

Astrenská Insurance Holdings Limited and Astrenská Insurance Limited

**Single Group Solvency and Financial Condition
Report (SFCR)**

Financial Year 2024



KEY ACHIEVEMENTS



Gross Written Premium increased by 30%.

From £170.8m in FY23 to £221.4m in FY24.

- ✓ Strong Solvency Capital Requirement (SCR) Coverage**
Ratio of 205% (FY23 224% restated) against a target of 150%.
- ✓ Key distribution partner relationships extended, and material new affinity partnerships won.**
- ✓ Significant underwriting and pricing experience resulting in sustainable performance and profitable growth across the key affinity insurance distribution partnerships.**
- ✓ Continued automation and enhancement for customer experience and data insight.**
- ✓ Development of the Insurance ESG strategy in alignment with the Collinson Group's.**

Our DNA

Value propositions

Design products that fulfil customers' needs and align with our strategic affinity distribution partners.

Optimal Balance Sheet

Our active risk management combined with our reinsurance partners support efficient balance sheet management and generate enhanced returns, underpinned by experienced Underwriting, Reserving and Pricing capability.

Brilliant Customer Experience

Combining seamless digital journeys with human interaction at the most critical times.

Innovation

- Continued investment in digitalisation to further enhance the customer experience.
- Continued investment in automation and data capabilities to support our insights strategy.

Table of Contents

Executive Summary	4
Business and Performance	4
Systems of Governance	5
Risk Profile	5
Valuation for Solvency Purposes	5
Capital Management	6
A. Business and Performance	7
A.1 Business.....	7
A.2 Underwriting Performance	9
A.3 Investment Performance	10
A.4 Performance of other activities	10
A.5 Any Other information	10
B. System of Governance.....	11
B.1 General Information on the Group's System of Governance	11
B.2 Fit and Proper Requirements	16
B.3 Risk management system including the Own Risk & Solvency Assessment.....	17
B.4 Internal Control System	20
B.5 Compliance Function.....	20
B.6 Internal Audit Function	21
B.7 Actuarial Function	22
B.8 Outsourcing.....	22
B.9 Any other information.....	24
C. Risk Profile	25
C.1 Underwriting Risk.....	26
C.2 Market Risk	27
C.3 Credit Risk	28
C.4 Liquidity Risk	29
C.5 Operational Risk	30
C.6 Other Material Risks.....	31
C.7 Any other information.....	33
D. Valuation for Solvency Purposes	34
D.1 Assets	34
D.2 Technical Provisions	35
D.3 Other Liabilities – balance sheet	40
D.4 Alternative methods for valuation.....	40
D.5 Any other information / disclosures	40
E. Capital Management.....	41
E.1 Own Funds	41
E.2 Solvency Capital Requirement and Minimum Capital Requirement	42
E.3 Use of the duration-based equity risk sub-module in the calculation of the SCR	43
E.4 Differences between the standard formula and any internal model used.....	43
E.5 Non-compliance with the MCR and non-compliance with the SCR.....	43
E.6 Any other information	44
Statement of Directors' Responsibilities	45
Auditor's Report and Opinion	46
Appendix 1 - Quantitative Reporting Templates (QRTs).....	52
Astrenksa Insurance Holdings Limited (AIHL).....	52
Astrenksa Insurance Limited (AIL)	58
Glossary	65
Table of Figures	
Figure 1 Collinson Insurance structure	8
Figure 2 AIL's Governance structure.	11
Figure 3 Roles and attendance of the Board and Board Sub-Committees.....	11
Figure 4 AIL's Risk management framework	17
Figure 5 AIL's Risk strategy principles	18
Figure 6 Interaction between business strategy and risk management	18
Figure 7 ORSA process (as per ORSA policy).	19
Figure 8 Scenario analysis selection 2024	20
Figure 9 Movement from UK GAAP to valuations....	38
Figure 10 TP FY 23 to FY 24 net of reinsurance.....	39

Table of Figures

Figure 1 Collinson Insurance structure	8
Figure 2 AIL's Governance structure.	11
Figure 3 Roles and attendance of the Board and Board Sub-Committees.....	11
Figure 4 AIL's Risk management framework	17
Figure 5 AIL's Risk strategy principles	18
Figure 6 Interaction between business strategy and risk management	18
Figure 7 ORSA process (as per ORSA policy).	19
Figure 8 Scenario analysis selection 2024	20
Figure 9 Movement from UK GAAP to valuations.	38
Figure 10 TP FY 23 to FY 24 net of reinsurance.	39

Executive Summary

This is the single Solvency and Financial Condition Report (SFCR) prepared for both Astrensa Insurance Holdings Limited (AIHL) and Astrensa Insurance Limited (AIL or the Company). AIL and AIHL (referred to collectively hereafter as “the Group” and trading as Collinson Insurance) were granted permission by the Prudential Regulation Authority (PRA) to prepare a single SFCR on 1st July 2024 and this permission remains in force until 1st January 2028.

AIHL is an insurance holding company, being the parent of the wholly owned subsidiary AIL. **AIL is the sole PRA regulated entity and the sole trading entity within the Group.** Accordingly, in producing information to meet the individual reporting requirements of the Group and AIL, separate disclosures should be provided. However, the information about the Group and AIL are materially identical in nature and content and therefore no distinction is drawn between the Group and AIL when providing group information. For simplicity, most of the references in this document are made to AIL.

All references to the Board in this document are in respect of the Board of AIL only. While there are common directors in AIHL, the systems of governance to support the AIL regulated business activities reside only in AIL.

Business and Performance

The current financial period of the Group covers the period from 1st May 2023 to 30th April 2024 (FY24). The comparative figures cover the period from incorporation on 1st May 2022 to 30th April 2023 (FY23).

Business objectives

AIL is a specialist insurer writing Travel and ancillary personal lines insurance products distributed via affinity brands, and the capability to also bring Dental and International Private medical insurance propositions to UK markets. As a diversified, niche personal lines insurer, AIL’s vision is to provide insurance products and services that deliver protection for our customer’s travel experience, health needs and personal possessions. This is supported by our purpose, which is ‘to provide protection and peace of mind in the best interests of customers so they enjoy their travel experiences whilst looking after their health and personal possessions.’

The UK economy showed early signs of recovery from a technical recession in late 2023. Real GDP growth is expected to be modest at 0.3% in 2024, with a slight acceleration to 0.9% projected for 2025. This growth is primarily driven by improving incomes, bolstering consumer spending, and favourable credit conditions that are expected to boost investment. As of May 2024, inflation has now returned to the Bank of England’s target of 2%. The recent UK election results have created some optimism, but uncertainty remains around the short-term/medium-term impact of Labour’s proposed economic policies.

The current geopolitical environment in the UK is characterised by several significant risks and uncertainties that could impact its macroeconomic landscape. Key geopolitical issues include Russia/Ukraine conflict, Middle East tensions, US-China relations, domestic and global elections (especially in US and Europe), and Cybersecurity threats. The world is experiencing a shift towards multipolarity with more powerful actors, including swing states like India, Saudi Arabia, and Turkey, influencing global geopolitics. This complexity requires the UK to adapt its foreign and economic policies to a more fragmented and competitive international environment.

Despite the uncertainty in the UK and abroad, AIL has managed to achieve profitable growth. This positive result has been delivered principally via our affinity distribution partners, whom we operate with through long-term contractual arrangements. AIL continues to be well placed to support this increase in business activity given its strong underwriting, pricing, claims handling and assistance capabilities. However, monitoring of AIL’s external environment going forward will remain critical to achieve its strategic objectives.

AIL’s insurance product offering is entirely consistent with Collinson’s wider travel ecosystem strategy. It focuses not only on developing insurance products and services to meet the needs of customers, providing valuable protection and assistance products and services, but also on building long term relationships with clients to maximise the brand experience of their customers.

Growth along with a focus on containing costs and good underwriting discipline has resulted in improved financial performance. The portfolio is projected to continue to grow because of increased new business with existing affinity distributor partners as well as newly originated business, as AIL:

- Continues to seek new affinity distribution partners for Travel insurance.
- Continues to seek new clients that match our appetite across specialist and ancillary personal lines insurance products.

Systems of Governance

AIL maintains a robust system of governance which is commensurate to the nature, scale and complexity of its activities and risk profile. AIL's Board ("The Board") provides strategic leadership within a framework of prudent and effective controls which enable risk to be assessed and managed. The Board believes that a strong system of governance is essential to ensure that the business runs smoothly, aids effective decision making and support the achievement of the agreed objectives.

The Board is responsible for promoting the long-term success of AIL for the benefit of its shareholders, its staff, its clients, and its customers. It is responsible for setting the strategic aims and risk appetite, and to ensure the business is adequately resourced, managed and controlled as part of an effective system of governance. The Board also sets the values and supports the culture.

To assist the Board in effectively discharging its duties, it has delegated certain responsibilities to several committees which report regularly to it. The roles of the committees are outlined in Section B. The Board retains ultimate responsibility for the systems of internal control and risk management and their effectiveness. AIL has implemented the 'three lines of defence' model and provides a formal and robust structure to enable risks to be identified, assessed, controlled, mitigated, reported, and monitored.

Risk Profile

The acceptance of risk is fundamental to AIL and a core element of the overall strategic objectives as an insurance undertaking.

Each of the elements of the Risk Management Framework (see Section C) contribute to the identification, measurement, monitoring, management and reporting of risks and is intended to work as an integrated system, and therefore each should be considered both in terms of the specific function of the respective element, and in terms of its function within the overall system. Each element of the system is embedded effectively within AIL and managed by the Risk Management Function with appropriate oversight from the Risk and Compliance Committee and the Board.

AIL's main risk is in respect of the business of writing insurance as this is the principal activity. The risk under any one insurance contract is that the actual claims and benefit payments or the timing thereof, differ from expectations. This is influenced by the frequency of claims, severity of claims and actual benefits paid. Therefore, the objective of AIL is to ensure that sufficient reserves are available to cover these liabilities.

Other risks relate to counterparty default risk in relation to insurance and reinsurance receivables and short-term investments, market risk in relation to liquidity risk and asset-liability management (ALM), operational and compliance risks.

Valuation for Solvency Purposes

AIL value all assets and liabilities at fair value within the balance sheet. Fair value is the value at which knowledgeable and willing parties could exchange assets and liabilities in an arm's length transaction. Fair value is best demonstrated by reference to quoted market prices. The Group's financial statements are prepared in accordance with UK Generally Accepted Accounting Practice (GAAP).

Section D includes an analysis of the balance sheet movements between the valuation under UK GAAP for the financial statements and the valuations across:

- Assets.
- Liabilities.
- Technical Provisions (TP's).

The Board believes that the information in Section D represents a basis of valuation which is compliant with PRA requirements.

Capital Management

AIL have used the standard formula method to calculate the Solvency Capital Requirement (SCR). The capital coverage ratio (being the ratio of eligible own funds to the SCR) for AIHL/AIL as of 30th April 2024 was 205% (FY23: 224% restated). The Minimum Capital Requirement (MCR) coverage Ratio for AIHL/AIL is 455%.

The movement in the capital coverage ratio throughout the last financial year can be explained as follows:

- Non-Life and Health Underwriting risk has increased by c.£5.2m and this is mainly due to an increase in forecast business volumes as well as a lower level of quota share reinsurance, both of which have increased the premium and reserve risk.
- Market risk has increased by c.£0.2m and this is largely a result of increased Interest Rate risk and Spread risk, due to higher assets under management, offset by a reduction in Concentration risk as funds were moved from fixed term deposits into money market funds.
- Counterparty Default risk has reduced by c.£0.5m due to cash at bank reducing (due to more funds being transferred to the money market fund where it earns a higher return) as well as reduce reinsurance held with our quota share partners.
- The increase in these risks has resulted in a higher level of diversification between them and this has reduced the SCR by c.£1.4m.
- Operational risk has increased by c.£1.0m due to it being capped at 30% of the Basic SCR (i.e. it has increased in line with the increases in the Basic SCR).
- The overall impact to the SCR is an increase of c.£4.5m.
- The Eligible Own Funds have increased by c.£6.9m over the financial year due to profit on the retained earned premium; investment returns; and a one-off reduction in Technical Provisions due to changes in the methodology used to calculate expenses, the cost of capital rate used in the risk margin and the cashflow profile used to calculate the discounting benefit.

