified.

The significant risks to which the Company is exposed and how these are managed are discussed in more detail in section C.

A.2 Performance from underwriting activities

Overall underwriting performance:

Underwriting performance	2024 Actual £'000	2023 Actual * £'000
Written & earned premium	46,419	42,908
Claims paid	(17,416)	(14,444)
Movement in long term business provision	(27,978)	(30,284)
Net expenses and commission	(1,222)	(1,324)
Underwriting result	(197)	(3,144)
Net investment return of assets backing liabilities	1,578	8,079
Net Underwriting result	1,381	4,935

*This represents a change in approach to the inclusion of the data flowing through the Investment side of the business following discussions with the PRA.

The Company operates solely in the UK. Until August 2021, the Company's business comprised an in-force portfolio of policies consisting entirely of whole-of-life insurance policies written for the purpose of funding funeral provision. These policies give rise to claims on the death of the lives assured and reserves are held in the Company's accounts at levels that allow for funding of future benefits and expenses at prudently assessed levels. This business is in run-off, with no business written from April 2013.

The Company re-opened to new business in August 2021 with the launch of whole of life investment contracts backed by an investment product provided by an external organisation. These contracts themselves back prepaid funeral plans written by EPSL, a fellow member of the Group, and other third-party providers. The new business is currently operating at a profit due to the nature of the product in relation to movements in investment markets in the year.

A.3 Performance from investment activities

	Investment performance			
	Shareholders' fund		Without profit fund	
	2024 Actual £'000	2023 Actual £'000	2024 Actual £'000	2023 Actual £'000
Income	1,562	1,362	2,445	2,003
Fair value gains/(losses)	(712)	2,054	(1,576)	2,847
Investment return	850	3,416	869	4,850
Investment expenses	(81)	(106)	(60)	(81)
Net investment return	769	3,310	809	4,769

The two funds above represent the split of policyholder (without profit fund) and shareholder assets and in the case of the policyholder, the liabilities and the assets backing those liabilities.

The majority of the Company's investments are in debt investments in the form of index-linked gilts, and corporate bonds, intended to match life insurance liabilities on the legacy book. Fair value losses were reported in 2024 as yields began to rise again, causing values to fall. Investment returns for 2024 compared to prior year are shown in the table above, split into returns recognised in the underwriting result (Without profit fund) and returns arising against surplus investments (Shareholders' fund).

The overall investment return from debt investment assets was broadly equal and opposite to the movement in claims reserves after allowing for claims payments, due to the close matching position, as the Company seeks to manage asset duration to match liability duration. The Company also holds a portfolio of debt and equities from which it generates an investment return. Fair value gains were recognised in this portfolio as equity markets improved in the year.

The Company has built up funds to match investment contract liabilities of £133.7m relating to new business written since August 2021. Within the income line of the table there is £1.12m of coupon on the third-party structured note included, which the Company invests in.

Gains and losses recognised directly in equity

No investment gains or losses have been recognised in equity in either the current or prior year.

Investments in securitisation

No investments are held in securitisation in either the current or prior year.

A.4 Performance from other activities

There are no other material activities in the Company in either the current or prior year.

A.5 Any other information

There is no other material information regarding the Company's business and performance to be reported.

B. System of governance

B.1 General information on the system of governance

B.1.1 Governing Body – Roles and segregation of responsibilities

The Governing Body of the Company is the Board of Directors. The Board's role is to provide leadership of the Company within a framework of prudent and effective controls which enables the risks which the Company faces to be assessed and managed. The Board is responsible for the Company's sound and prudent management, ensuring a strong and effective governance framework is implemented and regulatory requirements are met.

The Board is responsible for culture and values, strategy and direction, leadership and organisation, governance, risk management and controls, financial expectations and performance and communication.

A formal schedule of matters reserved for the Board's decision is in place and includes strategy and management, structure and capital, financial reporting and controls, risk management and internal controls, contracts, communication, Board membership and other appointments, remuneration, delegation of authority, corporate governance and policies.

B.1.2 Delegation to committees

Although the Company's Articles allow the Board to delegate powers to committees, to date, no regulated entity level committees have been formed by the Company. Functions of an Audit Committee and Risk Committee are performed at EIO Group level.

Four committees have been established by the Boards of directors of BG plc and EIO, to support the discharge of their duties including in respect of the Company:

Each Committee operates at the EIO Group level and has agreed terms of reference which sets out requirements for membership, meeting administration, committee responsibilities and reporting.

EIO Audit Committee (EIO AC)

Comprising three EIO Non-executive Directors (NEDs), its responsibilities include:

- overseeing of the Company's financial, climate and non-financial and regulatory reporting processes;
- overseeing the Company's risk management systems and internal controls;
- reviewing the Company's whistleblowing arrangements;
- reviewing tax strategy and policies;
- overseeing the Company's internal audit function; and
- managing the relationship with the external auditor including in relation to the auditors; appointment, reappointment and resignation, terms and remuneration, independence and expertise, non-audit services and the audit cycle.

EIO Risk Committee (EIO RC)

Comprising four EIO NEDs, its responsibilities include:

- overseeing the EIO Group's risk management framework including risk appetite, tolerance and strategy;
- overseeing the EIO Group's risk and compliance functions;
- reviewing prudential risk and conduct risk; and
- consider the EIO Group's exposure in managing financial risks to climate change.

B.1.3 Roles and responsibilities of key functions

The Governance Framework documents the main roles and responsibilities of key functions as set out below:

Chief Executive Officer

The Chief Executive Officer (CEO) has overall responsibility for sound management of the business and achievement of its objectives.

Non-Executive Directors (NEDs)

The NEDs have a responsibility to uphold high standards of integrity and probity, including acting as both internal and external ambassadors of the Company. As part of their role, the NEDs should constructively challenge and help develop proposals on strategy.

Chief Actuary

The Chief Actuary is accountable for all aspects of actuarial services for the Company, in particular coordination of technical provision calculations and advising on financial risks. The Chief Actuary reports to the CEO and is accountable to the Board.

Group Internal Audit (GIA)

The Group Chief Internal Auditor provides independent assurance to the Board that the governance processes, management of risk and systems of internal control are adequate and effective to mitigate the most significant risks to the EIO Group. The Group Chief Internal Auditor is accountable to the Chair of EIO's AC.

Further information is provided later in this Report.

Group Risk and Compliance

The Group Chief Risk and Compliance Officer (CRO) is responsible for oversight of the prudent management of risk, including in relation to EIO, and a consolidated view of risk across the Benefact Group.

In addition, Group Compliance provides assurance to the Board that the EIO Group has adequate systems and controls sufficient to ensure compliance with its obligations under the regulatory system, associated risks, and for countering the risk that the EIO Group might be used to further financial crime. It ensures that appropriate mechanisms exist to identify, assess and act upon new and emerging regulatory obligations and compliance risks that may impact on the EIO Group.

Further information on GIA and the Group Risk and Compliance Functions are provided later in this Report.

B.1.4. Material changes in the system of governance

The Company is part of the Benefact Group, a financial services group owned by a charity, Benefact Trust Limited. In 2023, the BG plc Board restructured its businesses into three distinct divisions (Insurance, Asset Management and Broking & Advisory).

Following this, the EIO Board focussed in 2024 on improving its independence from the BG plc Board, moving away from a common directorship model. The Board composition was reviewed and refreshed, resulting in a Board composed of a majority of independent Non-Executive directors overseeing the Insurance Division.

In addition, it was agreed that the Board should have an independent Audit Committee and a separate Risk Committee and these were created during the year. The EIO Audit Committee, Risk Committee and Group Finance & Investment Committees (which were joint committees of the BG plc and EIO plc Boards) were therefore disbanded and their duties reallocated. The Group Nominations Committee and Group Remuneration Committee continue to operate as joint Committees of the BG plc and EIO plc Boards.

B1.5. Assessment of the adequacy of the system of governance

The Board annually reviews the adequacy of the system of governance on a holistic basis and has concluded that it is appropriate and effective based on the nature, scale and complexity of the risks inherent in the business.

In reviewing the effectiveness, the following was considered:

- outcomes from the Control Risk and Self-Assessment process (CRSA);
- outcomes from the Own Risk and Solvency Assessment (ORSA) process;
- relevant internal audit, risk assurance and compliance monitoring reports;
- reports from management; and
- changes in regulation and legislation.

The Governance Framework is formally reviewed and approved by the EIO plc Board and adopted by the Board. The last review was in December 2024.

The performance of the Board and its Committee is reviewed annually. The most recent external evaluation was conducted in 2023. The Company Secretariat facilitate evaluations based on bespoke questionnaires with outcomes considered by the Board.

The Company believes the size and composition of the Board gives it sufficient independence, balance and wider experience to consider the issues of strategy, performance, resources and standards of conduct.

B.1.6. Remuneration policy

The Company has no employees. All staff are provided by the Company's immediate parent, EIO. No Directors receive a fee from the Company.

B.1.7. Entitlement to share options, shares or variable components of remuneration

As no staff or directors are remunerated by the Company there are no share options, shares or variable components of remuneration.

B.1.8 Supplementary pension or early retirement schemes for the members of the board and other key function holders

As no staff or directors are remunerated by the Company there are no supplementary pension or early retirement schemes provided by the Company.

B.1.9. Material transactions during the reporting period with shareholders, persons who exercise a significant influence, and with members of the board

There were no material transactions for the reporting period ended 31 December 2024. No contract of significance existed during or at the end of the financial year in which a director was or is materially interested.

B.2 Fit and proper requirements

Skills, knowledge and expertise requirements

The Company is committed to ensuring that all fit and proper regulatory requirements are met for its senior leaders within the Senior Managers and Certification Regime (SM&CR).

The PRA and Financial Conduct Authority (FCA) consider that the most important factors in assessing an individual's fitness and propriety are:

- Honesty, integrity and reputation;
- Competence and capability; and
- Financial soundness.

