Solvency and Financial Condition Report (SFCR)

General Insurance Corporation of India -

GIC Re, UK, London branch

2022-23

Index

Summary

This document is the Solvency and Financial Condition Report ("SFCR") for General Insurance Corporation of India (UK Branch) ("GIC Re, UK" or the "Branch") for the year ended 31 March 2022.

GIC Re, UK is a Third Country Branch undertaking of The General Insurance Corporation of India, Mumbai, India and is subject to regulation by the Prudential Regulation Authority ("PRA") and the Financial Conduct Authority ("FCA").

Since 2017, the parent company General Insurance Corporation of India has been listed on the Bombay Stock Exchange ("BSE") and National Stock Exchange ("NSE").

This Solvency and Financial Condition Report ("SFCR") covers GIC Re, UK on a solo basis only. All figures in this report are in $ '000s unless otherwise stated – any minor differences are due to rounding.

Business and performance

The Branch reported a loss of $9.64m (2021/22: loss of $14.84m) from its reinsurance business for the year ended 31 March 2023 owing to increases in frequency and severity of catastrophe claims.

The Branch does not hold any investments other than fixed deposits which have been classified as cash and cash equivalents within the Solvency II ("SII") balance sheet. Investment income in the year relates to the interest income received on these deposits.

During the year there have been continued short-term inflationary pressures in line with recent Bank of England forecasts, however due to the longer-term nature of the GIC Re, UK portfolio the long-term effects are likely to be limited.

Since January 2020, the world experienced an unprecedented health pandemic of COVID19 with widespread global impact. GIC Re, UK has integrated remote working capabilities and has been able to continue to serve policyholders with minimal disruption.

Systems and governance

Under the Senior Managers and Certification Regime the control functions SMF19 and SMF16 are held by senior Branch officials. The governance of the Branch is overseen locally and is covered by the wider systems of governance of GIC Re, India.

Risk profile

As part of the risk management process the risk register is reviewed on a continuing basis and encompasses current and emerging risks.

Underwriting risk is the risk of loss arising from the inherent uncertainties about the occurrence, amount and timing of insurance liabilities and premiums. The primary risk identified by the Branch is a risk that appropriate procedures are not in place to allow proper monitoring of the application, management and effectiveness of the company-branch reinsurance programme resulting in large losses borne by the Branch.

Market risk arises from fluctuations in values of or income from assets, in interest rates or in exchange rates. The Branch has identified the risk of fluctuations in exchange rates could negatively impact GIC Re, UK's technical and investment performance thus affecting growth, profitability, and solvency.

Credit risk refers to the risk of loss if another party fails to perform its obligations or fails to perform them in a timely fashion. The Branch has identified the risk one or more of the Branch reinsurers is unable to pay amounts due or a financial institution holding the assets of the branch fails.

Liquidity risk refers to the risk that sufficient financial resources are not maintained to meet liabilities as they fall due. The Branch has identified the risk that liabilities fall due earlier than expected requiring premature encashment of fixed deposits and result in loss of interest income.

Operational risk refers to the risk of loss resulting from inadequate or failed internal processes, people and systems, or from external events. The Branch has identified the risk that delays occur in responding to, or acceptance of, proposals received, on account of time and resources, resulting in potential loss of business.

Further discussion on the mitigating techniques used by the Branch are outlined in Section C of the SFCR.

Valuation for solvency purposes

An analysis of the adjustments made from the Branch Accounts to the SII assets and liabilities are provided in sections D1 and D3 of this report.

The valuation of the technical provisions including the amount of the best estimate and risk margin are disclosed in section D2 of this report. Descriptions of the methods and main assumptions are also discussed there.

Capital management

Under the European Union's Solvency II Directive (2009/138/EC) ("Solvency II" or "SII"), GIC Re, UK's Own Funds at 31 March 2023 are $252.3m (2021/22: $195.7m). Based on the standard formula, GIC Re, UK's Minimum Capital Requirement ("MCR") is $41.2m (2021/22 $38.7m) and its Solvency Capital Requirement ("SCR") is $164.8m (2021/22 $154.6m). GIC Re, UK therefore has a capital surplus of $211.1m (2021/22 $157.1m) against the MCR and $87.5m (2021/22 $41.1m) against the SCR at 31st March 2023. The ratio of eligible own funds to the SCR is 153.1% (2021/22 126.6%) and 601.3% to the MCR (2021/22: 491.3%).

In addition, GIC Re, UK is a Third Country Branch undertaking of The General Insurance Corporation of India, Mumbai, India. The General Insurance Corporation of India, Mumbai, India has available net assets of $7.829 billion at 31st March 2023 and has a capital surplus of $3.898 billion per Indian regulation.

There were no material changes to GIC Re, UK's business and performance, system of governance, risk profile, valuation for solvency purposes and capital management over the reporting period.

Approval by the Branch Management of the Solvency and Financial Condition Report of General Insurance Corporation of India – GIC Re, UK, London Branch ('the Branch")

Financial Year Ended 31st March 2023

We acknowledge our responsibility for preparing the Solvency and Financial Condition Report (SFCR) of the Branch at 31st March 2023 in all material respects in accordance with the PRA Rules and the Solvency II Regulations.

The Branch Management are satisfied that to the best of its knowledge and belief:

a) during the financial year to 31st March 2023, the Branch has complied in all material respects with the requirements of the PRA rules and Solvency II Regulations as applicable to the Branch; and
b) it is reasonable to believe that, in respect of the period from 31st March 2023 to the date of the publication of the SFCR, the Branch has continued so to comply, and will continue so to comply for the remainder of the financial year to 31 March 2024.

C.E.O.
Date: 05 July 2023

Report of the external independent auditor to the General Manager of General Insurance Corporation of India –UK Branch ('the Branch") pursuant to Rule 4.1 (2) of the External Audit Chapter of the PRA Rulebook applicable to Solvency II firms

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

Opinion

Except as stated below, we have audited the following documents prepared by the Branch as at 31st March 2023:

□ The 'Valuation for solvency purposes' and 'Capital Management' sections of the Solvency and Financial Condition Report of the Branch ('the Narrative Disclosures subject to audit'); and

□ Company templates S02.01.02, S17.01.02, S23.01.01, S25.01.21, S28.01.01 ('the Templates subject to audit').

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

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

□ The 'Business and performance', 'System of governance' and 'Risk profile' elements of the Solvency and Financial Condition Report;

□ Company templates S05.01.02; and

□ the written acknowledgement by management of their responsibilities, including for the preparation of the solvency and financial condition report ('the Responsibility Statement').

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

Basis for opinion

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

Conclusions relating to going concern

Our evaluation of the General Managers' assessment of the Branch's ability to continue to adopt the going concern basis of accounting included:

1. Obtaining manager's going concern assessment and challenging the material assumptions made using our knowledge of company's business performance;
2. Considered the forward looking assumptions and assessed the reasonableness of this based on recent historic performance;
- Assessment of financial solvency through inspection of management's Own Risk and Solvency Assessment ("ORSA"); and
3. Reviewing information obtained during the course of the audit and publicly available market information to identify any evidence that would contradict management's assessment of going concern (including the impacts of COVID19)

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Branch's ability to continue as a going concern for a period of at least twelve months from the date on which the Solvency and Financial Condition Report is authorised for issue.

In auditing the Solvency and Financial Condition Report, we have concluded that the managers' use of the going concern basis of accounting in the preparation of the Solvency and Financial Condition Report is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the Branch's ability to continue as a going concern.

Our responsibilities and the responsibilities of the Managers with respect to going concern are described in the relevant sections of this report.

Emphasis of Matter – Basis of Accounting

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

Other Information

The General Manager is responsible for the Other Information.

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

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

Responsibilities of the General Manager for the Solvency and Financial Condition Report

The General Manager is responsible for the preparation of the Solvency and Financial Condition Report in accordance with the financial reporting provisions of the PRA rules and Solvency II regulations.

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

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

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

Our objectives are to obtain reasonable assurance about whether the relevant elements of the Solvency and Financial Condition Report are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but it is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decision making or the judgement of the users taken on the basis of the Solvency and Financial Condition Report.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.
Based on our understanding of the Company/industry, we identified that the principal risks of non-compliance with laws and regulations related to UK regulatory principles, and we considered the extent to which non-compliance might have a material effect on the Solvency and Financial Condition Report. We also considered those laws and regulations that have a direct impact on the Solvency and Financial Condition Report. We evaluated management's incentives and opportunities for fraudulent manipulation of the Solvency and Financial Condition Report (including the risk of override of controls), and determined that the principal risks were related to management bias in accounting estimates. Audit procedures performed included:

• Discussions with management, external actuaries and the company's compliance function, including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;

• Challenging assumptions and judgements made by management in their significant accounting estimates, in particular in relation to Solvency II valuation adjustments made to the UK GAAP technical provisions balance;

• Identifying material adjustments to derive the Solvency II financial information from the statutory financial statements and assessing for indicators of material non-compliance with Solvency II regulations; and

• Designing audit procedures that incorporated unpredictability around the nature, timing or extent of our testing to material and immaterial Solvency II Balance Sheet items, as well as validating the accuracy of

financial information used to derive the Relevant Elements of the SFCR subject to audit.
There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the Solvency and Financial Condition Report. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

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

Use of Our Report

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

Report on Other Legal and Regulatory Requirements

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

Focus Somar Audit & Tax Accountants Ltd
Chartered Certified Accountants and Statutory Auditors
301, Middlesex House, 130 College Road, Harrow, Middx. HA1 1BQ
Date: 05 July 2023

A. Business and Performance

A.1 Business

General information:

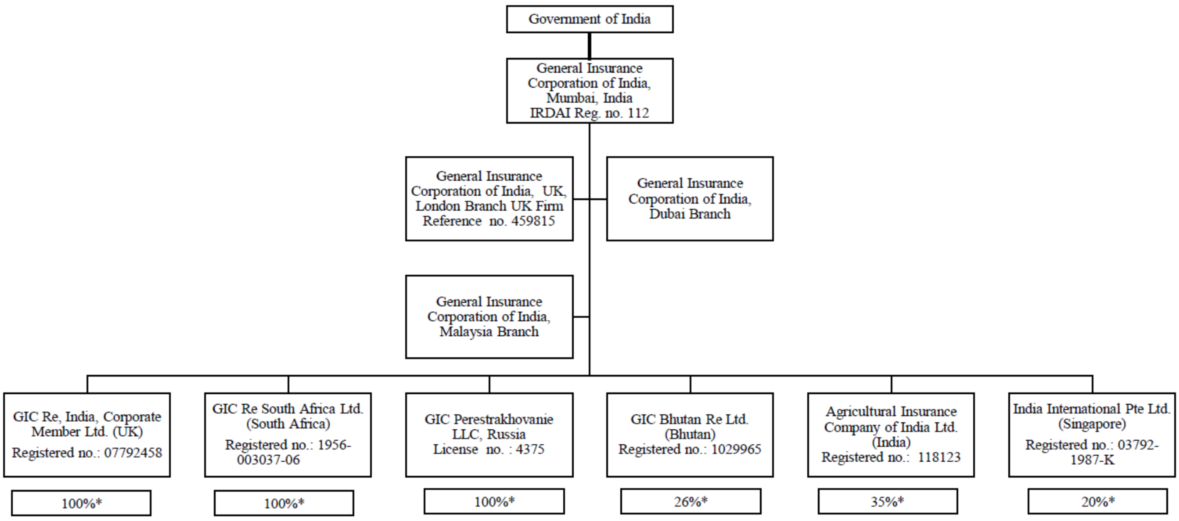
The General Insurance Corporation of India ("GIC Re, India") was incorporated in 1972 under the Indian Companies Act, 1956 and was formed for the purpose of superintending, controlling and carrying on the business of general insurance. GIC was wholly owned by the Government of India until it made an IPO in October 2017 to sell a 14.22% stake in the company to the public on the BSE and the NSE. GIC Re, India has branches in the UK, Dubai, and Malaysia.