AIL's approach to capital management focuses on ensuring there is sufficient capital and reserves to honour its commitments to its customers, to maintain financial strength to support new business growth and to retain financial flexibility by maintaining strong liquidity and access to a range of capital markets.

A. Business and Performance

A.1 Business

A.1.1 Name and legal form

Astrensk Insurance Holdings Limited (AIHL) is a limited company incorporated and domiciled in England – Company Registration No: 10330418. AIHL is an insurance holding company that wholly owns Astrensk Insurance Limited (AIL) – Company Registration No: 01708613, a UK general insurance company. The registered address of AIHL and AIL is: 3 More London Riverside
London
SE1 2RE

A.1.2 Supervisory authority details

AIHL is an insurance holding company for which Group supervision has been agreed with the Prudential Regulatory Authority (PRA) while AIL is jointly regulated by the PRA and Financial Conduct Authority (FCA).

Prudential Regulatory Authority

20 Moorgate,
London,
EC2R 6DA
+44 (0)20 7601 4444

Financial Conduct Authority

12 Endeavour Square,
London,
E20 1JN
+44 (0)20 7066 1000

A.1.3 External Auditor

The external auditor of AIL is:

Ernst and Young LLP,
25 Churchill Place,
London
E14 5EY.

A.1.4 Regulatory waivers

AIL has been granted several waivers, as shown in the table below:

Waivers/Modifications	Rule/Article No	Expiry
A00004550P.pdf (pdf / 0.146MB)	Group Sup - SII Ru 17.3	29 th March 2027
	Reporting - SII Ru 2.2(1)	
A000003968P.pdf (pdf / 0.142MB)	Reporting - SII Ru 2.2(1)	No set date
A00002212P.pdf (pdf / 0.148MB)	Perm & Wav - SII 17.2 (3)	30 th September 2025
A00008240P.pdf (pdf / 0.170MB)	Group Sup - SII Ru 18.1	1 st January 2028

A.1.5 Group structure and ownership

AIHL sits within the Insurance Division of The Collinson Group Limited as a direct subsidiary of Collinson Insurance Holdings Limited (CIHL). The diagram below summarises the operating entities within the Insurance Division. It should be noted that a separate SFCR is prepared for Collinson Holdings Europe Limited and its direct subsidiaries.

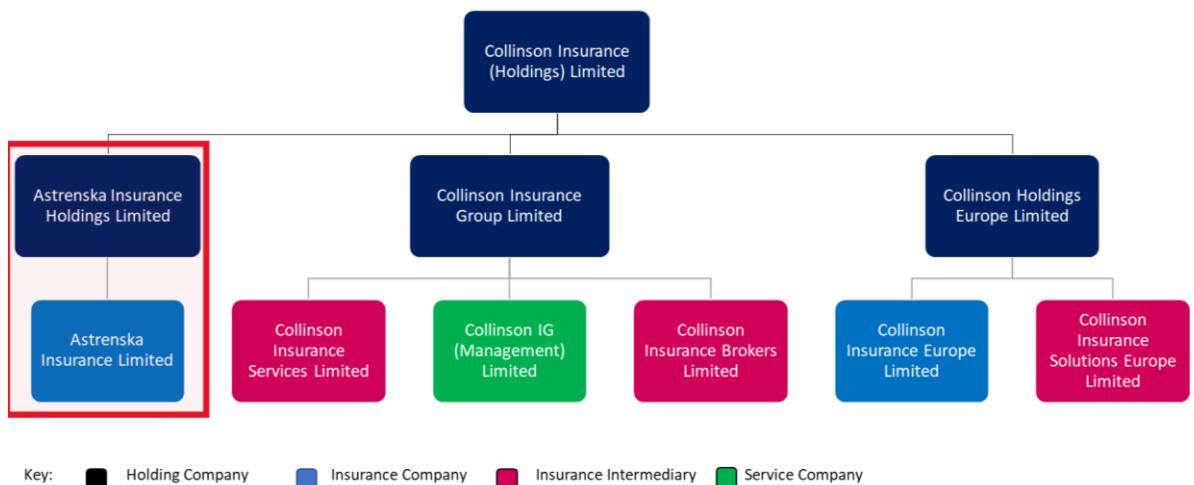


Figure 1 Collinson Insurance structure

The ultimate holding company of Collinson is Parminder Limited, a company incorporated in the Isle of Man. The ultimate controlling parties identified by Parminder Limited are the Trustees of the Colin Evans 1987 Settlement. The table below summarises all controlling entities between Parminder Limited and Collinson Insurance (Holdings) Limited.

Entity Name	Location	%age shareholding
Parminder Limited ----↓	Isle of Man	100%
Parminder Investments Limited ----↓	England & Wales	100%
Collinson Group Holdings Limited---- ↓	England & Wales	100%
The Collinson Group Limited ----↓	England & Wales	100%
Collinson Insurance (Holdings) Limited	England & Wales	100%

The consolidated Solvency II “Group” is comprised of two legal entities: Astrenskia Insurance Holdings Limited and Astrenskia Insurance Limited. AIHL is an insurance holding company, being the parent of the wholly owned subsidiary AIL.

AIL is the sole PRA regulated entity and the sole trading entity within the Solvency II Group. Accordingly, in producing information to meet the individual reporting requirements of the Group and the Group’s Solo entity, separate disclosures should be provided for the Group and AIL. However, given that the difference in capital held in AIL and AIHL is immaterial, information about the Group and Solo subsidiary is identical in nature and content and no distinction is drawn between Group and the Solo subsidiary, when providing group information.

A.1.6 Business Mix

- **Assistance** - This line of business (LoB) includes Motor Breakdown Assistance and non-medical elements of Travel Insurance products.
- **Fire and Other Damage to Property** - This LoB includes, Property Ancillary, Mobile, Gadget and Cycle Insurance products.
- **Income Protection** - This line of business (LoB) includes Personal Accident and Short-Term Income Protection products.
- **Other Motor** - This LoB includes Car Key Cover, Motor Excess, Motor Collision Damage Waiver and helmet motorcycle cover.
- **Medical Expense Insurance** - This LoB includes International Health and medical elements of Travel Insurance products.
- **Miscellaneous Financial Loss** - This LoB includes Ticket Cancellation, Teacher Absence and Home Appliance Warranty Insurance products.

A.2 Underwriting Performance

A.2.1 Technical Performance

The gradual recovery in leisure travel from UK destinations, despite challenging economic conditions including the cost-of-living crisis, has continued in FY24. This growth has been delivered principally via our affinity distribution partners, whom we operate with through long-term contractual arrangements. AIL continues to be well-placed to support this increase in business activity given its strong underwriting, claims and assistance capabilities. This year has also seen strong growth across our Multi-lines portfolio of specialist covers with a number of existing wholesale partners expanding their relationships, mainly in the Motor Ancillary markets, and as well as new business continuing to flow through in the Mobile and Gadget markets.

Table 1 shows the summarised Statement of Comprehensive Income for AIL including premiums, claims and expenses for the year ended 30th April 2024.

Summarised Statement of Comprehensive Income	FY24	FY23 Restated	Variance
	£'000	£'000	£'000
Gross premiums written	221,485	170,782	50,704
Total technical income	59,150	35,453	23,697
Claims incurred, net of reinsurance	24,188	14,004	10,184
Underwriting result	34,962	21,448	13,514
<i>Underwriting loss ratio</i>	41%	40%	1%
Net operating expenses	33,742	20,838	12,904
<i>Net operating expense ratio</i>	57%	59%	(2%)
Balance on technical account for general business	1,220	611	609
Profit for the financial year	3,198	2,855	343

Table 1 Summarised Statement of Comprehensive Income for AIL

AIL's underwriting result for FY24 is £34,962k (FY23: £21,448k) while net operating expenses increased to £33,742k (FY23: £20,838k). The Board and management are pleased to see another profitable year in FY24, with a profit of £3,198k (FY23: £2,855k).

A.2.2 Performance by LoB

Table 2 shows the underwriting performance for AIL by product/solvency class for the year-ending 30th April 2024.

Underwriting Performance	Medical expense insurance	Income protection insurance	Other motor insurance	Fire and other damage to property insurance	Assistance	Miscellaneous financial loss	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Gross Written Premium	89,955	4,272	39,572	25,224	54,162	8,300	221,485
Gross earned Premium	90,202	3,402	18,552	23,400	54,143	8,427	198,127
Reinsurers Share	65,622	2,480	12,268	14,454	38,805	5,348	138,977
Net Earn Premium	24,580	922	6,284	8,946	15,338	3,079	59,150
Gross Claims	40,182	655	3,973	8,408	24,463	2,518	80,200
Reinsurers share	29,059	464	2,588	4,711	17,485	1,706	56,012
Net Claims	11,124	191	1,385	3,698	6,978	812	24,188
Expenses Incurred	12,987	706	4,728	5,065	8,068	2,188	33,742
Underwriting Profit / (loss)	472	25	170	184	292	77	1,220

Table 2 Underwriting performance by LoB

A.2.3 Geographical Underwriting Locations

AIL writes business mainly in the United Kingdom (UK).

Geographical Underwriting Locations	FY24	FY23 Restated
	£000s	£000s
United Kingdom	221,485	170,682
Kenya	-	£100
Gross written premium	221,485	170,782

Table 3 Underwriting locations

A.3 Investment Performance

The investment choices are dictated by the investment policy. The policy ensures AIHL / AIL maintains a high quality, diversified portfolio of short-dated deposits with capital preservation and positive investment returns helping to guide its investment decisions. Given its short-term liabilities, AIHL / AIL invests either with credit institutions offering fixed rates for short term fixed periods or with Money Market Funds, where access to funds is available within 24 hours.

The UK base rate has remained at 5.25% during the financial year, which has created the opportunity to generate higher interest returns from our holdings in short term deposits and Money Market Funds. Investment income gross of expenses for FY24 was £3,173k (FY23: £1,046k).

A.4 Performance of other activities

There are no material other activities to note in the reporting period.

A.5 Any Other information

A.5.1 Macroeconomic and Geopolitical environments

The **UK macroeconomic environment** in mid-2024 is characterised by gradual economic recovery, controlled inflation, and a stable, albeit slightly softening, labour market. These conditions reflect a cautious optimism as the UK navigates its economic challenges and leverages opportunities for growth.

The **UK economy** showed early signs of recovery from a technical recession in late 2023. Real GDP growth is expected to be modest at 0.3% in 2024, with a slight acceleration to 0.9% projected for 2025. This growth is primarily driven by improving incomes, bolstering consumer spending, and favourable credit conditions that are expected to boost investment.

Inflation, which had been a significant concern, has returned to the Bank of England's target of 2% due to favourable developments in food and energy prices. However, there are potential risks, such as disruptions in global trade routes and strong wage growth, which could keep inflation higher for a longer period. With the anticipated reduction in inflationary pressures, the Bank of England is expected to begin lowering **interest rates** in the second half of 2024.

The current **geopolitical environment** in the UK is characterised by several significant risks and uncertainties that could impact its macroeconomic landscape. Key geopolitical issues include Russia/Ukraine conflict, Middle - East tensions, US-China relations, domestic and global elections (especially in US and Europe), and Cybersecurity threats. The world is experiencing a shift towards multipolarity with more powerful actors, including swing states like India, Saudi Arabia, and Turkey, influencing global geopolitics. This complexity requires the UK to adapt its foreign and economic policies to a more fragmented and competitive international environment.

Depending on how these risks unfold over time, this could directly impact AIL via increased claims costs, possible reductions in new business and lapses to cover at renewal. We expect and have demonstrated in the stress and scenario testing carried out as part of the ORSA process, that AIL remains resilient to macro-economic shocks (including inflation and exchange rate shifts) as well as a defined set of 'severe but plausible' more extreme events.