In order to initially determine fitness and propriety all prospective senior role holders take part in a multi-stage interview process, supported by psychometric testing, involving relevant stakeholders. The candidates' knowledge, experience and qualifications in such areas as market knowledge, business strategy, financial analysis, working within regulated frameworks and governance/risk management are fully explored. Due diligence is fulfilled through pre-employment checks and referencing that are carried out upon an offer being accepted.

Ensuring ongoing fitness and propriety

Ongoing adherence to these standards is assessed through performance review cycles and is subject to further confirmation through an annual fit and proper process, carried out for all individuals caught within the SM&CR, covering:

- competence and performance in carrying out the documented responsibilities of the role;
- Continuous Professional Development (CPD) and training to maintain knowledge and skills;
- completion of regular mandatory company training;
- disclosure and barring criminal records and credit checks;
- self-assessment against fitness and proprietary questions.

Where the Company becomes aware of concerns regarding the fitness and propriety of a person in a relevant role it will investigate and take appropriate action without delay in line with the Fitness and Propriety policy. The regulator will be notified of any action where necessary.

B.3 Risk management system including the ORSA

Overview of the risk management system

The Company is managed within an Enterprise-wide risk management framework that is embedded across the wider Group with the purpose of providing the tools, guidance, policies, standards and defining responsibilities to enable the Company to achieve its strategy and objectives. The risk management framework is owned by the Board with day to day responsibility for facilitation of the implementation and oversight delegated to the Group Risk function, led by the CRO.

Regulatory requirements for risk management are complied with at all times and are regarded as the minimum standards. The risks relating to the Company are overseen by the CEO and the Board, with appropriate escalation to the EIO RC or EIO AC as necessary. The adequacy of the risk management framework is reviewed on an annual basis at a group level.

Effectiveness of identifying and managing risks

The Company has a well established Risk Framework which covers the full risk lifecycle. A key tool used in the Risk Framework is the risk appetite. The Board has established a risk appetite for the Company, which focuses on the material risk areas and establishes the risk-taking capacity of the Company. This is monitored and any breaches of appetite are reported to the Board.

The Board also uses the ORSA process as a tool to assess the effectiveness of the system of governance and risk management, and whether revisions are required to cover any changes to the undertaking's current and future business strategy and operations.

Implementation of the Risk Management Function

The Risk Management process operates within the framework of the Group and deploys a strong three lines of defence model whereby:

- *1st Line (Business Management)* is responsible for strategy execution, performance, identification and management of risks and the application of appropriate controls;
- *2nd Line (Reporting, Oversight and Guidance)* led by the CRO, is responsible for assisting the Board in formulation of risk appetite, establishment of minimum standards, developing appropriate reporting and providing oversight and challenge of risk profiles and risk management activities; and
- *3rd Line (Assurance)* provides independent and objective assurance of the effectiveness of the Company's systems of internal control. This activity principally comprises the GIA function which is subject to oversight and challenge by the EIO AC.

The risk management process is an ongoing process with regular assessment of the risk profile.

Own risk and solvency assessment process

The Company conducts an ORSA process within a Group Framework, that is a key part of its business management and governance structure. The objective is to demonstrate that the Group and each UK regulated insurance entity has, or can access, the necessary resources to carry out its corporate strategy and business plan in the context of risk policy, risk appetite, a forward-looking assessment of risks, the potential for stress and the quality of our risk management environment.

A report is produced at the Group level, though all the appropriate assessment and reports are carried out for each relevant company in the Group, including the Company at an individual level. Key steps in the process are:

- a review of risks identified and included in the risk profile;
- ongoing identification of any new and emerging risks;
- quantification of all material risks identified;
- calculation of the overall capital requirements and solvency position of the Company over the plan period, using both the Company's own view of risk and regulatory measures;
- carrying out stress tests and scenario analysis;
- comparison of the risk profile and stressed positions with the risk appetite;
- review of the business plan in light of the projected risk profile and capital requirements;
- confirmation that the business has sufficient capital to deliver the business plan; and
- preparation of a report for the Board summarising findings.

A supplementary ELL specific ORSA report sets out the elements of the ORSA process that relate specifically to the Company and is appended to the Group ORSA Report.

The ORSA process is co-ordinated by the Group Risk function, with significant contribution from the Actuarial Function. The elements of the Group ORSA Report relating to the Company are approved by the Board.

Frequency of review

The ORSA is an ongoing process that operates on an annual cycle with a report covering the solvency position at the reference date of 31st December. The annual frequency is deemed sufficient for carrying out a full ORSA due to the stable nature of the business model, maturity of the risk framework and surplus capital held. However, the ORSA is re-run, either in full or partially, in accordance with several pre-defined ORSA triggers that are defined and monitored to identify events that could significantly impact business decision making.

The most recent Group ORSA and ELL ORSA Reports were approved by the Group and ELL Boards in June 2024.

Determination of own solvency needs

The ORSA includes all risks to which the Company is exposed, including consideration of any risks not included in the Standard Formula for the calculation of regulatory capital requirements. For the purpose of determining the own solvency needs of the Company the assessment is made on the Group's chosen measure of economic capital, a 1 in 200 year value at risk. The equity transitional measure included in the Standard Formula is not used when assessing the Company's own solvency needs.

The Company currently has significant levels of capital in excess of that needed to maintain solvency and does not have any plans to change its capital structure, although the capital position and risk profile are regularly monitored in the context of the Company's risk appetite.

B.4 Internal control system

Internal control system

The Internal control system is implemented by the Board and Group Management Board (GMB) and ensures that the Company is managed efficiently and effectively. This system is set up at a Group level, with appropriate implementation in the Company's operations.

Group level policies and business processes are designed and implemented to ensure that business objectives are achieved and that risks are managed in line with the risk appetite and risk framework. The control framework comprises the following elements:

- *Control environment:* A business culture that recognises the importance of systems of control, with the establishment of an operational environment that maintains effective controls and ensures adequate resources to operate the control framework to required standards;
- *Objective Setting:* management has in place a process to set objectives and the chosen objectives support and align with the Group's objectives and are consistent with risk appetite;
- *Risk Assessment:* Internal and external events that affect the achievement of business objectives are identified, distinguishing between risks and opportunities. Risks are analysed, with appropriate risk responses selected by the Board and GMB. Where appropriate, actions are developed to align risks with the Company's risk tolerance and appetite;
- *Control standards:* a policy framework that establishes the Board's minimum standards for the mitigation of risk within the stated appetite;
- *Control activities:* business processes that include control activities designed to mitigate risks to the level required to meet the control objectives;
- *Monitoring activities:* regular monitoring of controls aligned to their materiality;
- *Training and communication:* effective communication of required control standards and adequate training to ensure those operating or monitoring controls can do so effectively;
- *Recording:* clear documentation of controls to enable their ongoing operation; and

- *Reporting:* reporting of material control effectiveness to allow appropriate decision makers to understand whether control objectives are being met or whether action is required to strengthen the control environment.

Compliance function

Group Compliance function sits within the second line of defence and is the independent control function that oversees conduct risks in scope, as detailed in the Group Risk Taxonomy, and monitors the first line of defence controls. It does this by:

- Identifying and assessing FCA compliance risks associated with the Company's current and proposed future business activities (including new products, business relationships and any extension of operations both within the UK and abroad);
- Advising management on FCA regulations, rules and standards and informing them of developments in these areas;
- Assessing and monitoring the appropriateness of and compliance with internal regulatory policies, procedures and guidelines and, where appropriate, making recommendations for improvement;
- Escalating any material breaches of FCA regulation as necessary to the Board and, where appropriate, to the regulators;

The Group Head of Compliance, in the discharge of his or her duties shall be accountable to the Chair of the EIO RC and will:

- Provide regular assessments of the adequacy and effectiveness of the Company's compliance risk management, internal compliance controls and regulatory governance processes and systems;
- Identify and escalate significant conduct compliance related issues to the EIO RC and highlight potential improvements to address concerns identified;
- Have in place a robust process to follow-up management's responses to issues raised by Group Compliance;
- Periodically provide information on the status and results of Compliance Monitoring activity and the sufficiency of Group Compliance resources;
- Evaluate whether Group Compliance has sufficient and appropriately trained staff and/or external resource to deliver its plan and discharge its responsibilities;
- Assess the continued professional competence of Group Compliance staff by way of systematic and relevant training;
- Ensure that Group Compliance is subject to an external, independent audit at least once every five years by a suitably qualified, independent reviewer or review team from outside the organisation.

Group Compliance function receives its authority from the EIO RC, which is a committee of the Board of Ecclesiastical Insurance Plc established to, amongst other things, review the work of the Compliance functions of Ecclesiastical and to evaluate the adequacy and effectiveness of ELL's financial, operating and risk management controls.

To provide for the independence of Group Compliance function, the Group Head of Compliance is accountable to the EIO RC Chair, reports administratively to the Group Chief Risk and Compliance Officer, and has access to the Chair of the ELL Board and to the CEO.

B.5 Internal audit function

Implementation of the internal audit function

GIA receives its authority from the EIO AC, which is a committee of the EIO Board established to, amongst other things; review the work of the internal auditors of the Company to evaluate the adequacy and effectiveness of the Company's financial, operating, compliance, and risk management controls.

Adequate and effective risk management, internal control, and governance processes reduce but cannot eliminate, the possibility of poor judgement in decision-making, human error, control processes being deliberately circumvented by employees and others, management overriding controls, and the occurrence of unforeseeable circumstances.

Adequate and effective risk management, internal control, and governance processes therefore provide reasonable, but not absolute, assurance that the Company will not be hindered in achieving its business objectives, or in the orderly and legitimate conduct of its business.