General Insurance Corporation of India (UK Branch) ("GIC Re, UK" or the "Branch") is classified as a third country branch in the UK and only underwrites reinsurance contracts. GIC Re, UK operates from London and the UK registered address is 40 Lime Street, 3rd Floor, London, EC3M 7AW.

GIC Re, UK has been operational since 2008, catering to the EU, Caribbean and the South America countries of Brazil, Mexico and Argentina.

As a reinsurer in the domestic reinsurance market, GIC Re, India provides reinsurance to direct general insurance companies. GIC Re, India receives statutory cession of 5% on each and every policy subject to certain limits. It leads many of domestic companies' treaty programmes and facultative placements.

The group structure diagram below presents the material identities of and legal links between GIC Re, UK, its parent and related undertakings:



*Percentage of Share capital and Voting rights

Below is a list of Companies which GIC Re, India has less than 20% shareholding:

Company name	Holding of share capital and voting rights	Country
East Africa Reinsurance Co. Ltd	14.75	Kenya
Asian Reinsurance Corporation	7.31*	Bangkok
Kenindia Assurance Co. Ltd	9.19	Kenya
Tune Insurance Malaysia Berhad (Previously known as 'Oriental Capital Assurance Berhad')	1.54	Malaysia

**This includes 6.16% GIC Re, India holding, & 0.97% holding on behalf of the Government of India.*

GIC Re, UK is subject to regulation by the PRA and FCA.

The supervisory authority of the Branch is the PRA. Contact details of the PRA are:

Prudential Regulation Authority
Bank of England
Threadneedle Street
London
EC2R 8AH

The independent auditors of the Branch are:

Focus Somar Audit & Tax Accountants Ltd
301 Middlesex House,
130 College Road,
Harrow, Middlesex
HA1 1BQ
Date: 05 July 2023

Business overview:

GIC Re, UK writes non-marine property, marine and energy, miscellaneous and aviation classes of reinsurance (facultative and treaty) business in the following territories:

- UK & European Union Countries, Excluding Turkey & former Soviet Union Countries,
- Caribbean Islands,
- Mexico,
- Brazil; and
- Argentina.

For Solvency II purposes GIC Re, UK's business falls under the following lines of business:

- Marine, aviation and transport insurance and proportional reinsurance,
- Fire and other damage to property insurance and proportional reinsurance,
- Non-proportional marine, aviation and transport reinsurance; and
- Non-proportional property reinsurance.

A.2 Underwriting Performance

As indicated in Section A1, GIC Re, UK underwrites pure reinsurance business. The underwriting performance by class of business for the year ended 31st March 2023 and 31 March 2022 was as follows:

Underwriting performance by class of business

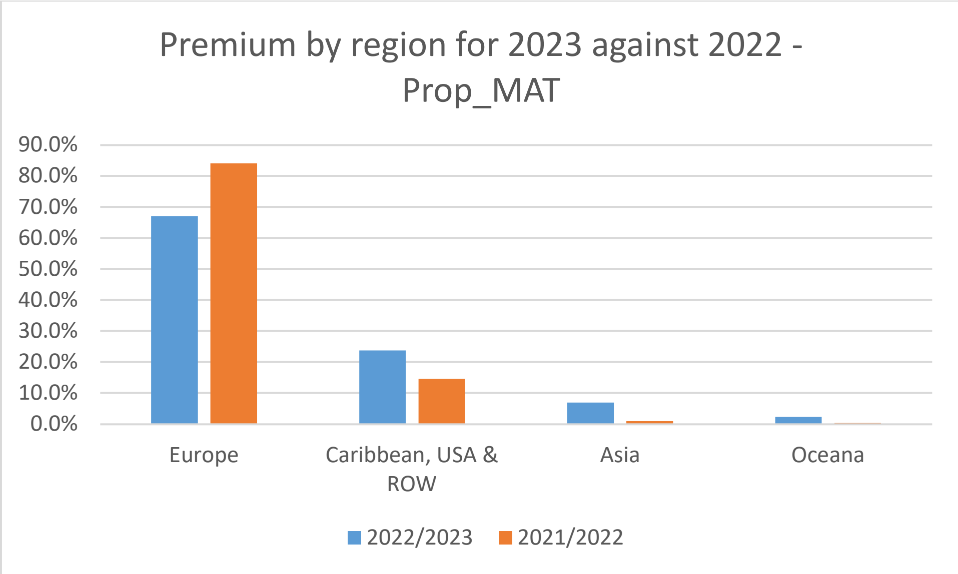
2022/23 - $000's	Gross Premiums Written	Gross Premiums Earned	Gross Claims Incurred	Net Operating Expenses	Reinsurance Balance	Total
Prop Marine, aviation and transport	64,586	65,352	20,434	6,279	50,269	-11,631
Prop Fire and other damage to property	33,011	29,830	17,972	8,994	2,591	273
Non-proportional marine, aviation and transport	1,211	1,253	2,825	83	474	-2,129
Non- proportional Property	51,809	45,725	29,370	6,951	5,554	3,850
Total	150,617	142,160	70,602	22,307	58,888	**-9,637**

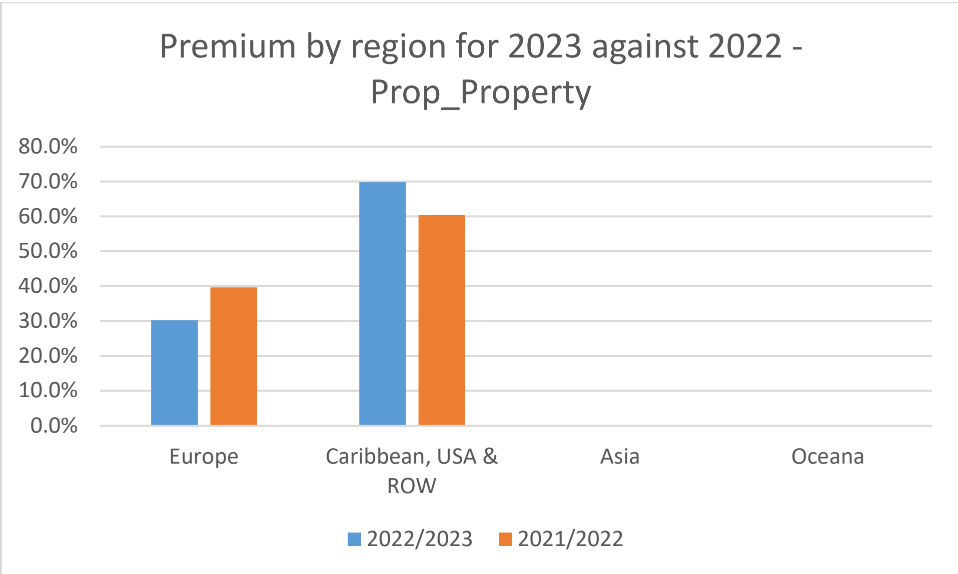
2021/22 - $000's	Gross Premiums Written	Gross Premiums Earned	Gross Claims Incurred	Net Operating Expenses	Reinsurance Balance	Total
Marine, aviation and transport	80,991	84,192	31,233	8,887	50,269	-6,197
Fire and other damage to property	28,512	26,727	21,580	9,078	2,591	-6,521
Non-proportional marine, aviation and transport	1,635	1,706	960	77	474	194
Non- proportional Property	49,497	46,846	35,551	8,058	5,554	-2,318
Total	160,635	159,471	89,324	26,101	58,888	**-14,842**

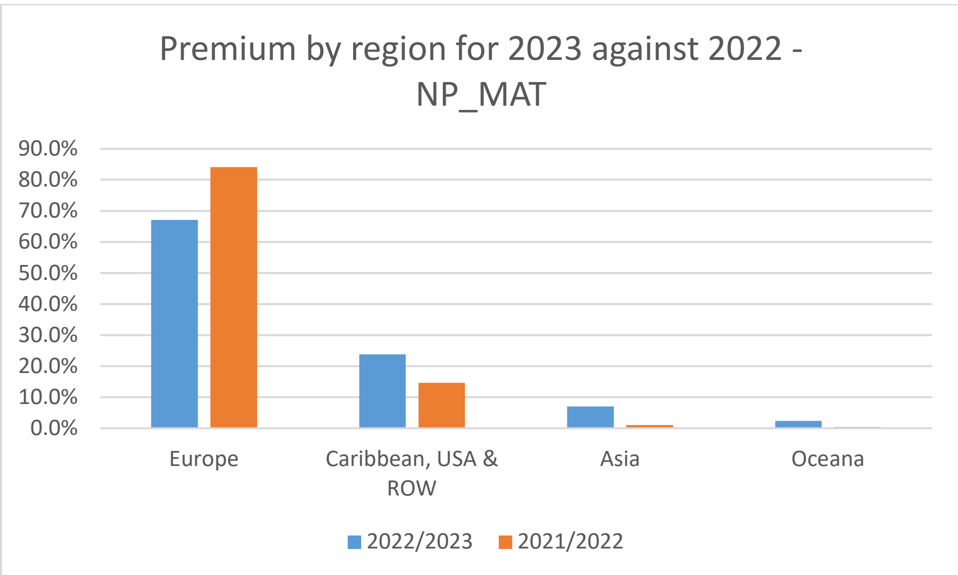
The Branch showed growth in marine, aviation and transport business, and reductions in facultative and treaty property reinsurance as the Branch continued to control the diversification within the overall portfolio.

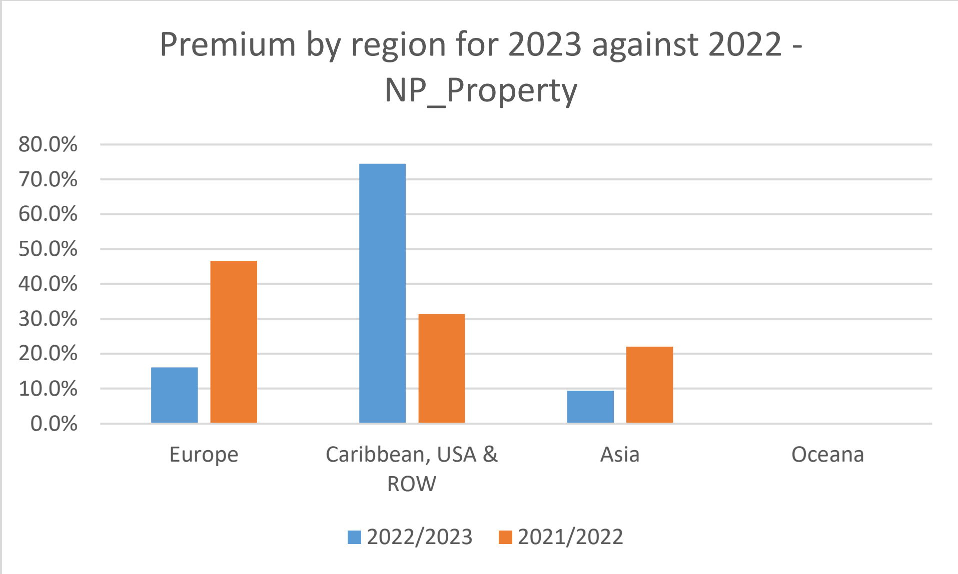
The graphs below show the gross premiums ($ 000) written by geographical area for the years ended 31st March 2023 and 31st March 2022.