B. System of Governance

B.1 General Information on the Group's System of Governance

All references to the Board in this document are in respect of the Board of AIL only. While there are common directors in AIHL, the systems of governance to support the AIL regulated business activities reside only in AIL.

The system of governance structure has not had any material changes during the financial year and is depicted as of April 30th, 2024, in figure 2 below.



Figure 2 AIL's Governance structure.

The members of the AIL Board are two Independent Non-Executive Directors, a Non-Executive Director representing shareholder interests, Chief Executive Officer for Insurance and Finance Director. Figure 3 depicts their individual roles and attendance of the Board and Board Sub-Committees.

Name	Role	Board	Risk & Compliance Committee	Audit Committee	Remuneration & Nomination
Martin Totty	Independent NED	Chair	✓	✓	Chair
Jeff Herdman	Independent NED	✓	Chair	Chair	
David Evans	NED	✓			✓
Lawrence Watts	CEO	✓	✓	✓	
Paul Escott	Finance Director	✓	✓	✓	

Figure 3 Roles and attendance of the Board and Board Sub-Committees.

B.1.1 Board of Directors (BoD)

The BoD is of sufficient size and possesses the necessary experience and expertise to oversee the operations of AIL. The composition of the BoD is designed to ensure that:

- It can adequately discharge its responsibilities and duties whilst managing any innate conflict of interest.
- It has a proper understanding of, and competencies to deal with, the current and emerging issues of the business.
- It can effectively review and assess the performance of its outsourced arrangements.

The BoD **duties and responsibilities** include:

- Set strategy, objectives, policies and direction of AIL, discuss strategic development initiatives and ensure approved initiatives are implemented in an effective and controlled manner.
- Set the strategic business targets, return on capital/ investment expectations and Risk Appetite measures for AIL and monitor compliance by regular reporting of performance against those measures.
- Review any investments that may be required in the context of the AIL's business plan.

- Ensure that AIL is compliant with applicable regulations by review of reports from the Compliance Function.
- Ensure that the internal control environment is effective by review of reports from the Risk & Compliance Committee and the Risk Management Function regarding performance of key risks and controls.
- Ensure that the interests of clients and customers are considered in decision making ensuring customers are treated fairly and that conduct risk issues are appropriately addressed and embedded within the culture of the business.
- Monitor the performance of AIL through agreed key performance indicators relating to financial and non-financial measures including staffing issues.
- Review and monitor AIL's performance against the business plan.
- Manage the Delegated Authority / sub-Agency Framework.
- To consider the strategic alignment of key clients and partners including business development, relationship management, risks and issues.

The following are **matters reserved** for the Board.

- Determine and approve the three-year strategic plan, approval of any changes to strategy and approval of any business opportunities outside of the agreed strategy.
- Assess and approve the annual business plan including financial performance budgets and identify the key performance indicators required to monitor progress.
- Assess and approve the authority limits such as underwriting, claims, reinsurance and financial approval.
- Approval of Risk Management Framework and Risk Appetite Statements.
- Approval of the regulatory reports including the Own Risk and Solvency Assessment (ORSA) and the Solvency & Financial Condition Report (SFCR).
- Approval of the Annual Financial Statements, report and accounts and any material changes to accounting policy.
- Approval of material changes to the Underwriting Strategy.
- Approval of the Reinsurance strategy.
- Approval of material contracts between £5m-50m of Net Operating Income (NoI) and expenditure between £3-5m per annum.
- Appointment of professional advisors including Auditors, Bankers and legal advisors.
- Appointment of Directors.
- Approval of Board Policies.

B.1.2 Remuneration and Nomination Committee

The role of the Committee is to ensure that there is a rigorous and transparent procedure for new appointments to the Board, and to assist the Board in ensuring their composition is regularly reviewed and refreshed so that it is effective and able to operate in the best interests of shareholders.

The Committee's duties and responsibilities includes:

- The Committee shall determine and agree with the Board the policy for the remuneration of AIL's Chief Executive, the Executive Directors, and compensation payments. The remuneration of non-executive directors shall be a matter for the Board or the shareholders. No individual shall be involved in any decisions as to their own remuneration.
- The Committee shall also recommend and monitor the level and structure of remuneration for other members of Exco or individuals holding senior management positions from time to time.
- The Committee shall approve the design of, and determine targets for, any performance related pay schemes operated by AIL and approve the total annual payments made under such schemes.
- Review the structure, size and composition (including the skills, experience, independence, knowledge and diversity) of the Board and make recommendations to the Board regarding any changes that are deemed necessary.
- Monitor the leadership needs of AIL, both executive and non-executive, with a view to ensuring the continued ability of AIL to compete effectively in the marketplace.
- Prior to Board appointment, evaluate the balance of skills, experience, independence, knowledge and diversity on the board, prepare a description of the role and capabilities required, and be responsible for identifying and nominating candidates from a wide range of backgrounds.

- Consider any training requirements for the Board as a whole to ensure that directors are fully informed about the strategic and commercial issues affecting AIL and the markets in which it operates, as well as their duties and responsibilities as a director.

B.1.3 Audit Committee

The Audit Committee is responsible for assisting the Board with discharging its responsibilities for monitoring the integrity of AIL's financial statements and the effectiveness of the systems of internal controls and to monitor the effectiveness, performance and objectivity of the statutory auditors and Internal Audit function.

The Audit Committee has the following **duties and responsibilities**:

- Oversee the process for the appointment, selection and re-election of the statutory Auditors and monitor the independence and objectivity of the statutory auditors including review and approval of any non-audit services of the firm.
- Monitor the performance and effectiveness of the statutory audit process and review the observations and recommendations of the statutory auditors.
- Report to the Board on the outcome of the Audit including how the audit contributed to the integrity of financial reporting and the role of the Committee in that process.
- Review and approve the internal audit plan and the effectiveness of the internal audit function ensuring it has adequate resources and standing within AIL.
- Consider the observations and recommendations of the internal audit function and monitor progress of the internal audit plan and actions.
- Review and assess the adequacy and effectiveness of the systems for internal control including financial reporting and controls.
- Review and challenge the actions and judgements of management in relation to the AIL's financial performance or financial statements.
- Review the Annual financial report and accounts to ensure integrity of the financial statements regarding consistency, accounting for unusual or significant transactions, use of appropriate standards, policies and estimation techniques, related party transactions and adequacy of disclosures.
- Make recommendation to the Board for approval of the financial statements ensuring they reflect a true, fair and accurate view of the financial position of AIL.
- Monitor the financial reporting process and submit recommendations or proposals to ensure its integrity.
- Ensure the timely production and filing of the Annual Financial Statements.

B.1.4 Risk and Compliance Committee (RCC)

The RCC is responsible for assisting the Board in its oversight of risk, agreeing AIL's appetite for risk and reviewing the effectiveness of the risk management framework and compliance with regulatory obligations. Providing oversight and advice to the Board in relation to capital management ensuring sufficient capital is available to meet current and future requirements in an efficient manner consistent with Board approved Risk Appetite.

The **duties and responsibilities** of the RCC include the following:

- Review and monitor the effectiveness of the Risk Management Framework and Risk Management Function to ensure all material risks have been identified and assessed.
- Develop and maintain a clearly defined risk management strategy consistent with the overall business strategy that sets Risk Appetite and tolerance.
- To approve the risk management related policies, risk management strategy, risk appetite framework and the risk appetite statement including related limits and triggers that comprise their Board Risk Measures.
- Receive quarterly analysis of current and future capital requirements and funds available to cover these requirements in line with risk appetite metrics.
- Review adherence with risk appetites for investments and concentration limits for counterparties; aged debt and underwriting risk to maximise regulatory capital efficiency.
- Review and approve AIL's regulatory reporting including the SFCR & ORSA.
- To consider and recommend to the Board for approval material regulatory submissions and returns following Executive review.
- To monitor the relationship with the Financial Conduct Authority and the Prudential Regulation Authority and other relevant regulatory bodies.

- Approve the Compliance Monitoring Plan and review and monitor compliance assurance activity including reviews of internal processes and procedures and reviews of third-party agents.
- Approve Risk and Compliance annual plans.
- Review the effectiveness of Risk and Compliance's key function holders.
- Review and monitor key risks including effectiveness of controls and action plans.
- Review and monitor emerging risks and horizon scanning.
- To receive regular reports on the RAG status of risk metrics within the Risk Appetite Statement.
- To consider the methodology and processes used to determine the economic and capital requirements including forward-looking requirements, ensuring the correct assumptions and potential impact of risks have been taken into consideration in determining capital requirements.
- To receive reports to explain the rationale for stress and scenario testing undertaken, including the impact of crystallisation of identified risks and threats.
- Review and approve the Insurer Recovery Plan (RP) in line with regulatory expectations.
- To consider, and recommend to the Board for approval, any material changes to the Insurer's Senior Manager Regime Responsibilities Map.
- Approve regulatory change programmes including resource requirements.
- Review significant incidents and breaches including impact and remedial action.
- Review escalation reports on material risks relating to data privacy and information security systems and controls.

B.1.5 Executive Committee

The Committee has the responsibility for the day-to-day management of the activities of AIL, to determine the business plans, objectives and budgets required to deliver and implement the Strategy within Risk Appetite as set by the BoD. The role of the Executive Committee (ExCo) is to provide management of AIL, identify risks and opportunities, develop skills and ensure a resilient operational infrastructure and ensure regulations are complied with.

The **duties and responsibilities** of the ExCo include the following:

- Run the business on a day-to-day basis including managing to plan, allocating resources, agreeing priorities, monitoring implementations, actions and key performance indicators.
- Management and regular review of operational and financial performance of AIL.
- Develop and agree future business plans and initiatives, for proposal to the BoD as required.
- Develop annual and three-year business plans and budgets for approval by the BoD.
- Review performance against budget and agree changes to forecast, income and capital for approval by the BoD.
- Develop performance and succession plans for senior management.
- Review and agree pipeline opportunities for future development.
- Agree staff training programmes, development plans, staff engagement initiatives.
- Review and approve change programmes and monitor progress to plan.
- Manage the internal controls environment and report to the Audit and Risk & Compliance Committees.
- Review and approve Policies and procedures for the effective control and supervision of AIL.

The ExCo has the following sub-committees: (1) Outsourcing and Third-Party Management, (2) Underwriting and Product Governance, (3) Reserving, Claims and Reinsurance and (4) Customer, Conduct and Compliance.

B.1.6 Key Function Holders

In line with PRA/FCA regulatory requirements, AIL have allocated the key functions as displayed in table 4.

Individual	AIL Role Title	Key Function
Mariana Ortiz-Joffre	Head of Risk	Risk Function Holder
Isabel Cutajar	Head of Internal Audit	Internal Audit Function Holder
Phil Leadbeater	Head of Compliance	Compliance Function Holder

David Trefusis	Chief Actuary	Actuarial Function Holder
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Table 4 Key function holder

In addition, senior management functions have been allocated as displayed in table 5.

Individual	AIL Role Title	SMF Held	SMF Description
Martin Totty	Independent NED	SMF9 SMF12	Chair of governing body Chair of Remuneration Committee
Jeff Herdman	Independent NED	SMF10 SMF11	Chair of Risk Committee Chair of Audit Committee
David Evans	NED	SMF7	Group entity senior manager
Lawrence Watts	CEO	SMF1	Chief Executive
Paul Escott	Finance Director	SMF2 SMF3	Chief Finance Officer Executive Director
Mariana Ortiz-Joffre	Head of Risk	SMF4	Chief Risk Officer
Isabel Cutajar	Head of Internal Audit	SMF5	Head of Internal Audit
Nicky Hunt	People & Culture Senior Business Partner	SMF7	Group entity senior manager
Phil Leadbeater	Head of Compliance	SMF16	Compliance Oversight
Greg Lawson	Head of Travel	SMF18	Other overall responsibility
Lawrence Naested	Chief Technology Officer	SMF18	Other overall responsibility
Marianne Stevens	Head of Accident and Health	SMF18	Other overall responsibility
Robert Spindloe	Claims Director	SMF18	Other overall responsibility
Simon Jones	Head of Multi-lines	SMF18	Other overall responsibility
David Trefusis	Chief Actuary	SMF20	Chief Actuary

Table 5 Senior Management Functions

B.1.7 Remuneration Policy

The Remuneration Committee will review, for those in scope:

- Performance against financial targets.
- The spread and appropriateness of individual performance outcomes, prior to approval of payment against targets.