GIA maintains a professional audit team with sufficient knowledge, skills, experience and professional qualifications. Where specialist, technical support is necessary to supplement GIA resource, this is available through co-sourcing contracts with external specialist companies, ensuring that GIA has immediate access to specialist skills where required. GIA confirms to the EIO AC that the Core Principles for the Professional Practice of Internal Auditing, the Code of Ethics, the International Standards for the Professional Practice of Internal Auditing and the Definition of Internal Auditing are complied with.

GIA operates within the Company's three lines model. In order to operate an effective framework GIA maintains regular and ongoing dialogue with the first and second line functions to maintain a current and timely perspective of business direction and issues.

Demarcation between the third line and the first two lines must be preserved to enable GIA to provide an independent overview to EIO AC and the EIO Board on the effectiveness of all risk management and assurance processes within the organisation. Any blurring of the roles of the three lines should be exceptional and any such blurring must be approved by the EIO AC.

The GIA methodology provides a series of different assurance responses to a variety of scenarios to give the stakeholders the best assurance for the time GIA spends in an area as follows:

- *risk-based internal audits* - GIA's standard audit response, the methodology will also be used to respond to most management requests for assurance and focuses on assessing the adequacy and effectiveness of key controls mitigating significant risks.

There are three categories of risk-based audit:

Full Audit	An extensive audit that will usually cover a wide-ranging scope or a deep dive scope; typically this would be an end-to-end process requiring walkthroughs, site/team visits.
Focused Scope	A shorter focused review, covering a small suite of key controls within a specific control theme or process. This should entail less walkthrough and site visits; and can usually be completed remotely or with reduced interaction with the business area being audited.
Rudimentary	An audit with a very limited or undefined scope but carried out with regard to a basic set of auditing principles: i.e. no opinions presented without evidence and all work is peer reviewed prior to finalising reporting. Scope can focus on developing areas of control and enables 'state of the nation' opinion to also be given.

- *programme and project assurance* - A series of risk-based assurance responses to programmes and projects. This differs from standard risk-based audits in that it focuses on the commercial aspects of the programme, such as benefits realisation as well as on key controls;
- *close and continuous* - This will involve GIA having regular meetings with key stakeholders and attending decision making forums as appropriate. It will also include ongoing assessment of key documents as they are produced. Any concerns will be raised with management at an early stage to allow the programme to address them in a timely manner; and
- *consultancy* - Completing a piece of ad-hoc work for management, usually around the development of controls in a specialised area. Such work may be characterised by the need to formally contract with the business to assist in control development. GIA will rarely perform these pieces of work as they potentially compromise their independence.

The above are communicated through the following methods:

- reporting to the EIO AC - Quarterly reporting is provided to the EIO AC, where the Group Chief Internal Auditor attends EIO AC meetings to summarise the output within the reporting period and provide an opinion on a number of key risk themes; and
- internal audit reports - In addition to the audit client, internal audit reports are issued to all executive management and members of the GMB and the external auditor. Reporting of issues focuses on describing the control breakdown or failure, who was responsible and the risk that has materialised or could potentially materialise.

In response to the issues raised by GIA, management is required to document the steps they are taking to address the issue, provide a realistic timescale and, importantly, the action is assigned a single owner to enhance accountability.

Independence of the internal audit function

To ensure the independence of GIA, the Group Chief Internal Auditor will report functionally to the EIO AC Chair, and administratively to the Group CEO and has access to the Chairman of the Group Board. Financial independence, essential to the effectiveness of internal auditing, is provided by the EIO AC approving a budget to allow GIA to meet the requirements stated above.

GIA is functionally independent from the activities audited and the day-to-day internal control processes of the organisation and is therefore able to conduct assignments on its own initiative, with free and unfettered access to people and information, in respect of any relevant department, establishment or function of the organisation, including the activities of branches and subsidiaries and outsourced activities.

Where it is identified by data owners that information should be redacted before being provided to members of the GIA team, the redacted information will be reviewed by the Group Chief Internal Auditor to ensure that the redaction is appropriate and does not constitute a restriction of scope. In the event that the redacted data relates directly to the Group Chief Internal Auditor, or the GIA team, the Chair of the EIO AC will review the redactions and confirm (or otherwise) to the Group Chief Internal Auditor whether the redactions are appropriate.

B.6 Actuarial Function

The Actuarial Function is headed by the Chief Actuary, an employee of EIO who holds a Life Chief Actuary Practising Certificate issued by the Institute and Faculty of Actuaries. Resource for performing actuarial calculation work is provided by actuarial staff employed by EIO. Peer review is undertaken by internal actuarial staff.

The primary responsibility of the Actuarial Function is the co-ordination of the calculation of the technical provisions and value of insurance liabilities for the purposes of both the Company's accounts and in meeting the regulatory requirements under SII. It recommends bases for calculations which, when approved by the Board, are used to derive the results. To support this activity the Actuarial Function carries out investigations of experience, most notably for mortality, and compares outcomes to assumptions used in calculations of technical provisions.

The Actuarial Function is responsible for assisting the risk management function in assessment of risk and ensuring that the Board is provided with sufficient information to understand and oversee the management of material risk exposures. In particular, the Actuarial Function assesses the asset and liability matching position of the Company and recommends any changes necessary to remain within risk appetite.

B.7 Outsourcing

The Company has a small number of direct employees (employed by EIO) and outsources its back office and administration processes to companies within the Group. Its fund management is serviced by a third party and another company within the Group. The Company will continue to operate in this manner provided that the arrangements do not:

- materially impair the quality of the system of governance of the Company;
- unduly increase operational risk;
- impair the abilities of the Company's regulators to monitor the compliance of the Company with its obligations; or
- undermine continuous and satisfactory service to the Company's customers.

The Company remains responsible and accountable for any activities it has outsourced and operates a defined framework for outsource provider selection and management that includes risk assessing the services, conducting regular and appropriate due diligence and managing the outsource provider relationship and performance.

Comprehensive written contracts are entered into with accountability for managing the delivery of the services assigned to an individual manager within the Company along with a senior executive as ultimate owner. Exit and contingency plans are documented and are reviewed on a frequent basis to ensure they remain appropriate.

Outsourcing of critical or important functions or activities

The Company has material outsourcing contracts both for investment management activities, outsourced to EdenTree Investment Management Limited (EdenTree) and the provision of the investment fund, that backs the new whole of life policies, outsourced to a third party. EdenTree Investment Management Limited is a subsidiary of the Group, with a comprehensive investment management agreement in place. EdenTree outsource trustee services and custodian and dealing services.

The Company has a material outsourcing arrangement in place with EPSL for the administration of the Company's life policies relating to pre-paid funeral plans with EPSL. This is an intragroup relationship, but still adheres to the supplier management framework approach and governance.

B.8 Any other information

There is no other material information regarding the Company's system of governance to report.

C. Risk profile

C.1 Underwriting risk

The following table provides a quantitative overview of the Company's level of exposure to life underwriting risk:

Life underwriting risk	2024 £'000	2023 £'000
Longevity risk	10	13
Mortality risk	800	434
Life catastrophe risk	13	9
Life expense risk	1,214	1,008
Life lapse risk	1,835	1,183
Diversification	(1,003)	(637)
	2,869	**2,010**

Insurance risk exposure

The Company is exposed to only a limited level of underwriting risk.

All of the policies pay a benefit on death of the life assured to provide payment for a funeral.

In the current interest rate environment the reserve held for each policy in the legacy book is in excess of the current benefit levels. As benefit amounts increase with inflation there is a risk that the population of lives assured survive longer than assumed in the reserving calculations and that an inflation-linked return cannot be achieved on the assets backing the reserves held. There is also a risk that expenses increase over the period that the liabilities remain in-force such that the provisions made are inadequate.

The nature of underwriting risk exposure can change over time for both the legacy and ELLIS portfolios depending on the level of longer term risk free rates. The rise in the level of the risk free curve is the reason for the rise in the Company's mortality risk. Although for the ELLIS product expense risk is expected to be the most significant underwriting risk in the long term, currently the lapse risk on this business is largest underwriting risk.

The risk exposure is measured as part of the ongoing process of valuation of the Company's liabilities and the mortality experience of the portfolio is investigated annually.

Over the year there has been a reduction in total risk exposure for the legacy book as the number of in-force policies continues to run-off. However, with the Company open to new business the number of policies in force continues to grow and, as a result, underwriting risk is expected to increase over time, in particular, expense risks.

Insurance risk concentration

All policies have been underwritten in the UK on lives of UK residents, but there is no identified further concentration of risk within this group.

Insurance risk mitigation

This risk has overlaps with market risk as it relates to reinvestment risk in the event of increased longevity.

In the legacy book, the primary technique for mitigating this risk is to match expected assets cash flows to the expected level of death payments by year. This position is monitored at least annually by the Actuarial Function who will also monitor the Company's and the wider population's experience to ensure that reserving assumptions remain appropriate.

Insurance risk sensitivity

Sensitivity analysis is carried out to identify the immediate impact on technical provisions in the event of a reassessment of mortality rates, an increase in unit per policy expenses and higher than expected expense inflation. These concluded that the Company is able to remain comfortably solvent in the event of such stresses.

C.2 Market risk

The following table provides a quantitative overview of the Company's level of exposure to market risk:

Market risk	2024 £'000	2023 £'000
Interest rate risk	5,128	3,470
Spread risk	5,227	5,899
Equity risk	10,837	8,329
Market concentration risk	1,070	1,166
Currency risk	2,230	1,986
Market diversification	(7,587)	(6,263)
	16,905	**14,587**

Market risk exposure

The Company manages its investment assets in three distinct categories. Firstly, the Company holds assets to back the technical provisions held for its legacy business insurance obligations and some surplus in respect of risk capital associated with these assets and liabilities. Secondly, it invests in a structured note which provides returns to policyholders in the unit linked whole-of-life funeral plan backing product (called the ELLIS product). Finally, it maintains a shareholders' fund with surplus assets that are managed as part of its parent company's surplus funds and where there is an appetite for bearing greater levels of market risk.