Underwriting performance by geographical area









The territorial scope of the Branch remained the same with no additional territories added in 2022/23 or 2021/22. During the year the Branch continued to retain more aviation worldwide business in line with its' risk appetite within a favourable rating environment in the aviation market.

A.3 Investment performance

Investment Income	2022/23 $000	2021/22 $000
Income from deposits with credit institutions and cash at bank and in hand	8,901	1,982

The Branch does not hold any investments other than fixed deposits, which have been classified as cash and cash equivalents within the SII balance sheet. The income for the year relates to the interest income received on these deposits.

A.4 Performance of other activities

Net operating expenses

	2022/23			2021/22		
	Gross $000	Reinsurance $000	Net $000	Gross $000	Reinsurance $000	Net $000
Acquisition costs	29,089	8,851	20,238	34,358	10,620	23,738
Operating expenses	2,069	-	2,069	2,364	-	2,364
	31,158	8,851	22,307	36,721	10,620	26,102

The Branch succeeded in binding the business at lower cost compared to previous years.

Other income/(expenses)

	2022/23 $000	2021/22 $000
Exchange (loss)/gain on cash settlements and fixed deposits on maturities during the year and retranslation of closing balance on Statement of Financial positions at closing rates	2,386	603
Exchange (loss)/ gain on revaluation of closing balances of cash and cash equivalents at closing rates	18,496	16,618
	20,882	17,221

In line with global macroeconomic increases in base interest rates, greater investment yields were earned from the Branch fixed deposits during 2022/23. In addition, continued currency market volatility translated into an exchange rate gain for the period 2022/23 and also 2021/22.

A.5 Any other information

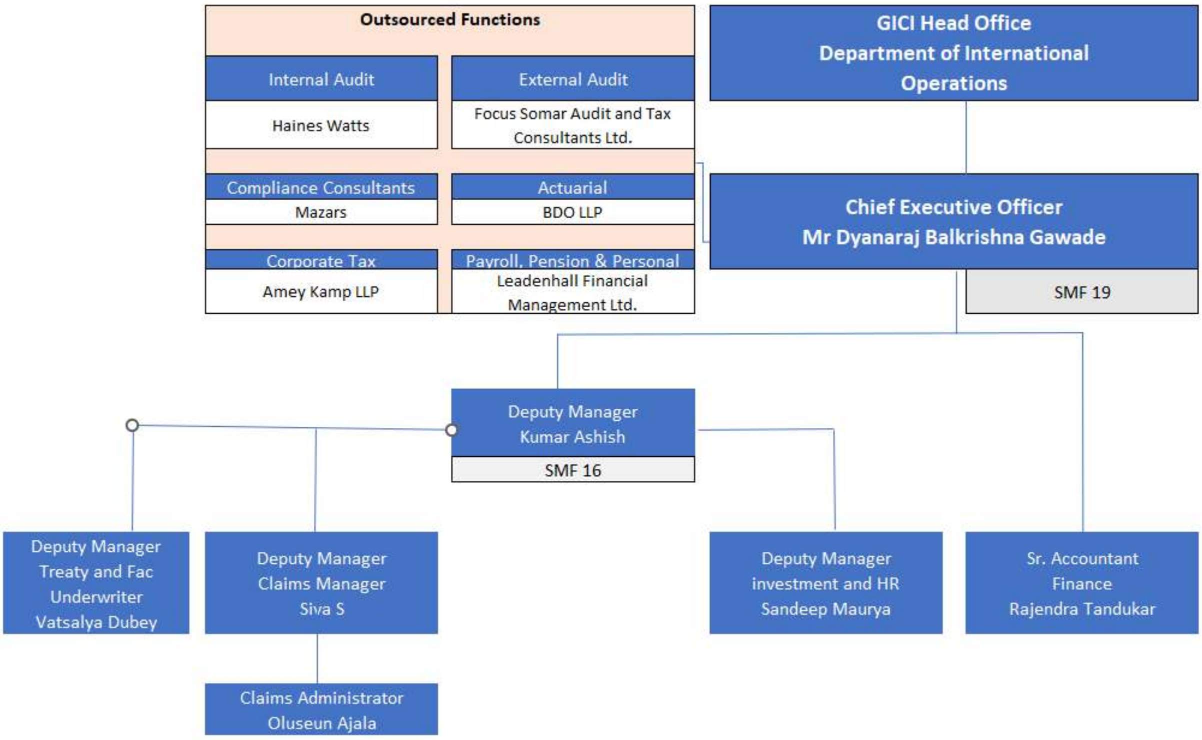
There are no other material matters to disclose in respect to the business or performance of the Branch.

B. Systems of Governance

B.1 General Information on the System of Governance

A Governance Map as required by the PRA's Senior Managers and Certification Regime ("SMCR") is maintained by the Branch. This outlines the responsibilities of individuals and the systems of internal of the Branch and the holders of specific responsibilities detailed by the SMCR regime.

The following chart provides an overview of the current organisational diagram of the Governance of the Branch:



Mr Ramaswamy Narayanan was replaced as Chief Executive Officer by Mr Dyanaraj B. Gawade during FY 2022/23. Mr Dyanaraj B. Gawade holds the PRA Senior Insurance Management Function of Head of Third Country Branch (SMF 19) for GIC UK.

During the year 2022/23 Kumar Ashish received regulatory approval for the Compliance Oversight Function (SMF16) for GIC UK.

The senior members of the Executive Management team at 31st March 2023 are:

Dyanaraj B. Gawade (Chief Executive Officer – UK Branch)
Kumar Ashish (Deputy Manager – UK Branch)

Staff are remunerated on a fixed basis with no variable remuneration. There were a total of seven employee's for the Branch, five of which have been seconded from GIC Re, India. Employees from GIC Re, India are governed by the Mumbai GIC Pension Policy, with the remaining employees having the option to opt into the pension scheme provided by the Branch.

GIC Re, UK's system of governance is considered to be appropriate, taking into account the nature, scale and complexity of the risks inherent in the Branch.

B.2 'Fit and Proper' requirements

The following factors are taken into account when deciding whether an individual is fit and proper:

- honesty, integrity and reputation;
- relevant experience;
- competence and capability; and
- financial soundness.

There is an extensive selection process for the Branch Manager ("Branch CEO") which encompasses the assessment of the individual being fit and proper.

The Branch Manager is elected following the process below:

- Elected to apply based on seniority and experience in reinsurance
- Subject to panel interview conducted by senior officials
- Elected based on recommendation of the panel interview

B.3 Risk Management System including the Own Risk and Solvency Assessment

Risk management system

GIC Re, UK adopts a medium to low-risk appetite when determining the acceptability and management approach to risk.

GIC Re, UK seeks to manage its business in a sensible, considered, and common-sense manner whilst taking sufficient risks to develop the business and compete successfully against other organisations. So, taking risks is necessary, but taking unnecessary or ill-judged risks in areas GIC Re, UK do not fully understand is not. GIC Re, UK will continue to act with prudence in its business activities and approach.

The risk appetite statements are refined by the Branch Manager to set threshold limits on the amount of risk GIC Re, UK should accept. The risk appetite is directly linked to business strategy and the principal risks to which GIC Re, UK is exposed. Any changes to business strategy as a result of the strategic review are reflected in the risk appetite statements as necessary over the planning period. These will be a mixture of quantitative and qualitative measures.

The current risk appetite of GIC Re, UK is shown below:

Risk Category	**Risk Appetite**
Liquidity risk	To meet cash flow requirements by holding cash to cover projected operating expenses.
Credit risk	No material credit exposures in its day-to-day operation.

Reserve risk	To hold sufficient and immediately realisable funds to cover the best estimate of future claims on past contributions.
Insurance/Broker risk	Maintain a good relationship with Insurers and Brokers of good repute and financial strength by monitoring their performance, or making alternative appointments, if appropriate.
Reputational Risk	No appetite for negative press on products and services impacting GIC Re, UK's reputation.
Regulatory Risk	Zero appetite for regulatory risk.

The risks faced by the Branch are identified and monitored as set out in the risk register. Each risk is given a risk score based on likelihood and financial impact. The control assessment forms part of the risk register and is monitored on an ongoing basis.

Own Risk and Solvency Assessment

The ORSA is viewed as integral to the business strategy and is carried out through the processes and procedures employed to identify, assess, monitor, manage and report the short, medium and long-term risks. This forms the basis of determining the own funds necessary to ensure that the undertaking's overall solvency needs are met at all times with an acceptable level of confidence.

The ORSA process below reflects the nature, scale and complexity of GIC Re, UK and identifies the key activities that support the ORSA for GIC Re, UK as well as incorporating the requirements of the ORSA Policy.

1. The Branch Manager reviews and updates the Risk Register alongside the development of the four-year financial plan to evaluate whether GIC Re, UK's risk profile may change as a result of implementation of the business strategy or of other potential external factors impacting the business during the planning period.
2. The Branch Manager reviews risk appetite to inform a review of business strategy. Any deviations outside the agreed risk appetite are highlighted for management action.
3. The Chief Accountant supported by external actuarial consultants performs stress and scenario analysis with the support of the Executive, based on the revised business strategy and outline budget, and any emerging risks identified associated with these. This exercise evaluates the occurrence of unexpected plausible extreme events (stress testing) and the impact of two or more extreme events occurring within a short period of time (scenario testing) on the available capital, as well as scenarios that could lead to the insolvency of GIC Re, UK.
4. The Standard Formula is used for the calculation of solvency requirements for the quantifiable risks in the ORSA and shall be carried out by the Actuarial Function. The Executive review the SCR and solvency projection against the conclusions of the stress and scenario analysis to identify if there are any capital adjustments required for non-quantifiable risks, risks that have been overstated by the Standard Formula and risks that have not been included in the Standard Formula.
5. Executive management conclude whether there should be any changes to the capital held over the planning period and whether additional capital needs to be raised or risk

exposures reduced by the utilisation of risk transfer strategies. All these conclusions are documented in the ORSA report for Executive review and approval, and regulatory submission.