The Committee will also satisfy itself each year that the proposed The Collinson Group (TCG)-wide annual bonus plan is consistent with the principles set out in the Remuneration Policy for AIL.

Salaries

Salaries are reviewed on an annual basis in line with the wider TCG guidelines and budgets for the year. Guidance from the Group on setting salaries is issued each year and includes:

- Overall budgets.
- Consideration of the impact of the market on salaries.
- Consideration of dealing with lack of parity within the organisation (i.e. gender pay gap).
- Processes for dealing with exceptional rises (outside of budget guidelines).
- Assessing and reacting to differences in remuneration across a team.

Changes to salaries are proposed by the business with consideration from the line manager and they will be approved by the CEO. Final approval of salaries for staff and directors in scope of the Remuneration Policy is required from the Remuneration Committee prior to communicating changes to individuals or amending the salaries in payroll.

Annual Bonus Plans

Bonus plans are determined by the TCG Board at the start of each financial period with the structure of the plans based on three sets targets: (1) Group, (2) Business Unit and (3) Personal Performance.

AIL performance is measured by operating profit. All people included in the plan share the same target.

Business Unit performance may:

- Be based on operating profit or Collinson Insurance Directive objectives (refer to figure 1 for Collinson Insurance structure).
- Be sub-divided to reflect both collective (higher-level unit) and individual (lower-level unit) responsibility and performance.

Personal performance comprises performance against:

- The agreed role description (prescribed regulatory responsibilities).
- Defined objectives, including non-financial measures related to quality, compliance, and team development.
- Behaviours: measuring how objectives were delivered rather than what was delivered, based on AIL's values.

All measures are for AIL's financial year (1st May to April 30th) and are generally paid after results have been validated.

B.2 Fit and Proper Requirements

It is AIL's policy to conduct its business in an honest and ethical manner that is compliant with law and regulation. We are committed to acting professionally, fairly and with integrity in all our business dealings and relationships wherever we operate and implementing and enforcing effective systems to ensure the law and regulation surrounding fitness and propriety are respected.

The FCA and PRA senior manager and certification regimes requires that senior management meet appropriate fitness and propriety requirements. In addition, it identifies those heading up Internal Audit, Risk Management, Compliance and Actuarial as being specific roles that need to meet appropriate fitness and propriety requirements.

- Insurance undertakings shall establish, implement and maintain documented policies and adequate procedures to ensure that all persons who effectively run the undertaking or have other key functions are at all times fit and proper.
- The assessment of whether a person is fit shall include an assessment of the person's professional and formal qualifications, knowledge and relevant experience within the insurance sector, other financial sectors or other businesses and shall consider the respective duties allocated to that person and, where relevant, the insurance, financial, accounting, actuarial and management skills of the person.
- The assessment of whether members of the administrative, management or supervisory body are fit shall take account of the respective duties allocated to individual members to ensure appropriate diversity of qualifications, knowledge and relevant experience to ensure that the undertaking is managed and overseen in a professional manner.
- The assessment of whether a person is proper shall include an assessment of that person's honesty and financial soundness based on evidence regarding their character, personal behaviour and business conduct including any criminal, financial and supervisory aspects relevant for the purposes of the assessment.
- This includes people such as Directors, Internal Auditors and Actuaries appointed. Employees performing their duties within the insurance sector are subject to scrutiny by regulators and are expected to exercise high standards of conduct and to undertake their respective roles in a fit and proper manner.

Prior to recruitment, directors, senior managers and individuals performing controlled and/or certified functions are subject to general checks using the following sources of information to ensure that they are fit and proper:

- Curriculum Vitae (CV) and employment application forms.
- Interviews with the candidate.
- The applicant's input to the UK Regulator's relevant application form.
- References and other information provided by current and previous employers.

- Professional and technical associations and other public bodies.
- Internal records of Collinson (in relation to existing staff).
- Credit reference checks.
- Disclosure and Barring Services (DBS) checks.

Individuals are also required to declare any information which may impact their ability to perform their role, conflicts of interest or any criminal or civil proceedings. Where applicable the information is submitted to the PRA / FCA in support of their Senior Manager Function (SMF) applications. The checks are repeated on an at least annual basis or when relevant circumstances or requirements change. All Directors, Executive Committee members and other persons holding a position subject to regulatory approval are required to complete a Conflicts of Interest checklist annually. Any Conflicts of Interest are required to be declared to Compliance, in accordance with the Conflicts of Interest Policy.

B.3 Risk management system including the Own Risk & Solvency Assessment

AIL has embedded a consistent risk management framework, supported by appropriate Board policies and procedures to manage the key risks to the business. Where relevant, policies and procedures have been aligned to current FCA/PRA regulatory requirements. A key part of AIL's risk management framework is the way the business collectively manages, controls and reports risk at every stage throughout its governance structure.

AIL follows a three lines of defence operating model for risk management. This approach is predicated on the business (Line 1) having effective risk management processes in place, coupled with the effective design, implementation and operation of effective controls. The Risk function (Line 2) provides strategic oversight and challenge, whilst also enabling robust risk management by providing advice, Policies, guidance and tools to aid Line 1's risk activities. Internal Audit (Line 3) provide independent oversight and assurance on the effectiveness of Line 1 and Line 2 risk management.

B.3.1 Risk Management Framework

AIL has established a risk management framework, supported by a Risk Strategy, Risk Appetite Framework and Board policies, to manage the risks faced by the business. All components of the risk management framework are shown in figure 4 below highlighting how each component interacts with another.

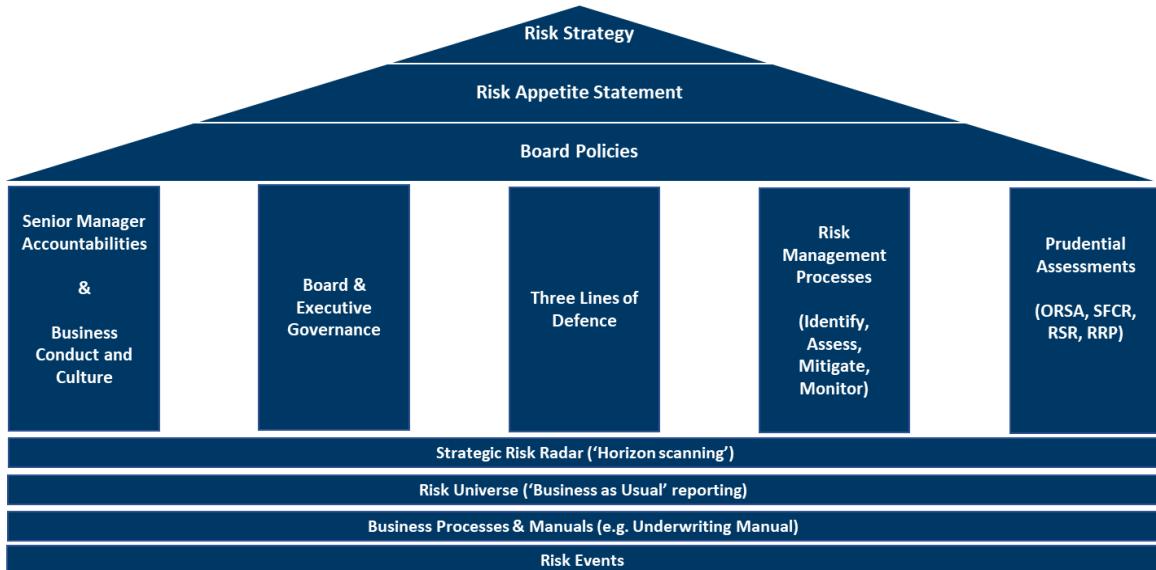


Figure 4 AIL's Risk management framework

B.3.2 Risk Strategy

The Risk Strategy defines the guiding principles with which AIL operates to deliver effective risk management in support of its commercial performance and intended customer outcomes. Twenty-one principles have been defined, centred on five themes which provide a coherent structure to articulate the strategic approach to risk

management: People & Culture, Customers, Data & Systems, Processes & Delivery and Prudential as displayed in figure 5.

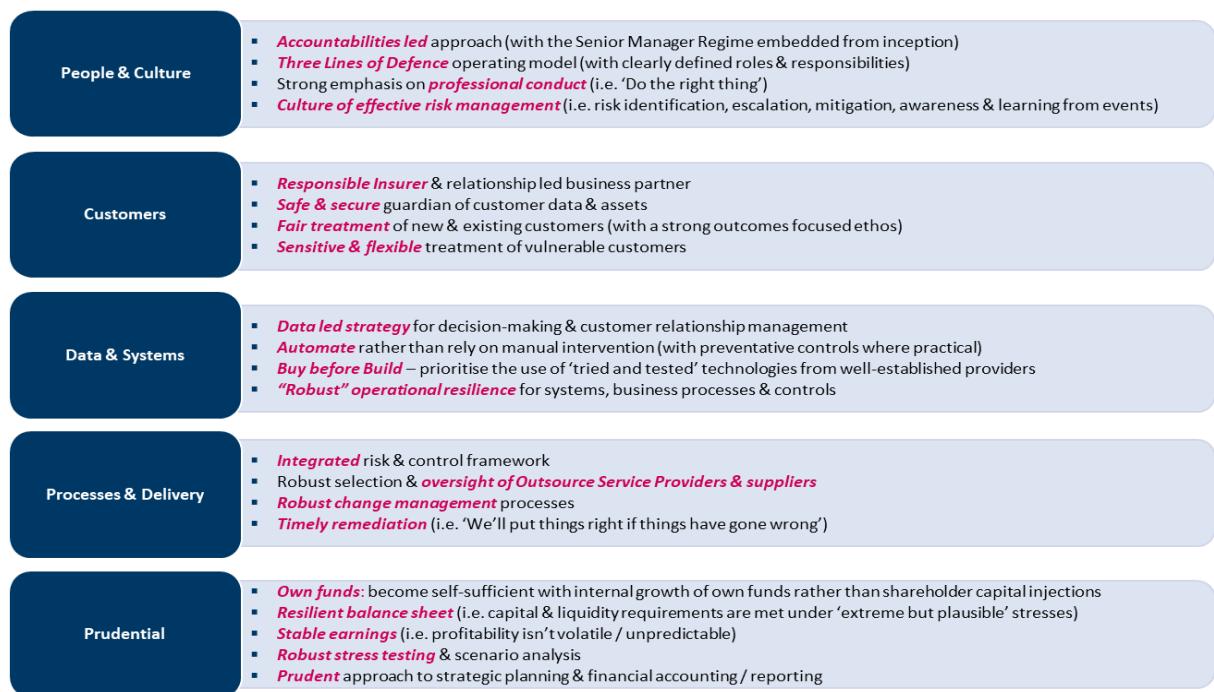


Figure 5 AIL's Risk strategy principles

The Risk Appetite Framework (RAF) defines AIL's overall approach through which risk appetite is established, communicated and monitored. It also defines the roles and responsibilities of those overseeing the implementation and monitoring of the RAF (including policies, processes, controls and systems). The RAF is complemented by the Risk Appetite Statement (RAS), which defines the risk appetite across AIL's eight primary risk classes and the associated qualitative and quantitative risk limits, applying a two-level hierarchy (i.e. Board and Executive) to the risk limits and reporting.

Figure 6 summarises the interplay of risk appetite with strategy and business planning, alongside the processes for managing risk appetite and associated key enablers.