There is a low appetite for market risk with regard to the legacy business. The main risk exposure is to spread risk and default risk on the portfolio of index-linked corporate bonds. This exposure is defined by the value of corporate bonds held and measured by assessing likelihoods of spreads widening and default rates over future periods.

Whilst the spread risk can cause volatility in the Company's balance sheet over short time periods, the strategy of holding bonds to maturity should mean that permanent losses will not occur unless bonds default. There was no material change in holdings of corporate bonds over the reporting period, so no material changes in the level of this risk. Limits are set for the exposure to a single counterparty and any sub-investment quality bonds are permitted only if approved by the Board.

The matching of assets and liabilities by duration means that the net exposure to interest rate risk is kept to a level commensurate with risk appetite. There is no currency risk for the legacy business as all assets and liabilities are in pounds Sterling.

As a unit linked product the ELLIS product passes a significant proportion of the market risk to the policyholders. However, the presence of a return of premium guarantee means that there is material market risk for the Company. The structured note backing the unit linked liability is invested in a combination of equities, bonds and cash which exposes the Company to equity, currency, spread and interest rate risks. To mitigate these risks the structured note includes a put option which significantly reduces its market risk.

The most material market risks that the Company is exposed to from investments in the shareholders' fund are:

- equity risk, with a significant proportion of the fund (£15.3m) being invested in equities, primarily through investment in Open Ended Investment Companies (OEICs);
- currency risk arising from investment in overseas assets (£4.0m), primarily equities, in order to provide diversification and gain from opportunities in different economies;
- spread risk and default risk, arising from investment in corporate bonds; and
- interest rate risk – the fund has £36.3m invested in fixed-interest stocks, including investment through OEICs, where there is a risk of falls in value in the event of rises in interest rates.

The market risk profile of the shareholders' fund has changed materially over the year with an increase in the proportion held in fixed-interest stocks and cash.

Compliance with prudent person principle

The investment mandates for the shareholders fund and non-linked portfolios specify the types of assets that the Company wishes to invest in. These only permit acquiring assets where the risks are well-understood and does not allow complex asset structures. There are no material investments in assets other than equity, fixed interest, and cash. Most of the exposure to equities is through investment in collective investment funds. Regular investment risk reports are provided from the asset managers that enable the Company to fully understand the risks in the assets. These reports are reviewed by the Group’s Market & Investment Risk Executive Meeting (MIREM). The assets in this fund are included in the Group’s economic capital model, so are quantitatively assessed.

Limits are placed at an EIO level on the proportions of assets that can be invested in the various asset classes, countries and industry sectors, exposure to single counterparties and quality of issuers. These limits are tracked regularly. No investments in non-standard assets are permitted without sign-off by the MIREM and the ELL Board, and no such assets are currently held by the Company.

The only derivative the Company invested in over the reporting period is a put option within the structured note backing the ELLIS product. All investment risks are monitored regularly and overseen by the Board. In particular the performance of the structured note is checked on a monthly basis in order to ensure that the price is being calculated correctly in line with the contract and that the performance is in line with expectations.

Market risk concentration

The majority of market risk exposure is located in the UK. The largest exposure is to the UK government, with 22% of total investments being in UK gilts. There are no other material concentrations of market risk as the portfolio is well diversified. Other than government stock, the largest single exposure is 5% of total investments.

Market risk mitigation

The main market risk mitigation technique adopted by the Company for the legacy portfolio is matching of expected future liability cash-flows with appropriate assets. In particular, all assets held at 31 December 2024 to notionally back the technical provisions for the legacy business insurance contracts shared the characteristics with the liabilities of being denominated in pounds Sterling and linked to the Retail Prices Index, so mitigating these elements of currency and inflation risk.

Further interest rate risk is mitigated by matching of duration of cash-flows across the portfolio. This position is monitored regularly and the assets held changed as necessary to maintain sufficiently close matching.

For the ELLIS product the main market risk mitigation technique is the use of a put option within the structured note to provide downside protection from market volatility. This is alongside the ensuring that the underlying assets held within the structured note are well diversified.

Market risk sensitivity

Stress tests have been carried out to assess the effect of adverse changes in market conditions on the profits and solvency position of the Company. This includes falls in equity markets, changes in interest rates, widening of spreads on corporate bonds and defaults of the largest counterparty. These concluded that the Company is able to remain comfortably solvent in the event of such stresses.

C.3 Credit risk

Credit risk exposure

The only material credit risk exposures of the Company are in respect of cash held in banks and to the issuer of the structured note backing the ELLIS product.

Credit risk concentration

The largest credit risk exposure at 31 December 2024 was from the structured note investment backing the ELLIS product.

Credit risk mitigation

The Company does not hold substantial cash bank balances. It uses different banks for its investment and operational accounts. The credit risk exposure to the structured note is limited by the existence of collateral assets equal to 110% of the structured note's value.

Credit risk sensitivity

This risk is straightforward to assess for cash held in banks. A default by a bank could potentially lead to loss of all funds deposited at that bank. The risk associated with the structured note is more complex to assess but is largely mitigated by the collateral held. The maximum downside for the Company, leading to a full loss of the maximum amount of exposure, would not cause material financial concern.

C.4 Liquidity risk

Liquidity risk exposure

The Company has identified potential triggers for the crystallisation of liquidity risk, being:

- more deaths in a period than those assumed in the best estimate projections;
- a significant number of policy surrenders, though this is assessed to be low with a relatively small number occurring each year; and
- expenses exceeding projected levels.

None of these circumstances are assessed as being sufficiently severe to cause concern. The monitoring of expected future asset and liability cash-flows enables this risk to be assessed.

Liquidity risk concentration

All of the assets held to meet future payments to legacy business policy holders are invested in government or corporate bonds, 47% of which, by market value at 31 December 2024, are issued by the UK government, with the balance being distributed across various counterparties with no significant concentrations of liquidity risk.

Trades on the structured note backing the new funeral plan product are only actioned once a month. This could ultimately lead to increased liquidity risk as there is potentially a lag between a claim being paid out and the funds being realised from the structured note. However, at this stage this risk is not particularly material as the number of claims occurring on this business is still relatively small.

Liquidity risk mitigation

The Company carries out regular forecasts of future expected cash-flow requirements and maintains cash balances that are sufficient to cover these for several months in normal conditions. The Company operates a "hold to maturity" strategy for assets backing the legacy business liabilities, with the portfolio constructed so that assets are usually available to meet emerging benefit payment requirements. Most of the Company's investments held to back these insurance liabilities are highly liquid assets so should be readily accessible in stressed circumstances.

C.5 Operational risk

Operational risk exposure

The Company defines operational risk as "The risk of loss arising from inadequate or failed internal, processes, people and systems, or from external events". The definition includes conduct of business, other aspects of compliance and legal risk but excludes strategic and reputational risks which are considered separately in section C.6. Legal risk includes, but is not limited to, exposure to fines, penalties, or punitive damages resulting from supervisory actions, as well as private settlements.

Senior management carries out an ongoing assessment of the operational risks, with support from the Group's risk function and this assessment is reviewed by the Board. The Group's internal audit function has reviewed the Company's operational processes with regard to the new ELLIS product and all their risk reduction recommendations have been actioned.

The Company is exposed to a number of different types of operational risk which at a high level can be categorised as people risk, systems risk, process risk, regulatory risk, legal risk, and external environmental factors. The most material risks to which the Company is exposed are key-person risk, due to the scale of the business and its reliance on a small number of staff and systems risk. There have been no material changes in risk exposure over the reporting period.

Operational risk concentration

The small scale of the Company's operations can be considered to give a concentration of operational risk. It operates with a single administration system and a small team of people which creates single points of failure and key-person risk. Management of this is recognised as necessary to ensure sufficient resilience of the business with the risk being accepted as an inevitable consequence of the size and nature of the firm.

Operational risk mitigation

The Company accepts operational risk as a natural consequence of doing business. Mitigation is sought where it is cost effective to do so or where there is a regulatory requirement.

Mitigation techniques with respect to operational risk centre on the use of preventative and detective controls. Preventative controls are sought to either avoid a particular risk materialising or lessening its impact if it does. Detective controls also provide value in helping to flag that a risk exposure is changing or is impacting business activities in a particular way. This allows corrective actions to be taken or planned to ensure that the risk exposure will not threaten the achievement of the strategic objectives of the Company.

The wide range of mitigation techniques used to manage operational risk reflects the diversity of the drivers within this category of risk. Specific operational risk mitigation techniques are recorded in a risk profile. The techniques are assessed according to their design and operational effectiveness, with further actions put in place where deficiencies are identified. These assessments are made on a regular basis as part of formal risk profile reviews. These regular assessments enable the ongoing effectiveness of the various mitigation techniques to be reviewed and actions taken where required.

The EIO RC provides oversight of the relevant risk across EIO plc. Escalation and monitoring reports are provided to this committee to provide information on the key risk exposures and mitigants.

Operational risk sensitivity

The Company has carried out scenario analysis for the operational risks identified as the most material. This has involved key managers in the business, with assistance from the Group Risk function, considering the range of circumstances that could trigger an operational risk event, assessing the controls in place and determining likely actions that would take place in the event of these risks crystallising.

This analysis concluded that the key risks are being managed appropriately and the Board agreed with the actions that would be taken.

C.6 Other material risks

Other Material Risk exposure

The other material risks that the Company is exposed to are strategic, group and reputational risk.

Strategic risk relates to risks associated with the effective development and implementation of the Company's strategy. The Company writes new business through a very limited number of channels which increases the level of strategic risk. The Company plans to continue its strategy of managing the operations effectively and prudently.