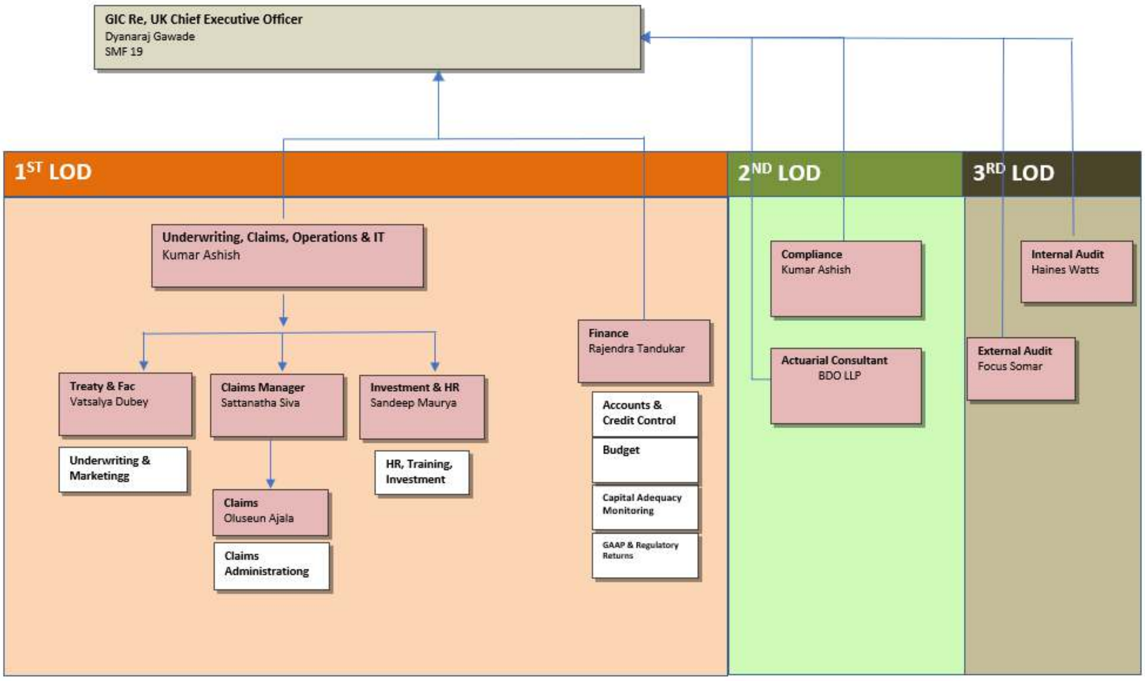
The ORSA is a continuous process that generates outputs for senior management on a regular basis. The annual ORSA report is provided to the PRA annually and as required in accordance with regulatory requirements.

The process around risk management acts as a method for identifying capital adequacy requirements and business growth strategies. The risk register is reviewed on a continuing basis and encompasses current and emerging risks.

Identified risks are added to GIC Re, UK's risk register and then assessed on probability and utilising a 5x5 heat map which results in an 'inherent risk' rating. Controls are identified and any further mitigation requirements are considered.

B.4 Internal Control System

The Internal Control System is based on a 'three lines of defence' approach as illustrated below:



The First Line of Defence is the responsibility of senior management. This involves day-to-day risk management, in accordance with risk policies, appetite and internal controls at the operational level.

The Second Line of Defence concerns those responsible for risk oversight and risk guidance. As well as monitoring reports, they are responsible for risk policies and risk processes and control design.

Third Line of Defence is independent assurance to the Chief Executive Officer of GIC Re, UK and senior management of the effectiveness of the risk management processes.

B.5 Internal Audit Function

The internal audit function for the Branch is carried out by HW Controls & Assurance Ltd. The scope of internal audit is determined with reference to the Risk Management Framework adopted by the Branch and the business plan for the forthcoming period.

The internal audit scope is divided into the following two categories:

1. Transactions and Compliance Audit
2. Spot Checks
3. Special Audits

Transactions and Compliance Audit

This audit is performed on an on-going basis to ensure that the underwriting and claims settlement processes are in compliance with the underwriting and claims guidelines and manuals applicable to the Branch. Audits are also carried out to ensure that accounting systems and procedures are followed.

Spot Checks

Spot checks are performed to confirm adherence to basic controls, defined policies/ practices and guidelines and/or specific management directives. These are very specific designed to provide assurance regarding ongoing adherence to agreed policies and procedures. There are three rounds of spot checks in the year – each time covering one to two specific areas.

Special audits

Special audits, are performed on a one-time basis to evaluate the controls, the risk exposure and the operational efficiency. The focus of assessments falls into the following areas:

- Internal controls
- Operational efficiency
- Systems and procedures
- Documentation
- Accounting
- Risk exposure

Special audits cover the selected function/area in depth to provide a comprehensive analysis of the current processes and policies to identify gaps with reference to documented policies and/or best practices.

B.6 Actuarial Function

The Actuarial Function is overseen by the Branch CEO and the Appointed Actuary at GIC Re India. The Branch uses the services of external actuarial consultants, BDO LLP ("BDO"). GIC Re, UK believes that the internal staffing and the professional services provided by BDO are appropriate for the nature, scale, and complexity of the risks to which the Branch is exposed.

During the year the Actuarial Function coordinated the calculation of technical provisions; ensured the appropriateness of the methodologies and underlying models used as well as the assumptions made in the calculation of technical provisions; assessed the sufficiency and quality of the data used in the calculation of technical provisions; compared best estimates against experience; informed the executive management of the reliability and adequacy of the calculation of technical provisions; oversaw the calculation of technical provisions. These activities contributed to the effective implementation of the risk-management system, in particular with respect to the risk modelling underlying the calculation of the capital requirements.

B.7 Outsourcing

A summary of GIC Re, UK's outsourcing arrangements is outlined below:

Outsourced Provider	Service Outsourced	Jurisdiction
BDO LLP	Actuarial and regulatory reporting support	UK
Mazars	Regulatory compliance support	UK
HW Controls & Assurance Ltd	Internal Audit	UK
Focus Somar Audit & Tax Accountants Ltd	External Audit	UK
Amey Kamp LLP	Corporate Tax	UK
Leadenhall Financial Management Ltd	Payroll, Pension and Taxation	UK
Moore Pay	Human Resources	UK
AITS Solutions	Information Technology	UK

The Branch has put in place policies and procedures to ensure the outsourced services are monitored and reviewed on a regular basis. Refer to the organisation chart provided in section B1 above for an overview of key management staff and their responsibilities

B.8 Any Other Information

There are no other material matters to disclose in respect to the systems of governance of the Branch.

C. Risk Profile

The process around risk management acts as a method for identifying capital adequacy requirements and business growth strategies. The risk register is reviewed on a continuing basis and encompasses current and emerging risks.

Identified risks are added to GIC Re, UK's risk register and then assessed on probability and utilising a 5x5 heat map which results in an 'inherent risk' rating. Controls are identified and any further mitigation requirements are considered. Managers review effectiveness of the controls and to establish appropriate residual risks ratings. These are then compared to the risk appetite and a decision made as to whether additional controls are required.

Management of individual risks, aggregated risk exposures and concentration risk exposures within and across these key risk categories is a key objective of the risk management program.

C.1 Underwriting Risk

The underwriting risk encompasses the insurance risk which refers to the risk of loss arising from the inherent uncertainties about the occurrence, amount and timing of insurance liabilities and premiums.

Risk identified

There is a risk that appropriate procedures are not in place to allow proper monitoring of the application, management and effectiveness of the company-branch reinsurance programme.

Techniques used to mitigate risk and the process of monitoring

The Branch purchases all the required reinsurance programmes by itself, as required, including the reinsurance programmes that used to be purchased by GIC Head Office, in previous years.

Risk identified

There is a risk that reinsurance recoveries are not processed in a timely and complete manner.

Techniques used to mitigate risk and the process of monitoring

- Reinsurance recoveries are monitored from RI by ensuring:
  - the ability to identify and recover any money that it is due in a timely manner,
  - that it makes adequate financial provision for the risk that it is unable to recover any money that it expected to be due, as a result of either a dispute with or a default by the reinsurer/risk transfer provider.

C.2 Market Risk

Market risk refers to the risk that arises from fluctuations in values of or income from assets, in interest rates or in exchange rates.

Risk identified

Unusual external events and abnormal market conditions could result in near catastrophic breakdown of financial institutions, interest rates, foreign exchange rates, equity markets, non-availability of credit, economic deflation and stagnation. This would negatively impact GIC Re, UK's technical and investment performance thus affecting growth, profitability, and solvency.

Techniques used to mitigate risk and the process of monitoring

- The Solvency position is monitored throughout the year, including in quarterly returns submitted to the PRA.
- Monitoring of Insurance risk consequent to market risks and any material changes (severity and frequency), in business revenues, claims ratios, and expense ratios.
- Monitoring of impact of market, insurance, and credit risks on capital adequacy.
- Monitoring market developments and information in abnormal market conditions, for potential insolvencies / administration / Government intervention etc. related to banks/financial institutions, for exercising withdrawal options in view of limited regulatory guarantees on bank deposits
- Monitoring Euro zone developments closely (circa 30% of annual revenue, excluding UK), for negative market information on potential bank insolvencies, sovereign debt issues, severe spending cuts combined with economic recession, weakening Euro / other non-Euro currencies within Euro zone, potential re/insurer downgrades (cedant and reinsurer exposure)
- Capital injection from GIC Re, India if/as required.

C.3 Credit Risk

Credit risk refers to the risk of loss if another party fails to perform its obligations or fails to perform them in a timely fashion.

Risk identified

There is a risk that inadequate levels of diversification result in concentration of credit risk with one or few reinsurers resulting in increase of financial impact in case of reinsurer insolvency.

Techniques used to mitigate risk and the process of monitoring

- Compliance with Indian regulatory guide on maximum proportion of RI with single reinsurer entity (20%), sets the risk tolerance for risk concentrations (limits on those exposures and concentrations).
- GIC Re, India monitors the percentage placement with single reinsurer entities
- The annual RI programme is finalised by GIC Re, India and ensures compliance with the limits set by the Indian Regulator of 20%.
- The annual RI programme is subject to approval by the Board where any counterparty risk concentration beyond regulatory limit rules would be challenged.

Risk identified

There is a risk that claims recoveries and/or cover renewals are delayed due to reinsurer insolvency, merger or acquisition. There is a further risk that the reinsurer(s) credit rating is downgraded below an acceptable rating standard requiring review/replacement with suitable reinsurer which might result in the protection being more expensive.

Techniques used to mitigate risk and the process of monitoring

- Reinsurance cover with reinsurers having minimum credit rating (as specified by regulators) and in compliance with company's reinsurer criteria.

- Consideration given to market reputation and credit rating of the reinsurer when purchasing RI programme.
- Continuous monitoring of credit rating/ market information/ financial position of reinsurers.
- Assessment of the claims payment record of reinsurer(s).
- Aged analysis of outstanding recoverable by reinsurer and contract.
- Escalation to management where necessary.
- Adjustments from premium payable to reinsurer wherever possible.

C.4 Liquidity Risk

Liquidity risk refers to the risk that sufficient financial resources are not maintained to meet liabilities as they fall due.

Risk Identified

There is a risk that liabilities fall due earlier than expected requiring premature encashment of fixed deposits and result in loss of interest income. Further, inflows from the realisation of assets (at either maturity or time of sale) are less than anticipated because of the crystallisation of credit risk or market risk which may result in insufficient funds.