Figure 6 Interaction between business strategy and risk management

The appetite for risk is aligned to the Business Strategy to ensure that key risks are identified, and suitable mitigating controls are implemented and monitored. The risk appetite statement is agreed and reviewed at least annually by the

Board and earlier in case of material change in risk profile or strategy. A monitoring programme of risk appetite metrics supporting management in ensuring that the AIL remains within its risk appetite.

B.3.3 Own Risk and Solvency Assessment (ORSA)

The Own Risk and Solvency Assessment (ORSA) require companies to have processes in place as is proportionate to the nature, scale and complexity of the risks inherent in its business. Within their risk identification process, the Insurers seek to properly identify and assess the risks they face, in the short and long term, and to which it is or could become exposed whilst having processes in place which lead to effective capital management.

ORSA Objectives

The ORSA process supports the BoD in achieving their strategic objectives by taking a structured and combined approach of business strategy, risk management and capital management. Thus, within this context, the prime purposes of the ORSA processes are to:

- Provide the BoD and individuals involved in the decision-making processes and management with an assessment of whether risk management and solvency position are currently and prospectively adequate.
- Serve as an essential insight for any strategic decision to be made.
- Serve as a supervisory tool by providing a detailed understanding of the evolving risk exposure, solvency position and capital planning of AIL to the Prudential Regulatory Authority.

ORSA Timing and Frequency

AIL will undertake an ORSA process, at least annually, to demonstrate the adequacy of the business strategy, available regulatory capital, the Risk Appetite and the appropriateness of the risk limits which are assessed for the business planning period, considering the evolving risk profile. It will be re-performed on an additional ‘ad hoc’ basis in the event of significant change in the risk profile or business plans. Depending on the trigger and initial impact assessment, either a full or a partial ORSA (focused on the triggering event whilst keeping other variables constant) will be conducted.

Figure 7 below provides a high-level summary of the ORSA process that has been embedded. Full details of the roles and responsibilities of the ORSA process are included in the ORSA Policy.

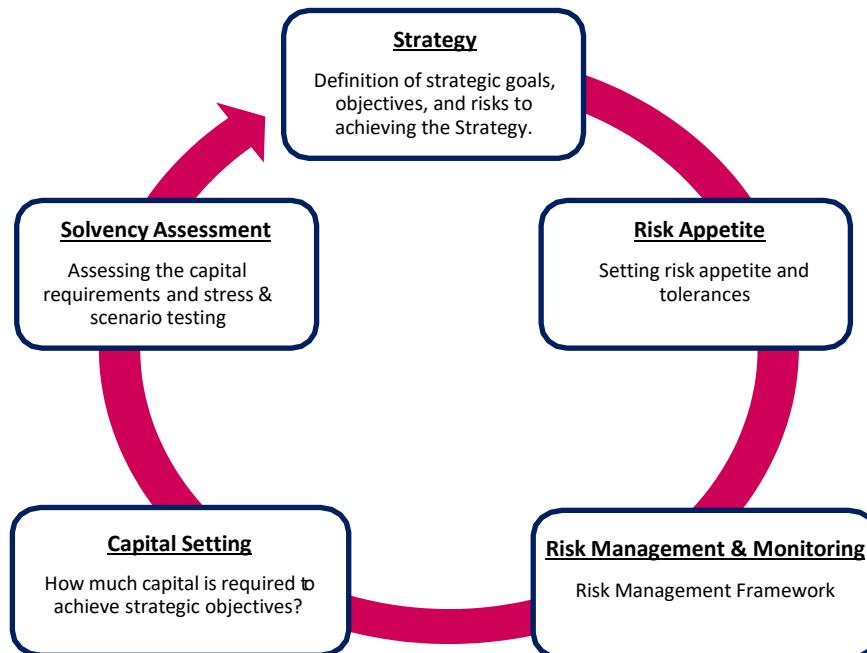


Figure 7 ORSA process (as per ORSA policy).

Stress and scenario testing

A range of stress and scenario tests, which are “severe but plausible”, are applied to AIL’s Base Case Capital model to understand the impact of these sensitivities. Figure 8 below depicts the types of scenario analysis that have been assessed as part of the ORSA process.

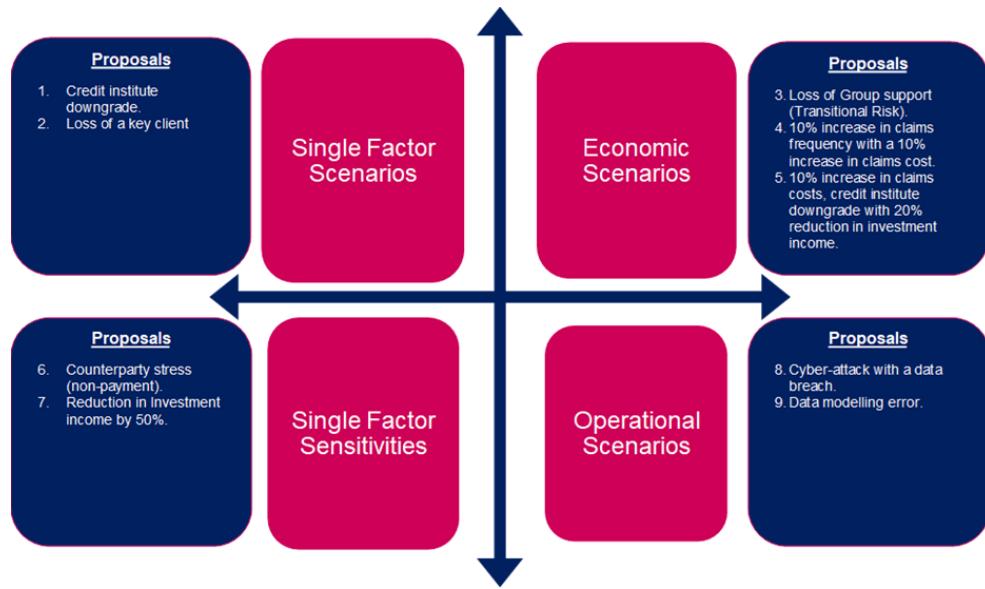


Figure 8 Scenario analysis selection 2024

B.4 Internal Control System

The purpose of AIL’s internal control system is to have in place a coherent, comprehensive and continuous set of mechanisms which are designed to secure the following:

- Effectiveness and efficiency of AIL’s operations, leading to improved performance and error reduction.
- Alignment of AIL’s activities with its business objectives by ensuring resources are correctly and prudently allocated.
- Safeguarding of AIL’s physical and monetary assets against error, fraud, theft and unauthorised use, acquisition or disposal, by quick identification and systemic prevention of, and formal responses to these activities.
- Availability, reliability and accuracy of financial and non-financial information, ensuring proper financial reporting, by maintaining accurate and complete records required by legislation, regulation, the Board and AIL.
- Provision of timely and accurate management information critical to sound management practices and decision-making.
- Compliance with applicable laws, regulations and administrative provisions.
- Reduction of exposure to risks by minimising the chance of unexpected events.

To support a robust internal control system, a suite of governance policies have been implemented to ensure the strategy and objectives of AIL are achieved. All relevant personnel and service providers are made aware of these policies where applicable to support the internal control environment.

The Internal Control System within AIL is depicted within the other sections of section B – System of Governance with key function holders appointed to Actuarial (B7), Compliance (B5), Internal Audit (B6) and Risk Management (B3) and are detailed in the relevant sections.

B.5 Compliance Function

The Compliance Function is an independent function giving guidance and coordinating the efforts and activities of AIL as they relate to regulatory compliance. The Compliance function seeks to foster a culture of compliance; to facilitate

compliance and to provide a quality assurance role to the Board as to the state of affairs of its businesses in relation to regulatory compliance. The Compliance team aims to provide assurance to the RCC and the Board that AIL conducts business in accordance with all relevant laws and regulations, internal compliance policies and ethical standards. The key responsibilities of the Compliance role are to:

- Ensure relevant and appropriate compliance training is provided for employees and the Board.
- Provide reasonable assurance that the business and its Appointed Representatives (AR's) are aware of and comply with the relevant laws, rules, regulations and standards in the UK.
- Ensure appropriate and proportionate risk-based systems and controls are in place to support compliance with relevant laws, rules, regulations and standards in the UK.
- Assist in the design, formulation and amendment of new and existing policies and procedures, products, services and the approval of marketing and advertising material.
- Provide a level of co-ordination and interaction with the relevant external bodies, including regulators, external auditors and external compliance consultants on all relevant issues and matters.
- Ensure that the business keeps pace with regulatory change by performing frequent horizon scanning, engaging with stakeholders to assess impact, communicating incoming change to relevant parts of the business, supporting with regulatory change projects and tracking and reporting on the status of project deliverables.
- Provide regulatory advice to help support and enable new and existing business arrangements.
- Ensure regulatory reporting is accurate and submitted on time.
- Coordinating and managing all communications with regulators.

The activities of the Compliance team are detailed in the Compliance Plan, which is supplemented by a Compliance Audit plan, both of which are approved annually by the RCC. The purpose of the Compliance Plan is to identify and communicate the areas of focus for the current financial year in accordance with business objectives, key risks and areas of regulatory development. The Compliance Audit Plan identifies the risk-based reviews and assessments of clients and third parties and internal reviews of systems and controls. The Compliance team monitors incidents and breaches notifying to the appropriate regulator where required. The Compliance team also helps the business understand and prepare for future changes to relevant regulatory requirements. This includes assessing the potential risk / impact to the business, whether existing business processes operate in a compliant manner and communicating the impact of the regulations and associated actions to the relevant parts of the business.

Responsibilities of all employees / service providers:

- Being conscientious in seeking to comply with relevant obligations in the course of their duties.
- Completing mandatory compliance training as per the approved timescales.
- Ensuring compliance with any changes to regulatory policies and procedures.
- Involving the Compliance Function in new business initiatives and new products.
- Following the current policy and procedures regarding complaints and potential rule breaches.
- Ensuring employees act within the fit and proper person requirements.
- Coordinating any discussions or meetings with regulators via the Compliance Function; and
- Asking for guidance on any Compliance queries or concerns.

B.6 Internal Audit Function

The Internal Audit function is an independent assurance function, which examines and evaluates the functioning of internal controls and governance within the control environment. An internal control system is an important aspect of corporate governance since a system of effective internal controls is fundamental to sound management of AIL. An appropriate control environment is fundamental to ensuring that staff behaviour is consistent with governance and regulatory requirements, and it relies on senior management promoting the appropriate top-down culture.

The Internal Audit function forms AIL's third line of defence. It operates in accordance with The Institute of Internal Auditors' mandatory guidance including The Definition of Internal Auditing, the Code of Ethics and the International Standards for the Professional Practice of Internal Auditing.

Internal Audit is governed by an Internal Audit Charter that defines the role, level of professionalism, authority, structure, independence and objectivity and responsibility of the function. The charter is reviewed and approved by the Audit Committee (AC) on an at least annual basis.

The Head of Internal Audit reports into the chair of the AC, which is an independent non-executive director (iNED). This reporting structure delivers independence to Internal Audit. The Head of Internal Audit creates an Internal Audit Plan on a bi-annual basis following a risk assessment process which includes:

- Interviews with key senior Management across the Division to identify key risks.
- A review of the Executive risk register and functional risk registers as appropriate.
- Consideration of functions/operations impacted by recent or upcoming operational or regulatory changes, this including consideration of key circulars/newsletters issued by the regulatory bodies.

The Internal Audit Plan is frequently evaluated to determine that it is relevant and appropriate, in particular to changes that significantly impact on the business environment such as changes in management strategies, external conditions, major risk areas, or revised expectations in respect of achieving the business objectives. Any proposed amendments or updates to the Internal Audit Plan are submitted to the AC Chairperson for review and approval. The AC reviews and approves the Internal Audit Plan.

The Internal Audit activity evaluates the management and governance oversight covering key risks and the design and operating effectiveness of key controls. The output of each internal audit engagement is an audit report covering the overall audit opinion, key observations covering control failures or identified weaknesses and their potential impact, and the actions and timings which Management have agreed to remediate.