Group risk relates to exposures resulting from belonging to a Group of operating companies. One particular risk that applies to each Company that is part of a group is contagion risk, the effect of an event in one part of the Group having an adverse impact on other parts of the Group.

Reputational risk relates to exposures that would result in negative reputational impacts upon the Company were they to occur. Reputational risks are often attached with other risk types, for example, a regulatory breach (operational risk) will have reputational risks associated with it.

Other Material risk concentration

There are no material risk concentrations from these risks and they have remained largely unchanged over the reporting period.

Other Material risk mitigation

The Company's system of governance covered in section B helps to mitigate these risks.

Other Material risk sensitivity

All of these risks have been considered when developing the business plans and actions have been derived to address the risks identified. All key risks are also explored within the stress testing and scenario analysis framework in order to ensure that the business has a good understanding of their potential impacts.

C.7 Any other information

There is no other material information to report regarding the risk profile of the Company.

D. Valuation for solvency purposes

Following the implementation of SII on 31st December 2024, any articles referred to are in line with the PRA Rulebook.

All material asset and liability classes, including technical provisions, have been valued in accordance with the PRA Rulebook.

As permitted by the PRA Rulebook, the valuation of assets and liabilities are based, where appropriate, on the valuation method used in the preparation of the annual financial statements. The financial statements have been prepared in accordance with international financial reporting standards (IFRS) and audited by external auditors.

Material assets and liabilities are defined as assets and liabilities that are valued in excess of £541k (Equivalent to 1% of IFRS net assets).

International Accounting Standard (IAS) 39, Financial Instruments: Measurement and Recognition, requires the classification of certain financial assets and liabilities into separate categories for which the accounting requirement is different.

The classification depends on the nature and purpose of the financial assets and liabilities, and is determined at the time of initial recognition. Financial instruments are initially measured at fair value. Their subsequent measurement depends on their classification.

The ELLIS product launched by the Company in 2021 has no significant insurance risk and is therefore classified as a financial instrument in the preparation of the annual financial statements. The Company recognises a liability measured at fair value. The fair value of these liabilities is estimated based on an arms-length transaction between willing market participants with consideration given to the cost of the guarantee to the policyholders. The cost of the guarantee to policyholders is determined using risk free rates of return, with the associated volatility assumption and allowing for the costs of administration associated with this low risk investment strategy.

Financial instruments designated as at fair value through profit or loss and hedge accounted derivatives under International Financial Reporting Interpretations Committee (IFRIC) 16 are subsequently carried at fair value. All other financial assets and liabilities are held at amortised cost using the effective interest method, except for short-term receivables and payables where the recognition of interest would be immaterial.

The Directors consider that the carrying value of those financial assets and liabilities not carried at fair value approximates to their fair value.

D.1 Assets

Solvency II valuation of assets

Reconciliation from IFRS to Solvency II valuation	31-Dec-24 As reported IFRS Basis	Reclassify to aid comparison	31-Dec-24 Reclassified IFRS valuation	Net valuation movement	31-Dec-24 SII Valuation
	£'000	£'000	£'000	£'000	£'000
Total assets	**238,210**	74	**238,284**	(2,428)	**235,856**
Total liabilities	**184,308**	74	**184,382**	(10,639)	**173,743**
Net assets	**53,902**	**-**	**53,902**	**8,211**	**62,113**
Analysis of Assets					
Deferred tax asset	**3,202**	-	3,202	(2,428)	774
Investments	**227,348**	629	227,977	-	227,977
Receivables (trade, not insurance)	**629**	(629)	-	-	-
Any other assets	**(74)**	74	-	-	-
Cash and cash equivalents	**7,105**	-	7,105	-	7,105
Total assets	**238,210**	**74**	**238,284**	**(2,428)**	**235,856**

The table includes reclassification of certain IFRS assets and liabilities to aid comparability. Moving a balance from assets to liabilities removes the need to disclose the same difference in both assets and liabilities.

A description of how the assets have been valued, and any differences from the IFRS valuation, is explained below:

Deferred tax asset

The calculation of deferred tax is based on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for tax purposes. Deferred tax is measured using tax rates expected to apply when the related deferred tax asset is realised based on tax rates and laws which have been enacted or substantively enacted at the year-end date.

The deferred tax asset relates to carried forward taxable trading losses and are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

For SII the deferred tax asset has been recalculated to take into account the valuation differences between the financial statements and the SII valuation of assets and liabilities.

Investments – overview

The fair value measurement basis used to value investments held at fair value is categorised into a fair value hierarchy as follows:

Level 1: fair values measured using quoted bid prices in active markets for identical assets. This category includes listed equities in active markets, listed debt securities in active markets and exchange-traded derivatives.

Level 2: fair values measured using inputs other than quoted prices included within level 1 that are observable for the asset, either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes listed debt or equity securities in a market that is not active and derivatives that are not exchange traded. These financial assets are valued using third-party pricing information that is regularly reviewed and internally calibrated based on management's knowledge of the markets.

Level 3: fair values measured using inputs for the asset that are not based on observable market data (unobservable inputs). This category includes unlisted debt and equities, including investments in venture capital, and suspended securities. Where a look-through valuation approach is applied, underlying net asset values are sourced from the investee, translated into the Company's functional currency and adjusted to reflect illiquidity where appropriate, with the fair values disclosed being directly sensitive to this input.

Receivables (trade, not insurance)

Accrued interest of £629k included within 'receivables (trade, not insurance)' in the financial statements have been moved to investments as investment valuations are inclusive of accrued interest for SII. This is a presentational difference only with no change in value.

Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. As cash balances are not subject to a significant risk of change in value, they are considered to be held at fair value.

Other assets

Intercompany debtor balances with the Company's parent and other entities within the wider group are shown as any other assets. The balances are repayable on demand, and the amortised cost is assumed to approximate to fair value.

D.2 Technical provisions

Solvency II valuation of technical provisions and assumptions used

The total value of technical provisions at 31 December 2024 was:

Technical provisions	2024 £'000	2023 £'000
Legacy business		
Best estimate liabilities	44,670	50,535
Premium debtors	(924)	(701)
Risk margin	87	110
	43,833	49,944
ELLIS product		
Best estimate liabilities	127,984	92,282
Premium debtors	-	-
Risk margin	328	195
	128,312	92,477
Total technical provisions	**172,145**	**142,421**

Technical provisions are valued by projecting probability-weighted future cash-flows using best-estimate assumptions and discounting these to the reporting date using a risk-free curve specified by the PRA.

The main assumptions made for this are:

- mortality – 96% of population mortality tables, ELT16M (males) and ELT16F (females) in 2024 with improvement of 1% per annum in future years;
- benefit escalation (Retail Prices Index (RPI)) for legacy business – derived from market inflation swap rates at the reporting date (31 December 2024); and
- future renewal expenses – Legacy whole-of-life: £17.76 per policy per annum, inflating at RPI (as above) plus 0.75% per annum. New whole-of-life: 0.3% p.a. of AUM and £6.94 per policy per annum, inflating at RPI plus 0.75% per annum.

Level of uncertainty

Judgement is made to derive all of the assumptions used in the calculation of technical provisions. For each of these the actual future outcomes may differ from the values assumed, giving uncertainty in the value of technical provisions.

The assumed level of future inflation will affect the value of assumed future legacy business benefit payments and so the value of technical provisions. The assumptions are derived from market swap rates at the reporting date and are consistent with the methodology used to set the risk-free yields.

The assumption of future levels of mortality will have a relatively minor impact on the value of technical provisions. Experience of this portfolio of business has been sufficiently credible to give comfort that the long-term level of mortality in 2024 will not deviate materially from the base level assumption, though the impact of the Covid-19 pandemic introduces additional uncertainty to this assumption.

For the future improvements in mortality, the uncertainty that would lead to an increase in value of liabilities is related to greater annual rates of improvement than assumed.

The expenses incurred in running off the in-force business could differ from assumed levels.

Comparison of Solvency II technical provisions with valuation in annual financial statements:

Reconciliation from IFRS to SII	2024 £'000	2023 £'000
IFRS reserves *(Legacy business)*	49,078	55,630
Deduct IFRS Risk Adjustment	(372)	(230)
Deduct Contractual Service Margin	(6,439)	(6,801)
Expenses assumed	(92)	(309)
Real interest rate	1,284	1,161
Investment expenses	287	384
Explicit Risk Margin	87	110
SII technical provisions	43,833	49,945
Life business liabilities *(ELLIS product)*	133,706	95,886
Impact of investment assumptions	(5,722)	(3,605)
Explicit Risk Margin	328	195
SII technical provisions	128,312	92,476
Total SII technical provisions	**172,145**	**142,421**

Legacy insurance business

A key difference between the valuation of liabilities for solvency purposes and those used in the financial statements is that the latter includes an explicit risk adjustment for non-financial risks whereas the former incorporates an explicit risk margin calculated on a different basis. The underlying best estimates are the same for both bases with the exception of the expense assumptions and discount rates used.

The SII valuation discounts cash-flows using a risk-free curve derived from swap rates with the addition of a volatility adjustment (24 basis points at 31 December 2024), whilst the valuation for the financial statements uses a discount rate curve based on the government bond yields plus an illiquidity risk premium.

ELLIS product

The ELLIS product is classified as an investment contract. Life business liabilities are valued in the IFRS annual report and accounts at fair value. The fair value of these liabilities is estimated based on an arms-length transaction between willing market participants with consideration given to the cost of the guarantee to the policyholders. For SII life business liabilities are transferred to technical provisions. As noted above, valuation technical provisions is covered in section D.2.

Use of the matching adjustment

The matching adjustment has not been used in the calculation of technical provisions.

Use of the volatility adjustment

The volatility adjustment is used to calculate the value of technical provisions for the legacy single premium funeral plan business only, the unadjusted risk free curve is used for the rest of ELL's business.