Techniques used to mitigate risk and the process of monitoring

Fixed Deposits are held with various maturity dates. Assessment of the Branch liabilities is carried out in context of the liquidity risk by taking into account:

(1) type of insurance business;
(2) past history of volatility in the pattern of claims payment;
(3) options available to policyholders and the circumstances in which they are likely to be exercised;
(4) options available to the insurer and any incentive for the insurer to exercise them;
(5) the principal amount to be received on a particular date will be known even if the interest is at risk;
(6) any relevant requirements to deposit collateral either with the insured (or cedants) under terms of the insurance Treaty or by requirements of overseas regulators as a condition for covering risks in a particular territory; and
(7) other cash flow needs of the business.

Expected profits included in future premiums (EPIFP) is $22.9m as at 31st March 2023 (2021/22: $23.0m) and represents the inclusion in technical provisions of premiums on existing (in-force) business that will be received in the future, but have not yet been received.

C.5 Operational Risk

This refers to the risk of loss resulting from inadequate or failed internal processes, people and systems, or from external events.

Risk identified

There is a risk that an appropriate insurance risk management system is not established and/or maintained. There is a further risk that Branch policy for insurance risk, including its risk appetite and how it is identified, measured, monitored and controlled is not documented.

Techniques used to mitigate risk and the process of monitoring

- There are established and defined insurance risk policies within the underwriting guidelines provided by GIC Re, India. This includes: Rules and guidance and levels of capacity, Classes and characteristics of insurance business.
- The Global solvency position is reviewed on an annual basis.

Risk Identified

There is a risk that delays occur in responding to, or acceptance of, proposals received, on account of time and resources, resulting in potential loss of business.

Techniques used to mitigate risk and the process of monitoring

- Process guidelines provide for response within 48 hours,
- Annual General Meeting review of business,
- Managers review flow of business daily,
- Risk acceptance spreadsheet maintained for control of business received/ accepted,
- Average time taken for each proposal can be tracked,
- All underwritten business entered into ‘SAP’ software.

Risk Identified

There is a risk that disruption occurs in server/ email provider/ LIRMA/ RMS system/ other resulting in interruption, delay and/or loss of data.

Techniques used to mitigate risk and the process of monitoring

- Business Continuity / Disaster recovery plans are in place
- External consultant is employed to maintain hardware
- SLA in place to maintain software
- There is a central server in India and can be used as back up if there is a failure in the Branch’s system
- Data is backed up on a regular basis and kept off site
- Hardcopies of important reports are kept
- IT system failure log is maintained

Risk Identified

There is a risk that errors in software system(s) result in inaccurate processing, production of inaccurate transactional information, incorrect accounts, and reports of management information.

Techniques used to mitigate risk and the process of monitoring

- There is segregation of front and back office functions
- Regular reconciliation of financial data is carried out which would identify transactional errors.
- Internal procedure of monthly reconciliation ensures early redressal of issues.
- Internal audit findings aid in monitoring this risk.
- There are systems security surrounding access to information.
- Software related failure log is maintained (Type - period- value - volume - impact)

Risk Identified

There is a risk that the system does not produce required level of Business analytics/ Management Information (MI) for regulatory reporting/ Risk based MI/ aggregate monitoring functions. This would result in inadequacies in assessment of risks, potential breach of risk limits, resulting in unviable risk exposures, potential failures of systems and controls, financial and reputational loss.

Techniques used to mitigate risk and the process of monitoring

- Alternative processes used for such requirements
- Phased Updating of the Software intended to include required functions

C.6 Other Material Risks - Group reinsurance

Risk Identified

There is a risk that reinsurance cover is exhausted by other areas of the group due to shared elements of RI cover across other operational centres.

Techniques used to mitigate risk and the process of monitoring

- Centralised monitoring of reinsurance recoveries by GIC Re, India.
- Reporting on updated Reinsurance claims.
- GIC Re, India monitor reinstatements and back-up or top-up covers.
- Gradual rationalisation of the RI programme.
- Separate structures and limits by territories (allocated to each of the operational units), limiting and/or minimising the risk arising from the shared RI protection.

C.7 Stress Tests

The reverse stress test is designed under Standard Formula to identify the most probable stress that GIC Re, UK could experience which would threaten the viability of the reinsurance capabilities of GIC Re, UK.

GIC Re, UK considers additional stress scenarios that could be significant to its business, these are detailed in the company's annual ORSA Report. In summary, a few of the stress scenarios selected are set out below.

1. Growth in proportional MAT business with corresponding deterioration in performance
2. Business volumes grow faster than expected across all lines of business
3. Continued currency fluctuations driven by macroeconomic events
4. Reverse stress test including increasing frequency of CAT events due to climate change
5. Reverse stress test including portfolio loss ratio deteriorations
6. Reverse stress test including stressing a weakened global economy leading to Bank default

In addition, GIC Re, UK also conducts reverse stress tests (4-6) to assess the extent of the stresses necessary such that the excess capital over SCR becomes nil.

The above stress scenarios aim to assess the impact of extreme scenarios to which GIC Re, UK may be exposed.

Under each of the stress scenarios, the Branch would be able to recover from each outcome by taking management action. This was evidenced during 2017 when GIC Re, UK experienced hurricane losses which caused a temporary shortfall in own funds. GIC Re, UK received a capital injection from its head office, GIC Re, India, and are well placed to meet policyholder liabilities with a 99.5% confidence level.

D. Valuation for Solvency Purposes

D.1 Assets

The following table provides a comparison of the valuation of assets in GIC Re, UK's Branch Accounts for the year ended 31st March 2023 ("Branch Accounts") compared to the valuation for Solvency II purposes shown on the Solvency II Balance Sheet. The Branch Accounts have been prepared in accordance with the Financial Reporting Standard 102 'The reporting standard applicable in the United Kingdom and Republic of Ireland' ('FRS 102') and the recognition and measurement principles of Financial Reporting Standard 103 – 'Insurance Contracts' ('FRS 103') with the exception that the unearned premium reserve and deferred acquisition costs that are contracted in a foreign currency have not been retranslated into the functional currency of the branch using the closing rate at the balance sheet date. The unearned premiums reserve and deferred acquisition costs are not part of the Solvency II Balance Sheet (see further details regarding Solvency II adjustments below).

As at 31st March 2023 $'000	Branch	Solvency II	
	Accounts Valuation	Valuation Adjustment	Solvency II Valuation
Deferred acquisition costs	8,211	-8,211	0
Deferred tax asset	-	4,510	4,510
PPE	22	0	22
Reinsurance recoverables	47,429	7,881	55,310
Deposits to cedants	22,257	0	22,257
Insurance and intermediaries receivables	62,791	-46,365	16,427
Cash and cash equivalents	392,370	0	392,370
Other assets	1,509	0	1,509
Total Assets	**534,590**	**-42,184**	**492,406**

As at 31st March 2022 $'000	Branch	Solvency II	
	Accounts Valuation	**Valuation Adjustment**	**Solvency II Valuation**
Deferred acquisition costs	6,925	-6,925	0
Deferred tax asset	3,060	2,759	5,819
PPE	31	0	31
Reinsurance recoverables	39,787	19,639	59,425
Deposits to cedants	22,372	0	22,372
Insurance and intermediaries receivables	81,686	-81,686	0
Cash and cash equivalents	349,457	0	349,457
Other assets	785	0	785
Total Assets	**504,103**	**-66,213**	**437,890**

An explanation of the adjustments made to arrive at the Solvency II valuation is provided in the paragraphs below.

Deferred acquisition costs

On a Branch Accounts basis certain costs incurred related to the production of business have been deferred. These costs include direct and indirect expenses related to underwriting, marketing and policy issuance. Acquisition costs which relate to a subsequent financial year are deferred and charged or credited to the accounting periods in which the related premiums are earned. Deferred acquisition costs represent the proportion of acquisition costs incurred that corresponds to the proportion of premiums written which are unearned at the balance sheet date.

Deferred acquisition costs are not an asset on the SII Balance Sheet as acquisition costs are included within the cash flow model for technical provisions.

Reinsurance recoverables

The Solvency II balance sheet reinsurance recoverable asset figure is the discounted best estimate of expected reinsurance claim recoveries. For the purposes of the Branch accounts, claims reserves and premium reserves are shown on a net of reinsurance basis. For Solvency II purposes, gross technical provisions and reinsurance recoverables are shown separately.

Insurance and intermediaries receivables

On a Branch Accounts basis insurance and intermediaries receivables are initially recognised at the transaction price, including any transaction costs, and are subsequently measured at realisable value, less any provision for impairment.

Amounts that are receivable within one year are measured at the undiscounted amount of the amount expected to be receivable, net of any impairment.

Insurance and intermediaries receivables are not an asset on the SII Balance Sheet, unless past due, as amounts receivable are included within the cash flow model for technical provisions as they are not overdue.

Cash and cash equivalents

On a Branch Accounts basis cash and cash equivalents comprises cash on hand and demand deposits with banks which are exchangeable for currency on demand at par and which are directly usable.

On a Branch Accounts basis accrued income of $2.3m related to cash and cash equivalents is shown within cash and cash equivalents, so there is no longer a need to make an adjustment on the Solvency II balance sheet.

Other assets

On a Branch Accounts basis, other assets consist of prepayments (prepaid expenses), advances to directors/officers and sundry creditors.

These assets are not a separate asset on the SII Balance Sheet and are included within 'Any other assets, not elsewhere shown'. Certain prepayments are disallowed on the Solvency II balance sheet since these do not represent future cash-flows.

Deferred Tax asset (DTA)

On the Solvency II balance sheet DTA arises from deductible temporary differences between the economic value of assets or liabilities on the Solvency II balance sheet and the Branch accounts valuation. Assets are recognised to the extent that it is probable that future taxable profits will be available against which they can be utilised.

D.2 Technical Provisions

On the Branch Accounts, technical provisions represent the unearned premium reserve and claims outstanding.

The provision for unearned premiums comprises the amount representing that part of gross premiums written which is estimated to be earned in the subsequent financial years, computed for each insurance contract using the 365th method in case of facultative and non-proportional treaties and 1/8th basis in case of proportional treaties. The change in this provision is taken to profit and loss in order that revenue is recognised over the period of the risk. A similar computation is made in respect of the reinsurer's share of unearned premium reserve.

Claims outstanding comprise of outstanding loss reserve estimates gross and net of reinsurance. Claims incurred but not reported (IBNR) provision is included on a net of reinsurance basis.

Claims IBNR is derived using standard actuarial techniques and industry benchmarks.

Technical Provision calculation methodology under Solvency II

Technical Provisions under Solvency II are determined as the sum of the discounted best estimate liabilities and a risk margin.

Best Estimate of Technical Provisions

Calculation of technical provisions is split into claims provisions (relating to events which occurred before the valuation date) and premium provisions (relating to events which are expected to occur after the valuation date which are covered under bound contracts). The claims and premium provisions are the discounted best estimate of all future cash flows (claim payments, expenses and future premiums) arising from the Branch's obligations. The methodology adopted is designed to comply with the Delegated Acts which state the following principles:

1. The best estimate shall correspond to the probability-weighted average of future cash-flows, taking account the time value of money (expected present value of future cash-flows), using the relevant risk-free interest rate term structure.
2. The calculation of the best estimate shall be based upon up-to-date and credible information and realistic assumptions and be performed using adequate, applicable and relevant actuarial and statistical methods.
3. The cash-flow projection used in the calculation of the best estimate shall take account of all the cash in- and out-flows required to settle the insurance and reinsurance obligations over the lifetime thereof.