B.7 Actuarial Function

The Actuarial Function is responsible for providing insightful actuarial analysis to contribute to the business's success, whilst fulfilling regulatory responsibilities and ensuring policyholders' interests are protected. The Actuarial Function is a critical function of AIL, having a significant impact on pricing, reserving and capital. It is a key contributor to the effective management of insurance risks relating to the failure of pricing, risks relating to the failure of product or strategy and risks relating to adverse reserve development.

AIL has an in-house Actuarial team which calculates the UK GAAP Reserves as well as the Technical Provisions (TPs) and SCR. The function is led by the Chief Actuary, who is a Fellow of the Institute & Faculty of Actuaries and acts as AIL's senior insurance management function holder 20: Chief Actuary (SMF20).

The Actuarial Function produces an annual Actuarial Function Report (AFR) to set out:

- an assessment of the reliability and adequacy of technical provisions.
- an opinion on the underwriting policy.
- an opinion on the overall reinsurance arrangements.

The AFR and the recommendations of the Chief Actuary are presented to the Board, and the progress of actions is tracked and reported to the relevant Committee(s).

B.7.1 Governance and Independence of the Actuarial Function

The Actuarial Function will need to consider issues of governance, independence and conflicts of interests. It is required to be independent of an insurer's revenue-generating functions. In addition, normal good governance requires a degree of separation between those who perform Actuarial Function work and those who review and supervise it.

There are numerous stakeholders in the Actuarial Function's work. Some of these will rely on the output of the Actuarial Function, others will provide inputs to its work. Setting out stakeholder responsibilities clearly and in advance is of vital importance. Bringing together issues of governance, independence and meeting the Directive and regulators' requirements is supported by a suitable organisational structure which considers practical issues, such as the availability of suitable staff.

B.8 Outsourcing

The Prudential Regulation Authority (PRA) issued a Supervisory Statement (SS2/21) setting out expectations of how PRA-regulated firms should comply with regulatory requirements and expectations relating to outsourcing and third-

party risk management. These requirements have been reviewed and incorporated into the Insurance Division Outsourcing and Third-party Risk Management Policy.

This Policy ensures AIL undertakes a consistent approach to the management of risks from the sourcing and appointment of external suppliers of goods and services in line with the risk appetite set by the Board. This Policy provides a framework within which AIL manages its outsourcing and third-party arrangements risk exposures, AIL has defined this as 'the risk of loss, customer detriment and/or regulatory sanction arising from failure to meet the relevant oversight requirements for critical and important outsourcing'.

The Outsourcing & Third-Party Management Policy details the defined sourcing approach when procuring the services and providing regular oversight of the performance of third parties in relation to key contractual requirements particularly with respect to external suppliers that are deemed to provide a critical and important service to AIL and therefore, ultimately, to its customers.

These services are of such importance that a defect or failure in its performance would materially impair the continuing compliance of AIL with the conditions and obligations of its authorisation or its other obligations under the regulatory system, or its financial performance, or the soundness or the continuity of its relevant services and activities.

The Board is responsible for the approval, application and review of this Outsourcing Policy. The Board is ultimately responsible for the approval of and termination of all outsourcing arrangements of any critical or important functions and activities. The Board may delegate the on-going monitoring and supervision of outsourcing arrangements to a subcommittee of the Board (Outsourcing Committee). The Outsourcing Committee is responsible for assessing the risks associated with the outsourcing of critical or important functions or activities as part of its overall remit to identify, assess, manage, monitor and report the risks on an ongoing basis.

AIL only enters into outsourcing arrangements with service providers who have adequate financial, human, capital and systems resources to take on the activities outsourced to them. AIL assesses that the provider is financially sound and has the relevant knowledge and experience of the service it is contracted to supply. The outsourcing of critical and/or important operational functions or activities has not been undertaken in a way that has led to any of the following:

- Materially impair the quality of the system of governance of the Group.
- Unduly increasing the exposure to Operational Risk.
- Impairing the ability of the supervising authorities to monitor the compliance of the Group with its obligations.
- Undermining continuous and satisfactory service to policyholders.

AIL remains fully responsible for all outsourced functions and activities it needs to include in its risk management systems and controls for monitoring and reviewing the quality of the service provided. To ensure effective control of outsourced activities and manage the risks associated with the outsourcing, AIL maintains the competence and ability to assess whether the outsourcing provider delivers according to contract.

AIL has an intra-group agreement with Collinson Insurance Services Limited (CISL) for arranging claims handling, IT, Finance, Underwriting, HR services and other administration support.

The following critical or important operational functions have been outsourced by AIL:

- Claims Handling for some products.
- Supplier Hosted Data Storage and Application Services (e.g. Cloud Computing).
- Medical Assistance case management.
- Back-office services such as IT, HR, Facilities.
- Distribution, sales and complaint handling for some products.

The arrangements detailed above are reviewed regularly to ensure outsourcing risks are mitigated and that quality of service is maintained in line with the Outsourcing & Third-Party Management Policy. These activities are mainly provided from third parties within the United Kingdom and Europe, with a range of back-office services across claims and customer operations provided from third parties in Asia and South Africa.

B.9 Any other information

The Board undertook an external Board Effectiveness Review in October 2019 and reviews its effectiveness annually. Going forward it will consider the need for a new external review but in the meantime will assess each Director and Key Function Holder through the completion of a Board Effectiveness Questionnaire. Results of this questionnaire will be presented at a Board meeting in FY25.

C. Risk Profile

AIHL's risk profile is not materially different from AIL. This is because AIL is the risk carrier and AIHL only holds an immaterial amount of additional Own Funds over and above AIL. Therefore, the risk profile of both entities is treated as being one and the same and only reported once for the sake of brevity. AIL's risk exposure is classified within 8 level 1 risk classes: Financial Risk, Underwriting risk, Prudential Risk, ICT & Security Risk, Operational Risk, Regulatory Risk, Conduct Risk and Strategic risk. Table 6 provides a breakdown of the components of the SCR as at 30th April 2024:

Risk	FY24 £'000	FY23 Restated* £'000	Movement £'000
Non-Life Underwriting	8,826	5,662	3,164
Health Underwriting	5,670	3,666	2,004
Market Risk	2,310	2,121	189
Counterparty Default	757	1,242	(484)
Undiversified BSCR	17,564	12,691	4,873
Diversification	(5,630)	(4,202)	1,428
Basic SCR	11,934	8,489	3,445
Operational Risk	3,580	2,547	1,033
SCR	15,514	11,036	4,478
Own Funds	31,785	24,797*	6,988
SCR Coverage Ratio	205%	224%*	(19%)

Table 6 Solvency Capital Requirements

The increase in SCR is largely driven by increases in the Non-Life and Health Underwriting risks, which have increased by c£5.2m. This is mainly due to an increase in forecast business volumes as well as a lower level of quota share reinsurance, both of which have increased the premium and reserve risk. The Board approved reducing the Quota Share Re-insurance, which was actioned after the expiry of the secondary Quota Share Reinsurer contract as of 31st December 2023. A new secondary Quota Share Reinsurer is appointed from 1st August 2024. There has also been an increase in lapse risk due to higher expected profit in future premiums.

Market risk has also increased by c.£0.2m and this is largely a result of increased Interest Rate risk and Spread risk, due to higher assets under management, offset by a reduction in Concentration risk as funds were moved from fixed term deposits into money market funds.

Counterparty Default risk has reduced by c.£0.5m due to cash at bank reducing (due to more funds being transferred to the money market fund where it earns a higher return) as well as reduce reinsurance held with our quota share partners.

The increase in these risks has resulted in a higher level of diversification between them and this has reduced the SCR by c.£1.4m.

Operational risk has increased by c.£1.0m due to it being capped at 30% of the Basic SCR (i.e. it has increased in line with the increases in the Basic SCR).

The overall impact to the SCR is an increase of c.£4.5m.

The Eligible Own Funds have increased by c.£6.9m over the financial year due to profit on the retained earned premium; investment returns; and a one-off reduction in Technical Provisions due to changes in the methodology used to calculate expenses, the cost of capital rate used in the risk margin and the cashflow profile used to calculate the discounting benefit

C.1 Underwriting Risk

Underwriting risk arises from the volume of business we underwrite, inadequacies in pricing, compared to the product benefits, or worse than expected claims experience. The majority of underwriting risk to which AIL is exposed is of a short-term nature in view of the lines of business which it writes.

Table 7 shows the Underwriting Risk charge for year ending 30th April 2024 and percentage of the undiversified Basic SCR with a comparison with the previous financial year.

Underwriting Risk	FY24		FY23		Change	
	£'000	BSCR %	£'000	BSCR %	£'000	BSCR %
Non-life Underwriting risk	8,826	74%	5,662	45%	3,164	29%
Health Underwriting Risk	5,670	48%	3,666	29%	2,004	19%
Total Underwriting Risk	14,496	122%	9,328	74%	5,168	48%

Table 7 Underwriting Risk charge

C.1.1 Underwriting risk is mitigated by:

- Single source performance information produced on a regular basis, feeding into the underwriting and management processes and informing decision-making. AIL has also invested in improvements to its analytical processes – including new reserving processes and underwriting management information and pricing models.
- AIL is a specialist insurer focusing on Travel and ancillary personal lines insurance products. As well as pricing, AIL has additional controls to segment the market and target those risks it wishes to underwrite in close cooperation with its key affinity partners.
- Reinsurance contracts, both quota share and excess of loss, reduce exposure to large individual claims or aggregated losses from a single event and dampen the volatility in the underwriting result.
- A quarterly review of reserving loss ratios is undertaken, which sets the UK GAAP reserves. This is done by projecting claims to an ultimate position using underwriting year triangles. Back testing of recent experience against the expected premiums and claims emergence is performed between Reserving Committees where the analysis is challenged prior to sign off and booking. As the Best Estimate Technical Provisions (TP's) consist of Premium Provisions, Claims Provisions and Risk Margin, the booked UK GAAP reserves form an input into AIL's Best Estimate TP's Model.
- Underwriting Governance processes including the deal rooms pay particular attention to how much Underwriting Risk Capital is being consumed by the product or scheme under review and includes comparison of the scheme risk capital to the available capital headroom. Return on Capital calculations drive underwriting focus towards items which deliver an appropriate return on capital.

C.1.2 Underwriting risk is monitored by:

AIL has a Board-approved Risk Appetite Statement that includes the monitoring of the Underwriting metrics, which are monitored within appropriate governance fora. This monitoring provides assurance that AIL is ultimately operating within the Board-approved risk appetite and remains within the budgeted capital plan.

Line of Business	Risk Metric	Green	Amber	Red
Travel	Aggregated Commission Rate – movement from budgeted capital plan	≤2.5%	2.5% - 5%	>5%
Health		≤5%	5% - 10%	>10%
Multi-Lines		≤2.5%	2.5% - 5%	>5%
Travel	GWP Actual Vrs Budget (Forecast Outturn)	±5%	±5% - 10%	±≥10%
Health		±5%	±5% - 10%	±≥10%
Multi-Lines		±5%	±5% - 10%	±≥10%
Travel	Level of budgeted GWP written above Target Loss Ratio (LoB level)	≤2.5%	2.5% - 5%	>5%
Health		≤2.5%	2.5% - 5%	>5%
Multi-Lines		≤2.5%	2.5% - 5%	>5%
Travel	Combined Operating Ratio – FY24 Outturn	<99%	100%	>100%
Health		<99%	100%	>100%
Multi-Lines		<99%	100%	>100%

Table 8 Underwriting risk metrics.

C.2 Market Risk

Market risk arises from fluctuations in the market value of, or income from, AIL assets. AIL has invested its assets in Money Market Funds. This allows AIL to gain a reasonable return on its available assets to support the operations, while also ensuring adherence to the prudent person principle and adequate liquidity since such investments are callable within one day's notice.