If the volatility adjustment was changed to zero, the impact would be an increase in technical provisions of £767k, a decrease in the SCR of £50k, and a decrease of £767k in both basic own funds and amount of own funds eligible to cover the SCR and the MCR.

Use of the transitional risk-free interest rate-term structure

The transitional risk-free interest rate term has not been used in the calculation of technical provisions.

Use of the PRA Rulebook's transitional deduction

The transitional risk-free interest rate term structure and transitional deduction are not applied in calculating the technical provisions.

Recoverables from reinsurance contracts and special purpose vehicles

There are no recoverables assumed from reinsurance contracts or special purpose vehicles. This is unchanged from the previous reporting period.

Material changes in the assumptions made in the calculation of technical provisions compared to the previous reporting period

The most material changes in the relevant assumptions made in the calculation of technical provisions compared to the previous reporting period are those reflecting economic conditions and outlook at the reference dates of the respective calculations.

D.3 Other liabilities

Solvency II valuation of other liabilities

A copy of the QRT 'S.02.01.02 – Balance sheet' is included in Appendix 1. The table below summarises the SII valuation and the variance against the financial statements prepared in accordance with IFRS, with a breakdown of the valuation of liabilities:

Reconciliation from IFRS to Solvency II valuation	31-Dec-24 Reported IFRS Basis	Reclassify to aid comparison	31-Dec-24 Reclassified IFRS valuation	Net valuation movement	31-Dec-24 SII Valuation
	£'000	£'000	£'000	£'000	£'000
Total assets	**238,210**	74	**238,284**	(2,428)	**235,856**
Total liabilities	**184,308**	74	**184,382**	(10,639)	**173,743**
Net assets	**53,902**	**-**	**53,902**	**8,211**	**62,113**
Analysis of Liabilities					
Technical provisions - life	**49,078**	133,706	182,784	(10,639)	172,145
Payables (trade, not insurance)	**133,909**	(133,706)	203	-	203
Deferred tax liabilities	**1,308**	-	1,308	-	1,308
Provisions other than technical provisions	**13**	-	13	-	13
Other Liabilities	**-**	74	74	-	74
Total liabilities	**184,308**	**74**	**184,382**	**(10,639)**	**173,743**

As explained in section D.1, the table includes reclassification of certain IFRS assets and liabilities to aid comparability. A description of how the liabilities have been valued, and any differences from the IFRS valuation, are explained below:

Technical provisions – life

The valuation of technical provisions and differences in methodology compared with the financial statements are covered in section D.2.

Payables (Trade, not insurance)

Except for life business liabilities, all balances recognised are short-term in nature and so their carrying value in the financial statements is deemed to be an appropriate approximation of fair value.

Life business liabilities are valued in the IFRS annual report and accounts at fair value. The fair value of these liabilities is estimated based on an arms-length transaction between willing market participants with consideration given to the cost of the guarantee to the policyholders. For SII life business liabilities are transferred to technical provisions. As noted above, valuation of technical provisions is covered in section D.2.

Provisions other than technical provision

Provisions are recognised when the Company has a present legal or constructive obligation, as a result of past events, and it is probable that an outflow of resources, embodying economic benefits, will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made. Where the Company expects a provision to be reimbursed, the reimbursement is recognised as a separate asset, but only when the reimbursement is more probable than not.

Deferred tax liabilities

The calculation of deferred tax is covered in section D.1.

D.4 Alternative methods for valuation

No alternative valuation methods have been adopted for the valuation of assets or liabilities.

D.5 Any other information

There is no further material information regarding the valuation of assets and liabilities for solvency purposes.

E. Capital Management

Under SII, capital that the Company can use to meet its regulatory SCR and MCR is called Own Funds.

Off balance sheet items that can be called upon to absorb losses are called Ancillary Own Funds. The Company does not hold any such items.

The excess of assets (section D.1) over liabilities (section D.3) plus qualifying subordinated debt less any foreseeable distributions constitutes basic own funds:

Basic Own Funds	2024 £'000	2023 £'000
Solvency II valuation of assets	235,856	203,774
Solvency II valuation of liabilities	(173,743)	(143,961)
Excess of assets over liabilities	62,113	59,813
Foreseeable distributions	(20,000)	-
Basic Own Funds	**42,113**	**59,813**

Foreseeable distributions are future expense items such as dividends that have been approved for payment by the Board. The Company has a proposed foreseeable distribution of £20m in respect of a approved dividend to EIO to be paid in 2025. The Company has no subordinated debt.

E.1 Own funds

Own funds - objectives, policies and processes

The policy provides a robust framework for the management and control of capital that underpins business performance and supports the strategic development of the Company. The policy can be summarised as follows:

Regulatory and Legislative

- ensure current and future rules are monitored and understood, particularly regarding the definition of capital (quality and fungibility) and various capital requirements.

Definition and monitoring of Capital Available

- ensure capital is maintained at a sufficient quality in order to meet current and future capital requirements, in accordance with regulatory and rating agency restrictions;
- ensure the Company has a defined risk appetite regarding the quality and tiering of capital required to meet its own internal appetite for solvency;
- ensure there is sufficient capital held in order to satisfy local capital requirements, regulatory or otherwise;

- ensure that fungibility restrictions are carefully monitored and controlled to avoid having a detrimental impact on the Company's solvency position, regulatory or otherwise;
- ensure that the level of capital available is monitored on a regular basis in accordance with an agreed process; and
- ensure there is regular monitoring and review of the quality, tiering and fungibility of capital, in order to assess whether the above targets are met on an ongoing basis.

Definition and monitoring of our Capital Requirements

- ensure all current and future capital requirements, regulatory or otherwise, are understood at all times;
- ensure the Company has an agreed definition of an 'Economic Capital Requirement', reflecting its own view of risk;
- ensure the Company has an agreed risk appetite to ensure a satisfactory level of capital coverage on all relevant bases including a statement of coverage for its economic capital and regulatory capital;
- ensure the Company has at least enough capital to meet its regulatory requirements at all times;
- ensure all Company capital requirements covered by the risk appetite are calculated and the relevant solvency position reviewed on a regular basis in accordance with an agreed process;
- ensure that relevant stakeholders are informed of any changes to solvency positions in excess of agreed reporting levels; and
- ensure that future capital requirements and projected solvency positions throughout the period of the business plan are assessed in the ORSA process.

Principles around the Distribution and Raising of Capital

- ensure there is a clearly defined process for assessing the level of any dividends and donations prior to any payment being made;
- ensure there is a clearly defined process for monitoring market conditions and future capital needs in order to assess the requirement and benefit of capital raising or redemptions; and
- ensure the appropriateness for raising or redeeming capital is assessed against all other principles outlined in the Policy.

Principles around the Allocation and Use of Capital

- ensure there is an agreed approach for allocating Economic Capital to different risks;
- ensure the Company has an agreed return on capital target which is aligned to the expectations of all key stakeholders;
- ensure there is an agreed approach to setting and monitoring the return on capital of the Company;
- ensure that there is a clear process for determining when a strategic decision should take into account a capital perspective; this must cover all decisions that materially change the use of capital or solvency position; and
- ensure that each such decision-making considers the impact on solvency, capital allocation, return on capital and any other principles included in the Policy.

Reporting

The Board will continue to monitor and maintain the integrity of the capital management policy, standards and guidance to ensure they reflect the culture of the business and the regulatory environment in which it operates.

Reports detailing performance against this policy or any business critical changes will be reviewed periodically, but at least annually, by the Group Finance and Investment Committee. Any breaches of policy are escalated immediately to management and reported to the Group Risk and Compliance functions.

Business planning and budgeting is undertaken on an annual basis, covering a three year planning horizon.

Movement in own funds compared to prior period

A copy of the QRT 'S.23.01.01 – Own Funds' is included in Appendix 6. The table below is a summary of own funds, by tier, with comparison to the prior year:

Analysis of Available Own Funds	Total	Tier 1 Unrestricted	Tier 1 Restricted	Tier 2	Tier 3
2024	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Ordinary share capital	10,000	10,000	-	-	-
Value of net deferred tax asset	774	-	-	-	774
Reconciliation reserve	31,339	31,339	-	-	-
	42,113	41,339	-	-	774
2023					
Ordinary share capital	10,000	10,000	-	-	-
Value of net deferred tax asset	1,257	-	-	-	1,257
Reconciliation reserve	48,556	48,556	-	-	-
	59,813	58,556	-	-	1,257
Movement in own funds					
Ordinary share capital	-	-	-	-	-
Value of net deferred tax asset	(483)	-	-	-	(483)
Reconciliation reserve	(17,217)	(17,217)	-	-	-
	(17,700)	(17,217)	-	-	(483)

The ordinary share capital is called up, issued and fully paid, and is classified as unrestricted tier 1 capital as it meets the relevant requirements of the PRA Rulebook.

The reconciliation reserve is primarily retained earnings from the financial statements adjusted for differences in valuation between the financial statements and SII, as covered in section D.

The table below summarises the key movements in the reconciliation reserve between the current and prior year:

Movement in reconciliation reserve	£'000
Prior year balance	**48,556**
IFRS Retained earnings for year	1,085
Movement in revaluation of SII technical provisions from IFRS reserves	1,545
Movement in SII valuation of other assets	-
Movement in SII recalculation of deferred tax asset	(330)
Movement in Foreseeable dividends, distributions and charges	(20,000)
Recognition of deferred tax asset as tier 3 capital	483
Total movement for year	**(17,217)**
Current year balance	**31,339**

Eligible amount of own funds available to cover the Solvency Capital Requirement and Minimum Capital Requirement

The table below summarises the own funds eligible to cover the SCR:

Analysis of eligible own funds available to cover SCR	2024 £'000	2023 £'000
Unrestricted tier 1 capital	41,339	58,556
Restricted tier 1 capital	-	-
Total eligible tier 1 capital	**41,339**	**58,556**
Restricted tier 1 relegated to tier 2	-	-
Other tier 2 capital	-	-
Total eligible tier 2 capital	**-**	**-**
Eligible tier 3 capital	**774**	**1,257**
Total eligible capital	**42,113**	**59,813**
Ineligible capital	-	-
Total own funds available	42,113	59,813

Only 15% of the Company's SCR can be covered by tier 3 capital. The Company's tier 3 capital is below the threshold and therefore is wholly available.