The best estimate is calculated, in the first instance, for gross liabilities with reinsurance recoverables calculated separately.

Solvency II requires estimates to be on a best estimate basis with no explicit margins for prudence.

Cash flow patterns are derived from the actuarial reserving exercise, and these are then used to calculate the discounted provisions on the Solvency II balance sheet. The discounting is carried out using the PRA prescribed risk-free yield curves.

Matching adjustment

The Branch does not apply a matching adjustment to the technical provisions.

Risk Margin of Technical Provisions

The risk margin is a calculation of the cost of capital that another insurer taking on the liabilities at the valuation date would require to manage the business on the basis of transferring the liabilities to a willing buyer. The risk margin is calculated as the sum of all non-hedgeable SCR risks, projected to each year in the future, discounted and using a 6% cost of capital.

The following risks are taken into account for the risk margin calculation:

- Non-Life Premium and Reserve Risk excluding risk on future business;
- Non-Life Catastrophe Risk;
- Non-Life Lapse Risk;
- Counterparty Default Risk in respect of reinsurance recoverables; and
- Operational Risk.

The risks listed above are projected in line with the Delegated Acts using level 2 and level 3 simplifications.

The net technical provisions at 31st March 2023 on the Solvency II Balance Sheet are made up as follows:

2022/23 $'000	Marine, Aviation and Transport	Fire and other damage to property	Non-prop Marine, Aviation and Transport	Non-prop property insurance	Total
Best Estimate	32,300	57,281	7,769	69,212	166,561
Risk Margin	2,837	5,031	682	6,079	14,628
Total	**35,137**	**62,311**	**8,451**	**75,291**	**181,189**

2021/22 $'000	Marine, Aviation and Transport	Fire and other damage to property	Non-prop Marine, Aviation and Transport	Non-prop property insurance	Total
Best Estimate	28,561	49,477	8,915	81,418	168,370
Risk Margin	1,981	3,432	618	5,648	11,679
Total	**30,542**	**52,909**	**9,533**	**87,066**	**180,050**

Solvency II and Branch Accounts valuation differences - technical provisions

The table below shows a reconciliation of the Branch Accounts valuation of technical provisions to the Solvency II net technical provisions at 31st March 2023.

$'000	2022/23	2021/22
Statutory Reserves	205,130	201,420
Conversion to USD Adjustment	-1,667	11,790
Removal of Prudence	0	0
DAC	-8,211	-6,925
Statutory reserves less DAC	195,252	206,285
Remove UPR	-35,972	-26,856
Net Claims on UPR	**61,501**	**53,298**
Future Premiums	-57,677	-74,189
(Profit)/Loss on BBNI and future premiums	-640	-478
ENIDS	7,182	7,645
Sol II Expense Provision	5,445	5,850
Counterparty Default Provision	204	199
Discounting	-8,733	-3,384
Risk Margin	14,628	11,679
Net SII Technical Provisions	181,189	180,050

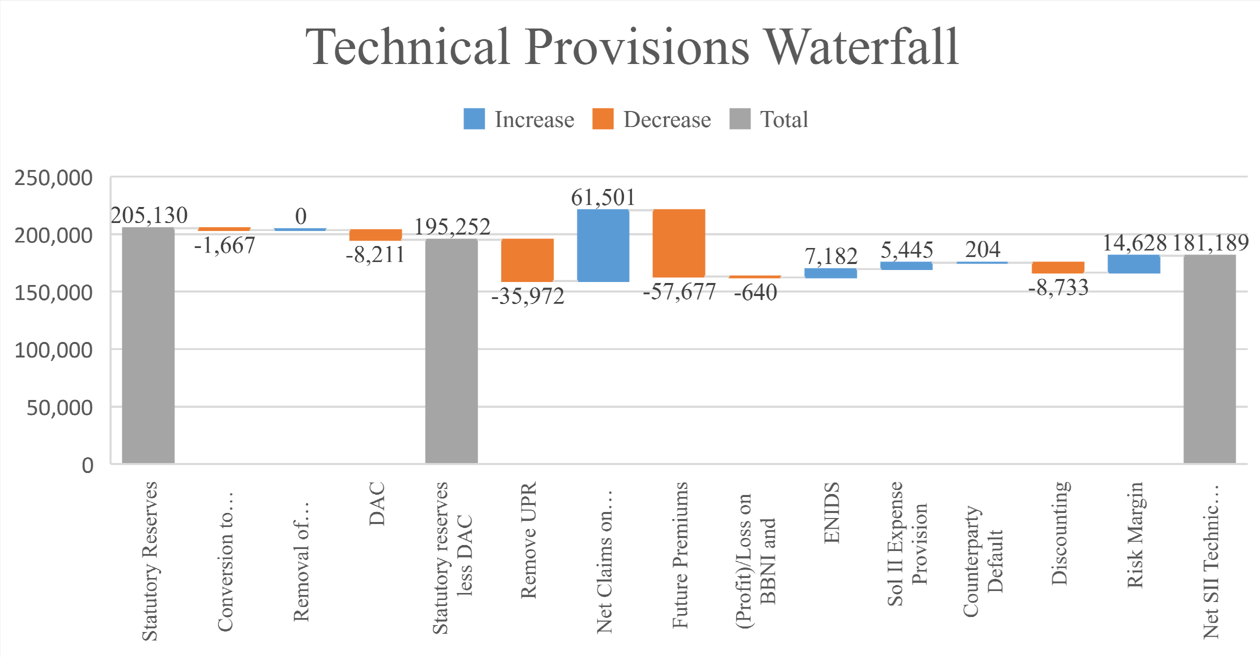
The Statutory reserves which are equal to the Technical Reserves in the Branch Accounts ($205,130) have remained broadly flat.

The differences between the Branch Account valuation and Solvency II valuation of Technical Provisions arise from:

- Conversion to USD adjustment ($-1,667) arising from currency exchange valuation differences when moving to the reporting currency.
- Removal of prudence, which is $0 this year, previously there was a margin relating to remaining uncertainties arising from disputed coverage for a few reported business interruption claims arising from COVID 19.
- Removal of DAC ($-8,211k) as DAC is not an item in the Solvency II valuation of Technical Provisions basis.
- Remove Unearned premium reserve net of DAC (UPR) ($-35,972k) as it is also not an item in the Solvency II valuation of Technical Provisions basis.
- Addition of expected claims on UPR ($61,501k), which replaces the Statutory UPR and is the best estimate of claims that will arise on unexpired exposures.
- Premiums receivable ($-57,677k) which represent the best estimate of future premium to be received in respect unearned exposures. These have increased this year due to an increase in the past due insurance and intermediaries receivables.
- Net cash-flows on future premiums and bound but not incepted premiums (BBNI) ($-640k) which is an item in the Solvency II valuation of Technical Provisions and not one in the Statutory valuation.
- Allowance for events not in data (ENIDS) ($7,182k) which is an adjustment to the Statutory valuation of best estimate claims so as to reflect the full range of probability weighted loss scenarios as per the Solvency II valuation of Technical Provisions basis - the Statutory valuation is on a reasonably foreseeable basis.
- Solvency II expense provision ($5,445k) which provides a reserve for the expense of running off the claims in the Technical Provisions.
- Counterparty default allowance ($204k) which as per the solvency II valuation of Technical Provisions basis represents the expected loss arising from defaults of reinsurers.
- Discounting adjustment ($-8,733k) which allows for the time value of money of the future cash flows considered within the Solvency II Technical Provisions. This has changed during the year as a result of moving interest rates and to the change in cash flow profile of retained business.
- Add Solvency II Risk Margin ($14,628k) which represents the cost of capital associated with running off the best estimate liabilities. It has increased in line with the increase in the non-diversifiable SCR.

This results in a Solvency II Net Technical Provision of $181,189k.

The graph below shows the bridging between Statutory Reserves and the net Solvency II Technical Provisions (in $'000s):



The Branch does not have any approvals in place in relation to any Solvency II transitional measures. The volatility adjustment referred to in Article 77d of the Directive has not been applied by the Branch.

Uncertainty associated with the valuation of technical provisions primarily arises from how future actual experience will differ from the best estimate assumptions used to calculate technical provisions. A key actuarial assumption included in the technical provisions is the calculation of the Events Not in Data ("ENID") provision. A Truncated Statistical Distribution approach has been used. Under this methodology, a full claims distribution is generated assuming a lognormal distribution of claims payments based on standard formula parameters. This distribution is then truncated to create a second distribution. The ratio of the true mean and the mean only including realistically foreseeable events is used as the uplift factor of reserve best estimate. The volatility parameter used for each segment's distribution is based on the SII standard deviation for reserve risk for each segment.

A robust assumption setting process is followed by the Branch in order to ensure the uncertainty is well understood.

D.3 Other Liabilities

As at 31st March 2023 $'000	Branch	Solvency II	
	Accounts Valuation	Valuation Adjustment	Solvency II Valuation
Deferred tax liability	0	0	0
Insurance and intermediaries payables	23,323	-23,323	0
Deposits from reinsurers	2,607	0	2,607
Payables (trade, not insurance)	0	0	0
Any other liabilities, not elsewhere shown	1,044	-	1,044
Total Other Liabilities	26,974	-23,323	3,651

As at 31st March 2022 $'000	Branch	Solvency II	
	Accounts Valuation	Valuation Adjustment	Solvency II Valuation
Deferred tax liability	0	0	0
Insurance and intermediaries payables	39,676	-39,676	0
Deposits from reinsurers	2,444	0	2,444
Payables (trade, not insurance)	0	0	0
Any other liabilities, not elsewhere shown	264	0	264
Total Other Liabilities	42,383	-39,676	2,707

Insurance and intermediaries payables

Age wise analysis is carried out for insurance payables which are less than 90 days overdue.

Insurance and intermediaries payables are not a liability on the Solvency II Balance Sheet as amounts payable are included within the cash flow model for technical provisions.

Payables (trade, not insurance)

Basic financial liabilities, including creditors are initially recognised at transaction price, including any transaction costs.

Amounts that are payable within one year are measured at the undiscounted value of the amount expected to be payable.

The valuation and presentation of the Branch's other payables for Solvency II is consistent with the treatment for the Branch Accounts.

D.4 Alternate Methods for Valuation

Alternative methods for valuation are not used by the Branch.

D.5 Any Other Information

There is no other material information on the valuation for solvency purposes to be disclosed for the Branch.

E. Capital Management

E.1 Own Funds

Objective, policies and processes of managing Own Funds

As a reinsurer, GIC Re, UK receives premium from reinsured(s) and it is incumbent upon the Branch to use and invest these monies wisely to increase profitability and ensure sufficient funds are available to meet financial obligations.

The income generated by such investment activity is a contributor to the Branch profit. The Branch manages its investments with a clear set of objectives and goals based on acceptable philosophy.

Objectives:

- Ensuring and maintaining liquidity to meet likely obligations.
- Creating investment income to enhance and supplement the profitability of the Branch.
- Ensuring preservation and safety as well as the value of the investible funds vis-à-vis inflation.
- Growing the value of the funds.
- Create capital buffer for any planned increased underwriting in future.
- To ensure the requirements of Solvency II as desired by the Regulators are met at all times.