AIL has exposure to the following types of market risk:

- Currency risk – AIL is exposed to currency risk in respect of liabilities under policies of insurance and reinsurance contracts denominated in currencies other than sterling. AIL manages its foreign exchange risk against its functional currency. Foreign exchange exposure arises when there is a mismatch in the value of the foreign currency assets and liabilities.
- Interest rate risk – AIL is exposed to interest rates in respect of duration of liabilities and assets mismatching with each other under different currencies. AIL manages its exposure to interest rate risk via quarterly Finance and Investment working group meetings to ensure the risk charge of interest rate risk is within its risk appetite.
- Spread risk and concentration risk – AIL is exposed to spread and concentration risk originated from its investment portfolio.

The standard formula is deemed to be an adequate measure of market risk given the size and complexity of AIL's market risk exposure. Cash exposures are considered within the Counterparty Default risk module.

Table 9 shows the Market Risk charge for year ending 30th April 2024 and percentage of the undiversified base SCR with a comparison to the previous financial year.

	FY24		FY23		Change	
	£'000	BSCR %	£'000	BSCR %	£'000	BSCR %
Market risk	2,310	19%	2,121	17%	189	2%

Table 9 Market risk charge

AIL does not use derivative instruments to manage exposure to foreign currencies, instead its ongoing monitoring of non-Sterling asset and liability exposure and rebalancing any surplus / deficit positions allows AIL to control currency exposure. AIL manages its investments as money market funds, managed through BlackRock. The money market funds are generally accessible within 24 hours and this reduces exposure to liquidity risk whilst ensuring that around 66% of total cash balances are either immediately accessible or held in overnight deposit accounts. This reduces the liquidity risk faced by AIL as funds are readily available especially within a stressed scenario.

AIL is required, and strictly follow, the prudent person principle to invest the assets used to cover their respective MCRs and SCRs. The prudent person principle defines that the assets must be invested in a manner that a 'prudent person' would – that is that the decisions are generally accepted as being sound for the average person.

C.2.1 Market Risk is mitigated by:

- The Investment Strategy defines the currencies in which underlying investment assets may be held.
- Surplus currency bank and cash positions are monitored and rebalanced by the finance function when any surplus or deficit positions arise.
- The Finance and Investment Working Group monitors the level of AIL's exposure to foreign currency against risk appetite and the approved business plan.
- The Finance and Investment Working Group also monitors the level of AIL's exposure to asset liability mismatching against risk appetite and the approved business plan.
- The overall level of current and forecast exposure to foreign currencies across the AIL balance sheet and the impact this has, or may have, on the regulatory capital of AIL is monitored by the RCC.
- AIL does not currently use derivatives to manage currency exposure.
- The banks used by AIL currently have a credit rating of A or higher.

- The amount of cash held by AIL is also monitored and ensured to be within the limit approved in the business plan.

C.2.2 Market risk is monitored by:

Regular monitoring of cash balances and concentration limits is managed by the Operational Cash Management team reporting to the Finance leadership team. This assists with remaining within risk appetite and acts as an early warning to potential stress events. AIL has a Board-approved Risk Appetite Statement that includes the monitoring of the Market, Investment and Liquidity risk metrics below, which are reviewed within appropriate governance forums. This monitoring provides assurance that AIL is ultimately operating within the Board approved risk appetite and remaining within the budgeted capital plan.

Risk Metric	Green	Amber	Red
Investment return: Monthly Income (average Daily Balance in month) Annualised % rate	≥4%	4% - 3.5%	≤3.5%
Concentration: Amount per investment within the Money Market Fund (% of total funds invested)	≤4.75%	4.75% - 5%	≥5%
Counterparty rating (S&P)	>A	-	BBB
Charge on Currency exposures on absolute net assets/liabilities	<£350k	£350k - £500k	>£500k
Charge on Interest Rate Risk exposures on absolute net assets/liabilities	<£350k	£350k - £500k	>£500k
Liquidity Buffer – Ratio of liquid assets (cash and Money Market Investments) against the stressed value of 2 months of outgoings.	> 150%	> 125% and <150%	<125%
Lowest cash balance in month as a ratio to stressed claim paid outgoings	> 150% & <250%	> 100% and <150%	<100% & >250%
Cash held in bank account – capped at £5m	≤£5m	-	>£5m

Table 10 Market Risk metrics

C.3 Credit Risk

Credit risk is the risk that a counterparty will be unable to pay amounts in full when due. Key areas where AIL is exposed to credit risk are:

- Reinsurer's share of insurance liabilities.
- Amounts due from reinsurers in respect of claims already paid.
- Amounts due from policyholders.
- Amounts due from insurance intermediaries.
- Cash held with banks.

Table 11 shows the Counterparty Risk charge for year ending 30th April 2024 and percentage of the undiversified base SCR with a comparison with the previous financial year.

	FY24		FY23		Change	
	£'000	BSCR %	£'000	BSCR %	£'000	BSCR %
Counterparty risk	757	6%	1,242	10%	(484)	(4%)

Table 11 Counterparty risk charge.

C.3.1 Counterparty risk is mitigated by:

AIL manages the level of credit risk it accepts by placing limits on its exposure to a single counterparty, or groups of counterparties and to geographic and industry segments. Such risks are subject to regular review.

- AIL has a minimum required reinsurer credit rating agency (A.M. Best) of A- with its principal Quota Share reinsurer currently having a rating of A+.

- The Excess of Loss reinsurance panel comprises of reinsurers with a minimum credit rating of A. The panel is comprised primarily of Lloyd's reinsurers.
- The Board policy is to maintain intercompany debt with other Collinson entities at a minimum, so reducing AIL's counterparty credit exposure.
- Exposure to credit risk in respect of amounts due from policyholders is mitigated by AIL's large customer base and the low average level of individual balances outstanding. AIL is not exposed to concentrations of credit risk in respect of policyholders.
- The RCC meets on a quarterly basis and is responsible for monitoring these risks to ensure they remain within risk appetite.

C.3.2 Counterparty risk is monitored by:

Regular monitoring of cash balances and concentration limits are managed by the Operational Cash Management team reporting to the Finance leadership team. This team assists with ensuring AIL remains within risk appetite and acts as an early warning to potential stress events. AIL has a Board-approved risk appetite statement that includes the monitoring of the Credit risk (including Counterparty) risk metrics below, which are monitored within appropriate governance forums. This monitoring provides assurance that AIL is ultimately operating within the Board-approved risk appetite and remains within the budgeted capital plan.

Risk Metric	Green	Amber	Red
Counterparty rating (Reinsurer)	A	BBB	<BBB
Amount of Reinsurance Counterparty debt over 90 days overdue	<£100k	£100k - £250k	£250k
Inward aged debt charge (Premium)	<£0.4m	£0.4m - £0.7m	>£0.7m

Table 12 Counterparty risk metrics

C.4 Liquidity Risk

Liquidity risk is the risk that AIL although solvent or profitable, either does not have available sufficient financial resources to enable it to meet its obligations as they fall due or can secure such resources only at excessive cost.

Liquidity risk is not explicitly included within the standard formula SCR calculation and is not considered a material risk to AIL as the assets to support its risks and capital requirements are held in cash deposits with banks with a current credit rating of A or higher as well as highly rated and diversified money market funds. AIL considers the composition of its assets in terms of their nature and liquidity to be appropriate and sufficient to meet its obligations as they fall due.

The amount of EPIFP is £2,160k for the period ended 30th April 2024.

AIL manages the level of liquidity risk:

- Liquidity and Asset Liability Management Policies in place.
- Monthly cash forecast.
- Monthly report of cash and liquid balances presented to the Board.
- ALM (currency) forecast on quarterly basis.
- Set guidelines on asset allocations, portfolio limit structures and maturity profiles of assets, to ensure sufficient funding available to meet insurance contract obligations.

During the period ended 30th April 2024 AIL was not exposed to significant liquidity risk.

Risk Metric	Green	Amber	Red
Lowest cash balance in month as a ratio to stressed claim paid outgoings	> 150% & <250%	> 100% and <150%	<100% & >250%
Liquidity Buffer: Ratio of liquid assets (cash and money market investments) against the stressed value of 2 months of outgoings	> 150%	> 125% and <150%	<125%

Table 13 Liquidity risk metrics

C.5 Operational Risk

Operational Risk Level 1 Class in AIL's Risk Universe and is defined as 'the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events'. This definition includes legal risk but excludes strategic and reputational risk. To operate efficiently AIL recognises that it needs to have a robust framework in place to manage operational risk. The framework is underpinned by an Operational Risk Policy.

The following are the Board Policy Statements that have been implemented to manage Operational Risk:

Risk Culture: The Board and Executive Management will seek to lead AIL in delivering a strong risk management culture.

Risk Framework: The Risk function will seek to develop, implement, and maintain a risk framework and standards that align to regulatory requirements.

Risk Identification: AIL will seek to use appropriate risk management tools to identify actual, potential, or emerging risks in all material products, activities, processes, and systems.

Risk Assessment: AIL will seek to use appropriate risk management tools to assess risks in all material products, activities, processes, and systems to ensure that risks are properly understood.

Risk Control: AIL will seek to use appropriate internal controls e.g., policies, processes and systems and appropriate risk mitigation and transfer strategies to manage its operational risks.

Risk Events: AIL will seek to ensure that incidents are identified, escalated, and effectively managed within agreed parameters.

New Product Approval: AIL will seek to ensure that new products, material changes to existing products and associated operational implications are assessed for risk.

Risk Reporting: AIL will seek to regularly monitor its risk profile and material exposure to losses.

Operational Resilience: AIL will seek to maintain robust operational, cyber, and technological resilience for both its in-house processes and activities and those undertaken by its partners.

As a standard formula company, the Operational Risk SCR charge is primarily driven by premium volumes especially premium volume growth. Table 14 shows the Operational Risk charge for year ending 30th April 2024, which has been capped at 30% of the Basic SCR with a comparison with the previous financial year.

	FY24		FY23		Change	
	£'000	BSCR %	£'000	BSCR %	£'000	SCR %
Operational Risk	3,580	30%	2,547	30%	1,033	0%

Table 14 Operational risk charge

C.5.1 Operational risk is monitored by:

AIL seeks to mitigate the risk with the implementation of a robust operational risk framework which is consistent, effective, economic and proportionate to the nature, scale and structure of the business. The framework is supported by an Operational Risk Policy and procedures detailing clear roles and responsibilities to support staff in undertaking their business-as-usual activities whilst managing the day-to-day operational risks.

C.6 Other Material Risks

Other risks that could impact AIL's ability to meet its business plan are:

Financial risk from Climate Change (FRCC) is not a new risk but has received heightened regulatory focus within financial services and increased expectations for external reporting during the past few years. A Key aspect is financial risks caused due to climate change, not solely the impact of climate change.

Table 15 highlights the risk management approach to managing FRCC and how exposure is monitored via related risk appetites and stresses and scenario testing. The stress and scenarios identified have been included with the ORSA process and a high-level risk assessment with a risk management approach is included.