The table below summarises the own funds eligible to cover the MCR:

Analysis of eligible own funds available to cover MCR	2024 £'000	2023 £'000
Unrestricted tier 1 capital	41,339	58,556
Restricted tier 1 capital	-	-
Total eligible tier 1 capital	**41,339**	**58,556**
Restricted tier 1 relegated to tier 2	-	-
Other tier 2 capital	-	-
Total eligible tier 2 capital	**-**	**-**
Total eligible capital	41,339	58,556
Ineligible capital	774	1,257
Total own funds available	42,113	59,813

Tier 3 capital cannot be used to cover the Company's MCR requirement and therefore is wholly ineligible.

Comparison between Solvency II own funds and equity reported in the financial statements

Reconciliation from IFRS net assets to Solvency II available own funds	2024 £'000	2023 £'000
Equity as reported in IFRS Financial Statements	**53,902**	**52,817**
Revalue technical provisions	10,639	9,094
Remove prepayments and other items with no SII fair value	-	-
Remove foreseeable dividends, distributions and charges	(20,000)	-
Recalculation of deferred tax asset	(2,428)	(2,098)
Solvency II valuation of own funds	**42,113**	**59,813**

Technical provisions are valued on a SII basis as described in section D.2. The SII recalculation of the deferred tax asset is described in section D.1.

Transitional arrangements

There are no own fund items that are subject to transitional arrangements.

Ancillary own funds

No ancillary own funds have been recognised.

Items deducted from own funds and restrictions affecting the availability and transferability of own funds

No items have been deducted from basic own funds, and there are no significant restrictions affecting the availability and transferability of own funds.

E.2 Solvency Capital Requirement [SCR] & Minimum Capital Requirement [MCR]

SCR and MCR

The SCR is the amount of capital that the Company is required to hold as required by the SII PRA Rulebook. The Company uses the Standard Formula SCR calculation which is defined in the SII and the PRA Rulebook. This is formula based and consists of modules for each risk type, and adjustments for diversification and the loss absorbing capacity of deferred tax. A breakdown of the SCR elements applicable to the Company is given in the following section.

The MCR is the higher of the absolute floor (£3,500k) and the combined MCR (£4,342k).

The combined MCR is based on the linear MCR, subject to a cap (45% of the SCR) and floor (25% of the SCR). The Linear MCR is a simplistic calculation based on factors applied to net written premiums and net best estimate of technical provisions, analysed by class of business.

A copy of the QRT 'S.25.01 – Solvency Capital Requirement' and 'S.28.01 – Minimum Capital Requirement' are reproduced in Appendices 7 and 8 respectively. As at 31 December 2024 the SCR for the Company was £17,368k, and the MCR was £4,342k. Both amounts are still subject to supervisory assessment.

Changes to the SCR and MCR compared to the prior period

Movement in Capital Requirements	2024 £'000	2023 £'000	Change £'000
Market risk	16,905	14,587	2,318
Counterparty default risk	1,060	1,533	(473)
Life underwriting risk	2,869	2,009	860
Diversification	(2,672)	(2,427)	(245)
Basic Solvency Capital Requirement (BSCR)	18,162	15,702	2,460
Operational risk	403	431	(28)
Loss absorbing capacity of deferred tax	(1,197)	(1,081)	(116)
SCR	**17,368**	**15,052**	**2,316**
MCR	**4,342**	**3,763**	**579**

The increase in market risk was the result of a number of factors including the increase in the size of the ELLIS book of business and a rise in equity markets. These factors were the primary reasons for the increase in equity risk. Bond purchases in the period has also led to an increased interest rate risk as the value held is now higher and so subject to more risk. Spread risk has reduced slightly as bond values have fallen in the period, due to yields increasing.

The decrease in counterparty risk is down to a reduction in cash holdings. The increase underwriting risk was due to the increase in the ELLIS book of business and due to the increase in yields.

For the current year the MCR floor (25% of SCR) is above the absolute floor and so the MCR floor is being used as the biting movement for the SCR, this is in line with the prior year.

Use of simplified calculations and Undertaking-specific parameters

No simplifications or undertaking-specific parameters have been used in calculating the standard formula SCR. As no capital add-on has been applied, and no undertaking-specific parameters have been utilised, no illustration of their impact is necessary and use of the option provided for in the PRA Rulebook has not been made.

Inputs used in the calculation of the MCR

A copy of the QRT ‘S.28.01.01 - Minimum Capital Requirement’ showing the inputs used for the calculation of the MCR is included in Appendix 8.

E.3 Use of the duration-based equity risk sub-module in the calculation of the SCR

The duration-based equity risk sub-module has not been used.

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

An internal model has not been used to calculate the Company's SCR.

E.5 Non-compliance with the MCR and non-compliance with the SCR

MCR non-compliance

There has been no breach of the MCR during the reporting period.

SCR non-compliance

There has been no breach of the SCR during the reporting period.

E.6 Any other information

No further information regarding the capital management of the Company is required.

Appendix 1 – QRT IR.02.01.02 Balance Sheet

IR.02.01.02

Balance sheet

		Solvency II value
	Assets	C0010
R0030	Intangible assets	0
R0040	Deferred tax assets	774
R0050	Pension benefit surplus	0
R0060	Property, plant & equipment held for own use	0
R0070	Investments (other than assets held for index-linked and unit-linked contracts)	103,955
R0080	*Property (other than for own use)*	0
R0090	*Holdings in related undertakings, including participations*	0
R0100	*Equities*	133
R0110	*Equities - listed*	133
R0120	*Equities - unlisted*	0
R0130	*Bonds*	79,426
R0140	*Government Bonds*	47,883
R0150	*Corporate Bonds*	31,325
R0160	*Structured notes*	0
R0170	*Collateralised securities*	219
R0180	*Collective Investments Undertakings*	24,397
R0190	*Derivatives*	0
R0200	*Deposits other than cash equivalents*	0
R0210	*Other investments*	0
R0220	Assets held for index-linked and unit-linked contracts	124,022
R0230	Loans and mortgages	0
R0240	*Loans on policies*	0
R0250	*Loans and mortgages to individuals*	0
R0260	*Other loans and mortgages*	0
R0270	Reinsurance recoverables from:	0
R0280	*Non-life and health similar to non-life*	0
R0315	*Life and health similar to life, excluding index-linked and unit-linked*	0
R0340	*Life index-linked and unit-linked*	0
R0350	Deposits to cedants	0
R0360	Insurance and intermediaries receivables	0
R0370	Reinsurance receivables	0
R0380	Receivables (trade, not insurance)	0
R0390	Own shares (held directly)	0
R0400	Amounts due in respect of own fund items or initial fund called up but not yet paid in	0
R0410	Cash and cash equivalents	7,105
R0420	Any other assets, not elsewhere shown	0
R0500	**Total assets**	235,856

		Solvency II value
	Liabilities	C0010
R0505	Technical provisions - total	172,144
R0510	*Technical provisions - non-life*	0
R0515	*Technical provisions - life*	172,144
R0542	Best estimate - total	171,730
R0544	*Best estimate - non-life*	0
R0546	*Best estimate - life*	171,730
R0552	Risk margin - total	415
R0554	*Risk margin - non-life*	0
R0556	*Risk margin - life*	415
R0565	Transitional (TMTP) - life	0
R0740	Contingent liabilities	0
R0750	Provisions other than technical provisions	13
R0760	Pension benefit obligations	0
R0770	Deposits from reinsurers	0
R0780	Deferred tax liabilities	1,308
R0790	Derivatives	0
R0800	Debts owed to credit institutions	0
R0810	Financial liabilities other than debts owed to credit institutions	0
R0820	Insurance & intermediaries payables	0
R0830	Reinsurance payables	0
R0840	Payables (trade, not insurance)	203
R0850	Subordinated liabilities	0
R0860	*Subordinated liabilities not in Basin own*	0
R0870	*Subordinated liabilities in Basin own*	0
R0880	Any other liabilities, not elsewhere shown	74
R0900	**Total liabilities**	173,744
R1000	**Excess of assets over liabilities**	62,112

Appendix 2 – QRT IR.05.02.01 Premiums, claims and expenses by country: Life insurance and reinsurance obligations

IR.05.02.01

Premiums, claims and expenses by country: Life insurance and reinsurance obligations

		C0150	C0160	C0170	C0180	C0190	C0200	C0210
		Home Country	Top 5 countries (by amount of gross premiums written) - life obligations					Total Top 5 and home country
R1400								
		C0220	C0230	C0240	C0250	C0260	C0270	C0280
	Premiums written							
R1410	Gross	46,419						46,419
R1420	Reinsurers' share	0						0
R1500	Net	46,419						46,419
	Premiums earned							
R1510	Gross	46,419						46,419
R1520	Reinsurers' share	0						0
R1600	Net	46,419						46,419
	Claims incurred							
R1610	Gross	17,416						17,416
R1620	Reinsurers' share	0						0
R1700	Net	17,416						17,416
R1900	**Net expenses incurred**	1,363						1,363