The table below shows the company's fixed deposit accounts with bank counterparties and amounts held with each alongside their credit rating profile as at the year-end:

Bank Counterparty	Credit Rating*	Deposits held*	
		2022/23	**2021/22**
Bank of India	BAA3	9,940	344
HSBC	AA3	372,022	313,640
Union Bank of India	BA1	10,287	20,581
SBI	BAA3	121	131
Bank of Baroda	BA1		40,254
Total		**392,370**	**374,950**

*Source: Moody's

In addition the company holds current accounts with the same banks as mentioned above.

An analysis of Own Funds is shown below:

	Tier	2022/23 $'000	2021/22 $'000
Reconciliation reserve	1	247,745	189,888
Net deferred tax assets	3	4,510	5,819
Total basic own funds		**252,255**	**195,707**

As at 31st March 2023 $'000	Branch	Solvency II	
	Accounts Valuation	**Valuation Adjustment**	**Solvency II Valuation**
Property, Deposits with Cedants and Other Assets	23,788	0	23,788
Cash and cash equivalents	392,370	0	392,370
Inclusion of Deferred Tax Assets	-	4,510	4,510
Exclusion of DAC	8,211	-8,211	0
Addition of RI recoverables	47,429	7,881	55,310
Insurance and Intermediary Receivables - (transfer to technical provisions)	62,791	-46,365	16,427
Total Assets	**534,590**	**-42,184**	**492,406**
Technical Provisions (incl. Risk Margin)	252,558	-16,059	236,499

Insurance and Intermediary Payables - (transfer to technical provisions)	23,323	-23,323	0
Other Liabilities	3,651	0	3,651
Total Liabilities	**279,532**	**-39,382**	**240,151**
Total Own Funds	**255,057**	**-2,802**	**252,255**

As at 31st March 2022 $'000	Branch	Solvency II	
	Accounts Valuation	**Valuation Adjustment**	**Solvency II Valuation**
Property, Deposits with Cedants and Other Assets	23,188	0	23,188
Cash and cash equivalents	349,457	0	349,457
Inclusion of Deferred Tax Assets	3,060	2,759	5,819
Exclusion of DAC	6,925	-6,925	0
Addition of RI recoverables	39,787	19,639	59,425
Insurance and Intermediary Receivables - (transfer to technical provisions)	81,686	-81,686	0
Total Assets	**504,103**	**-66,213**	**437,890**
Technical Provisions (incl. Risk Margin)	241,206	-1,731	239,475

Insurance and Intermediary Payables - (transfer to technical provisions)	39,676	-39,676	0
Other Liabilities	2,707	0	2,707
Total Liabilities	**283,589**	**-41,407**	**242,182**
Total Own Funds	**220,513**	**-24,806**	**195,707**

The reconciliation reserve represents retained earnings and reconciliation adjustments from the Branch Accounts balance sheet to Solvency II Balance Sheet. There was an increase of $56.5m in Solvency II Own Funds during the year.

The Branch has no Tier 1 restricted Own Funds (per Article 80 of the Delegated Regulations), no Tier 2 Own Funds (per Article 72 of the Delegated Regulations) and no Tier 3 Own Funds (per Article 76 of the Delegated Regulations).

GIC Re UK's Own Funds with the exception of the Deferred Tax Asset (Tier 3) are all unrestricted Tier 1. The Tier 1 Own Funds may be used towards meeting the SCR and MCR whereas the Tier 3 Own Funds cannot be used to meet the MCR.

The Branch Accounts Own Funds of GIC Re UK at 31st March 2023 were $255.1m (2021/22 220.5m), compared to Solvency II Own Funds of $252.3m (2021/22: $195.7m). The difference between the Branch Accounts and the Solvency II Own funds primarily arises due to the difference in valuation of technical provisions as well as the adjustments made in respect of deferred acquisition costs discussed in Section D.

E.2 Solvency Capital Requirement and Minimum Capital Requirement

The SCR and MCR of the Branch are as follows:

$'000	2022/23	2021/22
SCR	164,795	154,614
MCR	41,199	38,653
Own funds to meet SCR	252,255	195,707
Own funds to meet MCR	247,745	189,889
SCR coverage ratio	153.1%	126.6%
MCR coverage ratio	601.3%	491.3%

The SCR is calculated using the standard formula. The final amount of the SCR is subject to supervisory assessment.

The main drivers of the increase in SCR are an increase in the catastrophe risk and counterparty default risk. This is as a result of the Branch purchasing lower levels of catastrophe reinsurance and an increase in past due insurance and intermediaries receivables, respectively.

The SCR of the Branch is made up of the risk modules as follows:

$'000	2022/23	2021/22
SCR Interest Rate	6,859	2,896
SCR Spread	0	0
SCR Currency Risk	16,356	35,454
SCR Property	0	0
SCR Concentration	0	0
	23,215	**38,349**
Less Diversification	3,963	2,063

SCR Market risk	**19,252**	**36,286**
SCR Counterparty	**33,651**	**20,248**
SCR U/W Risk	94,274	90,878
SCR Cat Risk	71,541	61,267
SCR Lapse Risk	9,170	15,515
	174,985	**167,661**
Less Diversification	42,841	45,035
SCR Non-life risk	**132,144**	**122,626**
Total	**185,048**	**179,160**
Less Diversification	26,909	31,380
BSCR	**158,139**	**147,780**
SCR Operational Risk	**6,656**	**6,834**
SCR	**164,795**	**154,614**

Simplified calculations are used in the counterparty default risk to estimate the risk mitigating effect for reinsurance arrangements as allowed for in Article 107 of the Commission Delegated Regulations.

Undertaking specific measures have not been used by the Branch.

The inputs to calculate the MCR are as follows:

MCR Component - $'000	2022/23	2021/22
AMCR (4,000 in Euros as at 2023, previously 3,700)	3,980	4,309
Linear MCR	36,208	36,591
SCR	164,795	154,614
Combined MCR	41,199	38,653
MCR	**41,199**	**38,653**

The Absolute Minimum Capital Requirement ("AMCR") of €4.0m (as at 2023, was previously $3.7m) is the absolute floor for the minimum capital requirement which is provided in the technical specifications.

The linear MCR is calculated based on the technical provisions and the net written premiums of the last 12 months. The combined MCR is the linear MCR subject to a floor of 25% of the SCR and a cap of 45% of the SCR.

The overall MCR is the maximum of the combined MCR and the absolute floor for the MCR.

The 31 March 2023 Branch MCR is 25% of the SCR.

There are no material changes to the SCR and MCR over the reporting period other than those stated above.

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

This is not applicable to the Branch as it is a Property Casualty reinsurer.

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

This section is not applicable to the Branch as it does not have a PRA approved internal model.

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

The Branch has been in compliance with the SCR and MCR throughout the reporting period and expects to be in compliance with the requirements over the plan period.

E.6 Any Other Information

There is no further information to disclose in relation to the Branch's capital management.

Appendix

Annual Quantitative Reporting Templates (QRTs)

General Insurance Corporation of India

Solvency and Financial Condition Report

Disclosures

31 March

2023

(Monetary amounts in USD thousands)

General information

Name of Third Country Undertaking	General Insurance Corporation of India
Country of third country undertaking	IN
Name of a third country branch	General Insurance Corporation of India
Country of third country branch	GB
Identification code of third country branch	5493001L5RU4INMMUJ95
Type of code of third country branch	LEI
Language of reporting	en
Reporting reference date	2023-03-31
Regular/Ad-hoc submission	Regular reporting
Currency used for reporting	USD
Accounting standards	Local GAAP
Method of Calculation of the SCR	Standard formula
Matching adjustment	No use of matching adjustment
Volatility adjustment	No use of volatility adjustment
Transitional measure on the risk-free interest rate	No use of transitional measure on the risk-free interest rate
Transitional measure on technical provisions	No use of transitional measure on technical provisions
Type of branch	Non-life branch

List of reported templates

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

S.02.01.02

Balance sheet

		Solvency II value
	Assets	C0010
R0030	Intangible assets	
R0040	Deferred tax assets	4,510
R0050	Pension benefit surplus	
R0060	Property, plant & equipment held for own use	22
R0070	Investments (other than assets held for index-linked and unit-linked contracts)	0
R0080	*Property (other than for own use)*	0
R0090	*Holdings in related undertakings, including participations*	0
R0100	*Equities*	0
R0110	*Equities - listed*	0
R0120	*Equities - unlisted*	0
R0130	*Bonds*	0
R0140	*Government Bonds*	0
R0150	*Corporate Bonds*	0
R0160	*Structured notes*	0
R0170	*Collateralised securities*	0
R0180	*Collective Investments Undertakings*	0
R0190	*Derivatives*	
R0200	*Deposits other than cash equivalents*	0
R0210	*Other investments*	0
R0220	Assets held for index-linked and unit-linked contracts	
R0230	Loans and mortgages	0
R0240	*Loans on policies*	0
R0250	*Loans and mortgages to individuals*	
R0260	*Other loans and mortgages*	
R0270	Reinsurance recoverables from:	55,310
R0280	*Non-life and health similar to non-life*	55,310
R0290	*Non-life excluding health*	55,310
R0300	*Health similar to non-life*	0
R0310	*Life and health similar to life, excluding index-linked and unit-linked*	0
R0320	*Health similar to life*	
R0330	*Life excluding health and index-linked and unit-linked*	
R0340	*Life index-linked and unit-linked*	
R0350	Deposits to cedants	22,257
R0360	Insurance and intermediaries receivables	16,427
R0370	Reinsurance receivables	
R0380	Receivables (trade, not insurance)	
R0390	Own shares (held directly)	
R0400	Amounts due in respect of own fund items or initial fund called up but not yet paid in	
R0410	Cash and cash equivalents	392,370
R0420	Any other assets, not elsewhere shown	1,509
R0500	**Total assets**	492,406

S.02.01.02

Balance sheet

		Solvency II value
	Liabilities	C0010
R0510	Technical provisions - non-life	236,499
R0520	*Technical provisions - non-life (excluding health)*	236,499
R0530	*TP calculated as a whole*	0
R0540	*Best Estimate*	221,871
R0550	*Risk margin*	14,628
R0560	*Technical provisions - health (similar to non-life)*	0
R0570	*TP calculated as a whole*	0
R0580	*Best Estimate*	0
R0590	*Risk margin*	0
R0600	Technical provisions - life (excluding index-linked and unit-linked)	0
R0610	*Technical provisions - health (similar to life)*	0
R0620	*TP calculated as a whole*	
R0630	*Best Estimate*	
R0640	*Risk margin*	
R0650	*Technical provisions - life (excluding health and index-linked and unit-linked)*	0
R0660	*TP calculated as a whole*	
R0670	*Best Estimate*	
R0680	*Risk margin*	
R0690	Technical provisions - index-linked and unit-linked	0
R0700	*TP calculated as a whole*	
R0710	*Best Estimate*	
R0720	*Risk margin*	
R0740	Contingent liabilities	
R0750	Provisions other than technical provisions	
R0760	Pension benefit obligations	
R0770	Deposits from reinsurers	2,607
R0780	Deferred tax liabilities	
R0790	Derivatives	
R0800	Debts owed to credit institutions	0
R0810	Financial liabilities other than debts owed to credit institutions	0
R0820	Insurance & intermediaries payables	
R0830	Reinsurance payables	
R0840	Payables (trade, not insurance)	
R0850	Subordinated liabilities	
R0860	*Subordinated liabilities not in BOF*	
R0870	*Subordinated liabilities in BOF*	
R0880	Any other liabilities, not elsewhere shown	1,044
R0900	**Total liabilities**	240,151
R1000	**Excess of assets over liabilities**	252,255

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

Non-life

		Line of Business for: non-life insurance and reinsurance obligations (direct business and accepted proportional reinsurance)												Line of business for: accepted non-proportional reinsurance				Total
		Medical expense insurance	Income protection insurance	Workers' compensation insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance	Legal expenses insurance	Assistance	Misc. financial loss	Health	Casualty	Marine, aviation and transport	Property	
		C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0120	C0130	C0140	C0150	C0160	C0200
	Premiums written																	
R0110	Gross - Direct Business																	0
R0120	Gross - Proportional reinsurance accepted						64,586	33,011										97,597
R0130	Gross - Non-proportional reinsurance accepted															1,211	51,809	53,020
R0140	Reinsurers' share						40,458	2,892								346	5,057	48,753
R0200	Net						24,127	30,120								864	46,753	101,864
	Premiums earned																	
R0210	Gross - Direct Business																	0
R0220	Gross - Proportional reinsurance accepted						65,352	29,830										95,182
R0230	Gross - Non-proportional reinsurance accepted															1,253	45,725	46,978
R0240	Reinsurers' share						39,975	2,870								350	5,030	48,225
R0300	Net						25,377	26,960								903	40,695	93,936
	Claims incurred																	
R0310	Gross - Direct Business																	0
R0320	Gross - Proportional reinsurance accepted						20,434	17,972										38,407
R0330	Gross - Non-proportional reinsurance accepted															2,825	29,370	32,195
R0340	Reinsurers' share						0	0								0	0	0
R0400	Net						20,434	17,972								2,825	29,370	70,602
	Changes in other technical provisions																	
R0410	Gross - Direct Business																	0
R0420	Gross - Proportional reinsurance accepted																	0
R0430	Gross - Non-proportional reinsurance accepted																	0
R0440	Reinsurers' share																	0
R0500	Net						0	0								0	0	0
R0550	**Expenses incurred**						6,279	8,994								83	6,951	22,307
R1200	**Other expenses**																	
R1300	**Total expenses**																	22,307

S.17.01.02

Non-Life Technical Provisions

		Direct business and accepted proportional reinsurance												Accepted non-proportional reinsurance				
		Medical expense insurance	Income protection insurance	Workers' compensation insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance	Legal expenses insurance	Assistance	Miscellaneous financial loss	Non-proportional health reinsurance	Non-proportional casualty reinsurance	Non-proportional marine, aviation and transport reinsurance	Non-proportional property reinsurance	Total Non-Life obligation
		C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0120	C0130	C0140	C0150	C0160	C0170	C0180
R0010	**Technical provisions calculated as a whole**						0	0								0	0	0
R0050	Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP calculated as a whole																	0
	Technical provisions calculated as a sum of BE and RM																	
	Best estimate																	
	Premium provisions																	
R0060	Gross						-4,595	16,620								-26	535	12,533
R0140	Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default						-3,107	-685								56	-3,231	-6,966
R0150	**Net Best Estimate of Premium Provisions**						-1,488	17,304								-82	3,766	19,500
	Claims provisions																	
R0160	Gross						58,098	57,692								8,205	85,342	209,338
R0240	Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default						24,310	17,716								354	19,896	62,277
R0250	**Net Best Estimate of Claims Provisions**						33,788	39,976								7,851	65,446	147,061
R0260	**Total best estimate - gross**						53,503	74,312								8,179	85,878	221,871
R0270	**Total best estimate - net**						32,300	57,281								7,769	69,212	166,561
R0280	**Risk margin**						2,837	5,031								682	6,079	14,628
	Amount of the transitional on Technical Provisions																	
R0290	Technical Provisions calculated as a whole																	0
R0300	Best estimate																	0
R0310	Risk margin																	0
R0320	**Technical provisions - total**						56,339	79,342								8,861	91,956	236,499
R0330	**Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total**						21,203	17,031								410	16,666	55,310
R0340	**Technical provisions minus recoverables from reinsurance/SPV and Finite Re - total**						35,137	62,311								8,451	75,291	181,189

S.23.01.01

Own Funds

		Total	Tier 1 unrestricted	Tier 1 restricted	Tier 2	Tier 3
	Basic own funds before deduction for participations in other financial sector as foreseen in article 68 of Delegated Regulation 2015/35	C0010	C0020	C0030	C0040	C0050
R0010	Ordinary share capital (gross of own shares)					
R0030	Share premium account related to ordinary share capital					
R0040	Initial funds, members' contributions or the equivalent basic own-fund item for mutual and mutual-type undertakings					
R0050	Subordinated mutual member accounts					
R0070	Surplus funds					
R0090	Preference shares					
R0110	Share premium account related to preference shares					
R0130	Reconciliation reserve	247,745	247,745			
R0140	Subordinated liabilities					
R0160	An amount equal to the value of net deferred tax assets	4,510				4,510
R0180	Other own fund items approved by the supervisory authority as basic own funds not specified above					
R0220	**Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds**					
R0230	**Deductions for participations in financial and credit institutions**	0				
R0290	**Total basic own funds after deductions**	252,255	247,745	0	0	4,510
	Ancillary own funds					
R0300	Unpaid and uncalled ordinary share capital callable on demand					
R0310	Unpaid and uncalled initial funds, members' contributions or the equivalent basic own fund item for mutual and mutual - type undertakings, callable on demand					
R0320	Unpaid and uncalled preference shares callable on demand					
R0330	A legally binding commitment to subscribe and pay for subordinated liabilities on demand					
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					
R0370	Supplementary members calls - other than under first subparagraph of Article 96(3) of the Directive 2009/138/EC					
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	252,255	247,745	0	0	4,510
R0510	Total available own funds to meet the MCR	247,745	247,745	0	0	
R0540	Total eligible own funds to meet the SCR	252,255	247,745	0	0	4,510
R0550	Total eligible own funds to meet the MCR	247,745	247,745	0	0	
R0580	**SCR**	164,795				
R0600	**MCR**	41,199				
R0620	**Ratio of Eligible own funds to SCR**	153.07%				
R0640	**Ratio of Eligible own funds to MCR**	601.34%				
	Reconcilliation reserve	C0060				
R0700	Excess of assets over liabilities	252,255				
R0710	Own shares (held directly and indirectly)					
R0720	Foreseeable dividends, distributions and charges					
R0730	Other basic own fund items	4,510				
R0740	Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds					
R0760	**Reconciliation reserve**	247,745				
	Expected profits					
R0770	Expected profits included in future premiums (EPIFP) - Life business					
R0780	Expected profits included in future premiums (EPIFP) - Non- life business	22,924				
R0790	**Total Expected profits included in future premiums (EPIFP)**	22,924				

S.25.01.21

Solvency Capital Requirement - for undertakings on Standard Formula

		Gross solvency capital requirement	USP	Simplifications
		C0110	C0090	C0120
R0010	Market risk			
R0020	Counterparty default risk			
R0030	Life underwriting risk			
R0040	Health underwriting risk			
R0050	Non-life underwriting risk			
R0060	Diversification			
R0070	Intangible asset risk			
R0100	**Basic Solvency Capital Requirement**			

USP Key

For life underwriting risk:
1 - Increase in the amount of annuity benefits
9 - None

For health underwriting risk:
1 - Increase in the amount of annuity benefits
2 - Standard deviation for NSLT health premium risk
3 - Standard deviation for NSLT health gross premium risk
4 - Adjustment factor for non-proportional reinsurance
5 - Standard deviation for NSLT health reserve risk
9 - None

For non-life underwriting risk:
4 - Adjustment factor for non-proportional reinsurance
6 - Standard deviation for non-life premium risk
7 - Standard deviation for non-life gross premium risk
8 - Standard deviation for non-life reserve risk
9 - None

	Calculation of Solvency Capital Requirement	C0100
R0130	Operational risk	6,656
R0140	Loss-absorbing capacity of technical provisions	0
R0150	Loss-absorbing capacity of deferred taxes	
R0160	Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC	
R0200	**Solvency Capital Requirement excluding capital add-on**	164,795
R0210	Capital add-ons already set	
R0220	**Solvency capital requirement**	164,795
	Other information on SCR	
R0400	Capital requirement for duration-based equity risk sub-module	
R0410	Total amount of Notional Solvency Capital Requirements for remaining part	
R0420	Total amount of Notional Solvency Capital Requirements for ring fenced funds	
R0430	Total amount of Notional Solvency Capital Requirements for matching adjustment portfolios	
R0440	Diversification effects due to RFF nSCR aggregation for article 304	

	Approach to tax rate	C0109
R0590	Approach based on average tax rate	Not applicable

	Calculation of loss absorbing capacity of deferred taxes	**LAC DT**
		C0130
R0640	LAC DT	
R0650	LAC DT justified by reversion of deferred tax liabilities	
R0660	LAC DT justified by reference to probable future taxable economic profit	
R0670	LAC DT justified by carry back, current year	
R0680	LAC DT justified by carry back, future years	
R0690	Maximum LAC DT	

S.28.01.01

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

	Linear formula component for non-life insurance and reinsurance obligations	C0010
R0010	MCR_{NL} Result	36,208

		Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance) written premiums in the last 12 months
		C0020	C0030
R0020	Medical expense insurance and proportional reinsurance	0	
R0030	Income protection insurance and proportional reinsurance	0	
R0040	Workers' compensation insurance and proportional reinsurance	0	
R0050	Motor vehicle liability insurance and proportional reinsurance	0	
R0060	Other motor insurance and proportional reinsurance	0	
R0070	Marine, aviation and transport insurance and proportional reinsurance	32,300	30,471
R0080	Fire and other damage to property insurance and proportional reinsurance	57,281	33,639
R0090	General liability insurance and proportional reinsurance	0	
R0100	Credit and suretyship insurance and proportional reinsurance	0	
R0110	Legal expenses insurance and proportional reinsurance	0	
R0120	Assistance and proportional reinsurance	0	
R0130	Miscellaneous financial loss insurance and proportional reinsurance	0	
R0140	Non-proportional health reinsurance	0	
R0150	Non-proportional casualty reinsurance	0	
R0160	Non-proportional marine, aviation and transport reinsurance	7,769	-4,509
R0170	Non-proportional property reinsurance	69,212	44,693

	Linear formula component for life insurance and reinsurance obligations	C0040
R0200	MCR_{L} Result	0

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

	Overall MCR calculation	C0070
R0300	Linear MCR	36,208
R0310	SCR	164,795
R0320	MCR cap	74,158
R0330	MCR floor	41,199
R0340	Combined MCR	41,199
R0350	Absolute floor of the MCR	3,866
R0400	**Minimum Capital Requirement**	41,199