Appendix 3 – QRT IR.05.03.02 Life income and expenditure

IR.05.03.02

Life income and expenditure

		Insurance with profit participation	Index-linked and unit-linked insurance	Life annuities	Non-life annuities	Other life insurance	Health insurance	Total life and health
		C0010	C0020	C0030	C0040	C0050	C0060	C0070
	Premiums written							
R0010	*Gross direct business*		46,690			-271		46,419
R0020	*Gross reinsurance accepted*							0
R0030	Gross	0	46,690	0	0	-271	0	46,419
R0040	*Reinsurers' share*							0
R0050	Net	0	46,690	0	0	-271	0	46,419
	Claims incurred							
R0110	*Gross direct business*		12,383			5,033		17,416
R0120	*Gross reinsurance accepted*							0
R0130	Gross	0	12,383	0	0	5,033	0	17,416
R0140	Reinsurers' share							0
R0150	Net	0	12,383	0	0	5,033	0	17,416
	Expenses incurred							
R0160	*Gross direct business*		1,047			316		1,363
R0170	*Gross reinsurance accepted*							0
R0180	Gross	0	1,047	0	0	316	0	1,363
R0190	Reinsurers' share							0
R0200	Net	0	1,047	0	0	316	0	1,363
R0300	Other expenses							0
	Transfers and dividends							
R0440	Dividends paid							

Appendix 4 – QRT IR.12.01.02 Life technical provisions

IR.12.01.02
Life technical provisions

		Insurance with profit participation	Index-linked and unit-linked insurance	Life annuities	Non-life annuities	Other life insurance	Health insurance	Total life and health
		C0010	C0020	C0030	C0040	C0050	C0060	C0070
	Best estimate							
R0025	Gross Best Estimate (direct business)		127,984			43,746		171,730
R0026	Gross Best Estimate (reinsurance accepted)							0
R0030	**Gross Best Estimate**	0	127,984	0	0	43,746	0	171,730
R0080	Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default							0
R0090	Best estimate minus recoverables from reinsurance/SPV and Finite Re	0	127,984	0	0	43,746	0	171,730
R0100	**Risk margin**		328			87		415
	Amount of the transitional on Technical Provisions							
R0140	TMTP - risk margin							0
R0150	TMTP - best estimate dynamic component							0
R0160	TMTP - best estimate static component							0
R0170	TMTP - amortisation adjustment							0
R0180	**Transitional Measure on Technical Provisions**	0	0	0	0	0	0	0
R0200	**Technical provisions - total**	0	128,312	0	0	43,833	0	172,144

Appendix 5 – QRT IR.22.01.21 Impact of long term guarantees measures and transitionals

IR.22.01.21

Impact of long term guarantees measures and transitionals

		Amount with Long Term Guarantee measures and transitionals	Impact of transitional on technical provisions	Impact of transitional on interest rate	Impact of volatility adjustment set to zero	Impact of matching adjustment set to zero
		C0010	C0030	C0050	C0070	C0090
R0010	Technical provisions	172,144	0	0	1,077	0
R0020	Basic own funds	42,112	0	0	-1,077	0
R0050	Eligible own funds to meet Solvency Capital Requirement	42,112	0	0	-1,077	0
R0090	Solvency Capital Requirement	17,368	0	0	-1,460	0
R0100	Eligible own funds to meet Minimum Capital Requirement	41,339	0	0	-1,077	0
R0110	Minimum Capital Requirement	4,342	0	0	-365	0

Appendix 6 – QRT IR.23.01.01 Own Funds

IR.23.01.01

Own Funds

	Basic own funds before deduction for participations in other financial sector as foreseen in article 68 of Delegated Regulation 2015/35	Total	Tier 1 unrestricted	Tier 1 restricted	Tier 2	Tier 3
		C0010	C0020	C0030	C0040	C0050
R0010	Ordinary share capital (gross of own shares)	10,000	10,000		0	
R0030	Share premium account related to ordinary share capital	0	0		0	
R0040	Initial funds, members' contributions or the equivalent basic own-fund item for mutual and mutual-type undertakings	0	0		0	
R0050	Subordinated mutual member accounts	0		0	0	0
R0070	Surplus funds	0	0			
R0090	Preference shares	0		0	0	0
R0110	Share premium account related to preference shares	0		0	0	0
R0130	Reconciliation reserve	31,339	31,339			
R0140	Subordinated liabilities	0		0	0	0
R0160	An amount equal to the value of net deferred tax assets	774				774
R0180	Other own fund items approved by the supervisory authority as basic own funds not specified above	0	0	0	0	0
R0220	**Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds**	0				
R0290	**Total basic own funds after deductions**	42,112	41,339	0	0	774
	Ancillary own funds					
R0300	Unpaid and uncalled ordinary share capital callable on demand	0				
R0310	Unpaid and uncalled initial funds, members' contributions or the equivalent basic own fund item for mutual and mutual - type undertakings, callable on demand	0				
R0320	Unpaid and uncalled preference shares callable on demand	0				
R0330	A legally binding commitment to subscribe and pay for subordinated liabilities on demand	0				
R0340	Letters of credit and guarantees under Article 96(2) of the Directive 2009/138/EC	0				
R0350	Letters of credit and guarantees other than under Article 96(2) of the Directive 2009/138/EC	0				
R0360	Supplementary members calls under first subparagraph of Article 96(3) of the Directive 2009/138/EC	0				
R0370	Supplementary members calls - other than under first subparagraph of Article 96(3) of the Directive 2009/138/EC	0				
R0390	Other ancillary own funds	0				
R0400	**Total ancillary own funds**	0			0	0
	Available and eligible own funds					
R0500	Total available own funds to meet the SCR	42,112	41,339	0	0	774
R0510	Total available own funds to meet the MCR	41,339	41,339	0	0	
R0540	Total eligible own funds to meet the SCR	42,112	41,339	0	0	774
R0550	Total eligible own funds to meet the MCR	41,339	41,339	0	0	
R0580	**SCR**	17,368				
R0600	**MCR**	4,342				
R0620	**Ratio of Eligible own funds to SCR**	242.47%				
R0640	**Ratio of Eligible own funds to MCR**	952.05%				

	Reconcilliation reserve	C0060
R0700	Excess of assets over liabilities	62,112
R0710	Own shares (held directly and indirectly)	0
R0720	Foreseeable dividends, distributions and charges	20,000
R0725	Deductions for participations in financial and credit institutions	
R0730	Other basic own fund items	10,774
R0740	Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	0
R0760	**Reconciliation reserve**	31,339

Appendix 7 – QRT IR.25.04.21 Solvency Capital Requirement

IR.25.04.21
Solvency Capital Requirement

Net of loss absorbing capacity of technical provisions

		C0010
	Market risk	
R0070	Interest rate risk	5,128
R0080	Equity risk	10,837
R0090	Property risk	0
R0100	Spread risk	5,227
R0110	Concentration risk	1,070
R0120	Currency risk	2,230
R0125	Other market risk	
R0130	Diversification within market risk	-7,588
R0140	**Total Market risk**	16,905
	Counterparty default risk	
R0150	Type 1 exposures	952
R0160	Type 2 exposures	139
R0165	Other counterparty risk	
R0170	Diversification within counterparty default risk	-31
R0180	**Total Counterparty default risk**	1,060
	Life underwriting risk	
R0190	Mortality risk	800
R0200	Longevity risk	10
R0210	Disability-Morbidity risk	0
R0220	Life-expense risk	1,214
R0230	Revision risk	0
R0240	Lapse risk	1,835
R0250	Life catastrophe risk	13
R0255	Other life underwriting risk	
R0260	Diversification within life underwriting risk	-1,003
R0270	**Total Life underwriting risk**	2,869
	Health underwriting risk	
R0280	Health SLT risk	
R0290	Health non SLT risk	
R0300	Health catastrophe risk	
R0305	Other health underwriting risk	
R0310	Diversification within health underwriting risk	
R0320	**Total Health underwriting risk**	0
	Non-life underwriting risk	
R0330	Non-life premium and reserve risk (ex catastrophe risk)	
R0340	Non-life catastrophe risk	
R0350	Lapse risk	
R0355	Other non-life underwriting risk	
R0360	Diversification within non-life underwriting risk	
R0370	**Non-life underwriting risk**	0
R0400	**Intangible asset risk**	
	Operational and other risks	
R0422	Operational risk	403
R0424	Other risks	
R0430	**Total Operational and other risks**	403
R0432	**Total before all diversification**	29,859
R0434	Total before diversification between risk modules	21,237
R0436	Diversification between risk modules	-2,672
R0438	**Total after diversification**	18,565
R0440	Loss absorbing capacity of technical provisions	
R0450	Loss absorbing capacity of deferred tax	-1,197
R0455	Other adjustments	
R0460	**Solvency capital requirement including undisclosed capital add-on**	17,368
R0472	Disclosed capital add-on - excluding residual model limitation	
R0474	Disclosed capital add-on - residual model limitation	
R0480	**Solvency capital requirement including capital add-on**	17,368
R0490	Biting interest rate scenario	increase
R0495	Biting life lapse scenario	mass

Appendix 8 – QRT IR.28.01.01 Minimum Capital Requirement

IR.28.01.01

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

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

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

	Linear formula component for life insurance and reinsurance obligations	C0040
R0200	MCR_{L} Result	1,816

		Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance/SPV) total capital at risk
		C0050	C0060
R0210	Obligations with profit participation - guaranteed benefits		
R0220	Obligations with profit participation - future discretionary benefits		
R0230	Index-linked and unit-linked insurance obligations	127,984	
R0240	Other life (re)insurance and health (re)insurance obligations	43,746	
R0250	Total capital at risk for all life (re)insurance obligations		2,173

	Overall MCR calculation	C0070
R0300	Linear MCR	1,816
R0310	SCR	17,368
R0320	MCR cap	7,816
R0330	MCR floor	4,342
R0340	Combined MCR	4,342
R0350	Absolute floor of the MCR	3,500
R0400	**Minimum Capital Requirement**	4,342