Component	Risk Management Approach	Related Risk Appetite(s)	ORSA Scenario(s)
Physical risk – Direct	<ul style="list-style-type: none"> ➤ Monitor via risk appetite metrics detailed. ➤ Update Financial risk from Climate Change risk assessment if exposure changes ➤ Include within Stress and Scenario landscape 	<ul style="list-style-type: none"> ➤ Aggregated Net Loss Ratio (Claims Incurred / Net Earned Premium) – movement from budgeted capital plan. 	Not included as very minimal direct physical risk due to the product lines written within the Insurance division. Very minimal amount of Home Emergency insurance written within the Multi-lines line of business.
Physical risk – Indirect	<ul style="list-style-type: none"> ➤ Monitor via risk appetite metrics detailed. ➤ Update Financial risk from Climate Change risk assessment if exposure changes ➤ Include within Stress and Scenario landscape 	<ul style="list-style-type: none"> ➤ Counterparty Rating. ➤ Amount of Reinsurance. Counterparty debt over 90 days overdue. ➤ Inward Aged debt charge. ➤ New suppliers / partners with pre contract DD. ➤ High risk due diligence issues for new OSP partner. ➤ Annual Capability Review (ACR) completed. 	<p>The below stress and scenarios are planned for the Own Risk and Solvency Assessment (ORSA) that potentially relate to financial risk from climate change.</p> <p>Single Factor Scenarios</p> <ul style="list-style-type: none"> ✓ Credit institute downgrade. <p>Single Factor Sensitivities</p> <ul style="list-style-type: none"> ✓ Counterparty stress (non-payment). ✓ Reduction in Investment income by 50%. <p>Economic Scenarios</p> <ul style="list-style-type: none"> ✓ Loss of Group support scenario due to investment required in other areas of the Group impacted by change in customer behaviours due to carbon emissions in air travel. <p>Reverse Stress Test</p> <ul style="list-style-type: none"> ✓ The lead reinsurer is no longer able to provide the current arrangements due to an adverse hurricane season caused by climate change and no longer able to provide reinsurance to the level assumed in the capital plan.
Transition risk	<ul style="list-style-type: none"> ➤ Monitor via risk appetite metrics detailed. ➤ Update Financial risk from Climate Change risk assessment if exposure changes ➤ Include within Stress and Scenario landscape 	<ul style="list-style-type: none"> ➤ GWP Actual Vs Budget (Forecast Outturn) ➤ Diversification: Number of Institutions ➤ Concentration: Amount per investment ➤ Counterparty rating (S&P) ➤ Forward looking SCR Coverage Ratio over planning horizon 	
Liability risk	<ul style="list-style-type: none"> ➤ Monitor via risk appetite metrics detailed. ➤ Update Financial risk from Climate Change risk assessment if exposure changes ➤ Include within Stress and Scenario landscape 	<ul style="list-style-type: none"> ➤ Liquidity Buffer (stressed cashflow scenarios) ➤ Forward looking SCR Coverage Ratio over planning horizon 	

Table 15 Managing FRCC

The conclusion of the assessment is that AIL has minimal exposure to FRCC. The Board has considered that the capital charge within the Standard Formula adequately captures all the risks of AIL and do not believe an additional capital charge is required for FRCC following this assessment. The Board are confident that the robust control framework and

monitoring in place reduces the probability of risks crystallising in this area and that no additional management action is considered necessary to reduce the risks further.

Strategic Risk is defined as 'failure to set and implement an appropriate strategy', has been assessed as within AIL's risk appetite. To this extent, whilst not explicitly modelled, the consequences of inappropriate strategic decisions will be assessed within each risk contributing to the SCR.

Group Risk - AIL is dependent upon on the wider Collinson Group for the provision of the following services directly associated with the sale of insurance and servicing of policy obligations, including:

- Underwriting and pricing.
- Claims handling.
- Policy administration.
- Investment management and treasury.
- Finance, accounting, reserving and tax.

In addition, Collinson Group provides services which indirectly support the sale of insurance and servicing of policy obligations, including:

- Property and infrastructure.
- People and Culture.
- Information systems.
- Data management.

Collinson Group remains committed to funding the working capital and business growth of AIL, with the Insurance Division and AIL delivering key components of the Collinson Group's strategy.

Operating Costs (non-technical) AIL's current and planned operating model, over the current three-year forecast cycle, is to outsource the provision of key operational activities, including:

- Underwriting and pricing.
- Claims handling.
- Finance, actuarial, reserving and taxation.
- Policy administration.
- Investment management and treasury.

The current outsourcing arrangement in respect of operating costs (non-technical in nature) is with CISL. CISL is the legal entity through which the Collinson Group performs managing agency business in the UK. CISL also acts as a service company to AIL along with other divisional legal entities. These divisional entities perform a range of services such as insurance brokerage, claims management and policy administration.

There is a separate profit commission agreement between AIL and CISL covering the respective arrangements in place for the profit commission paid to CISL for the provision of insurance administration services to AIL. The basis of this profit commission is AIL retain a 4.5% fronting fee on retained net earned business written, with the balance of underwriting profit being paid as profit commission to CISL. (Note: there is a guaranteed profit commission of 10% to CISL and in effect a corridor, of 85.5% to 61%, where the profit commission paid is restricted. Typically, our loss ratio is 78% and the corridor limits are not breached).

This model means, that subject to the upper corridor limit (85.5%) not being breached, then AIL will make a profit before FX and interest. This is reflected in the future forecasts which show a steady profit stream and increase in own funds, within well capitalised funds. For CISL, the profit commission received is variable depending on underwriting performance of the overall portfolio.

AIL therefore has a significant inter-dependence with CISL to enable AIL to deliver the services to its ultimate clients, including the provision of insurance administration services. AIL works closely with CISL to satisfy itself that it continues to have the economic and operational resources to continue to meet its obligations.

Emerging risks

AIL uses a Strategic Risk Radar to enable the timely identification, assessment and proactive management of material business risks that have the potential to adversely impact strategic delivery. This approach considers risks in four thematic groups:

- **Strategic:** Material risks to business strategy e.g. market changes, shifts in the competitive landscape, changes in consumer behaviour.
- **Financial:** Material risks to financial performance e.g. macroeconomic conditions.
- **Compliance:** Material regulatory and/or legal changes that will impact the Insurer's strategy.
- **Operational & Conduct:** Material risks that may have operational and/or customer impacts.

It is a dynamic and iterative tool that is subject to regular review and challenge by Executive management and the Board.

C.7 Any other information

The Board do not consider that there is any further information which should be disclosed.

D. Valuation for Solvency Purposes

The Group does not prepare separate consolidated GAAP accounts but the Group Companies each prepare Solo accounts on a UK GAAP basis. The Group and Solo balance sheets have been prepared in accordance with PRA fair value valuation principles.

The structure and underlying assets and liabilities within the consolidated AIHL/AIL (Group) and AIL (Solo) GAAP and balance sheets are identical except for a single asset position held in the group balance sheet of a receivable of £0.1k (2023: £0.1k) which is due from a Collinson Group undertaking.

Accordingly for clarity and to avoid duplication this section (Section D) is based on the AIL (Solo) GAAP balance sheet.

D.1 Assets

Under the valuation rules prescribed under Solvency II balance sheet AIHL/AIL values all assets and liabilities at fair value within the balance sheet. Fair value is the value at which knowledgeable and willing parties could exchange assets and liabilities in an arm's length transaction. Fair value for financial assets and liabilities is best demonstrated by reference to quoted market prices. Where, due to a lack of liquidity in the market for a class of asset, fair value cannot be established from market prices, an alternative valuation approach to determine fair value is required. As of 30 April 2024, the AIHL/AIL did not hold any financial investments, the fair value of which could not be determined from market prices. Where assets and liabilities not actively traded in markets are to be settled by payment or receipt of cash, fair value is calculated by means of discounting future cash flows by a risk adjusted discount rate. Where the impact of discounting is not material, cash flows are not discounted.

Deferred acquisition costs (DAC) of £45,208k, reflected as an asset on the UK GAAP balance sheet, is not recognised as an asset on the Solvency II balance sheet, as DAC does not have the capacity to absorb losses.

Where cash flows from insurance receivables are not yet due, the value of these cash flows is reclassified from insurance receivables and included in technical provisions.

Table 16 shows AIL's summary Solvency II balance sheet alongside the balance sheet under UK GAAP with the differences in asset and liability valuations and presentation between the two regimes presented in the final column. Consolidated UK GAAP financial statements are not currently prepared and accordingly the Group UK GAAP balance sheet has not been presented.

Assets	Solvency II £'000	UK GAAP £'000	Variance £'000
Deferred acquisition costs	-	45,208	(45,208)
Deferred tax assets	-	769	(769)
Financial investments	71,884	71,595	289
Reinsurance assets (Reinsurers share of TP's)	1,938	70,841	(68,903)
Receivables insurance	6,010	55,383	(49,373)
Receivables reinsurance	16	1,378	(1,362)
Receivables trade not insurance	-	289	(289)
Cash and cash equivalents	2,401	2,401	-
Other Assets	117	117	-
Total assets	82,366	247,981	(165,615)

Table 16 AIL summary balance sheet.

Deferred Tax

A deferred tax asset recognised on the UK GAAP balance sheet is replaced with a deferred tax liability under Solvency II (see Section D.3).

Financial investments

Comprise short term highly liquid financial investments valued at fair value, are readily convertible to known amounts of cash and subject to insignificant risk of a change in value.

Cash and cash equivalents

Consist of cash at bank and in hand and are valued at fair value.

Receivables insurance

Receivables insurance represent cash flows from intermediaries and policyholders which are due or have become overdue.

Receivables trade not insurance

The £289k of trade receivables is wholly in respect of interest accrued on our investments. Under Solvency II this is included within the value of the Investments rather than as a separate asset under UK GAAP.

D.2 Technical Provisions

Table 17 details the Technical Provisions (TPs) for AIHL / AIL:

£'000	Medical Expenses	Assistance	Miscellaneous Financial Loss	Fire & Other Damage	Income Protection	Other Motor	Total
Claims Provisions	10,791	5,853	301	2,324	685	691	20,645
Premium Provisions	5,688	5,235	(183)	(693)	240	1,615	11,902
Total Best Estimate	16,479	11,088	118	1,631	925	2,306	32,547
Risk Margin	198	110	7	67	14	13	409
Technical Provisions – Total	16,677	11,198	125	1,698	939	2,319	32,956
Total Recoverable from Reinsurance	(1,212)	(679)	(5)	11	5	(57)	(1,938)
Technical Provisions – Net of Reinsurance	15,465	10,519	120	1,709	944	2,262	31,018

Table 17 AIHL / AIL TPs.

The detailed valuation is carried out in accordance with requirement of SII commission delegated regulations. TPs are the sum of the best estimate liabilities (BEL) and the risk margin. Best estimate corresponds to the probability-weighted average of future cash flows, taking into account the time-value of money using the relevant risk-free rate term structure. The bases, methods and assumptions used for the valuation of TPs do not materially differ by line of business and are as follows.

Calculation Basis

- Calculations are carried out on a going-concern basis.
- Insurance exposure is split into one of six lines of business; Medical Expenses, Assistance, Miscellaneous Financial Loss, Fire & Other Damage to Property, Income Protection and Other Motor.
- TPs are calculated as best estimate cash flow projections of all inflows and outflows required to settle liabilities.
- The time horizon for the calculations includes all cashflows within the contract boundary including BBNI.
- Cash flows are discounted using the PRA's basic risk-free rates (without the matching adjustment and volatility adjustment). It is assumed that, on average, cash flows occur in the middle of each month.

- Best estimate calculations are at homogenous risk group level by scheme and scheme year and are based on up-to-date credible information and realistic assumptions. The quality and sufficiency of data underlying the calculation is compliant with regulatory standards.

Best Estimate

- The TPs, so far as concerns this element, are on a best estimate basis.
- The best estimate consists of a claims provision and premium provision for business on risk at the valuation date.

Claim Provisions

- The claims provisions are calculated as the discounted best estimate of all future cash flows relating to existing claims that occurred on or prior to the valuation date i.e. claims on earned business.
- The provision for claims outstanding is the underlying best estimate, as calculated within the UK GAAP reserves using a combination of actuarial and statistical techniques, including Chain Ladder and Bornhuetter-Ferguson techniques.

When calculating the best estimate claims provision under Solvency II we have the following process:

- Remove any management margin within held reserves.
- Allow for low probability high severity events, referred to as Events Not In Data (ENIDs) where applicable.
- Include expenses required for the run-off of reserves where applicable.
- Discount cash flows.

Premium Provisions

- The premium provisions are calculated as the discounted best estimate of all future cash flows relating to claims for projected future events on existing business (i.e. claims on the unearned business).
- The premium provisions also include the discounted best estimate of all future cashflows on bound but not incepted (BBNI) business.
- Cash flows are projected in line with all insurance obligations related to future exposure until contract boundaries, and lapses and mid-term cancellations are allowed for as per business expectations.

In calculating the best estimate premium provision under Solvency II we have the following process:

- Allow for ENIDs where applicable.
- Include expenses required for the run-off of reserves where applicable, and
- Discount cash flows.

Risk Margin

- The Risk Margin is included as a component of the technical provisions to ensure that the value of total technical provisions is equivalent to the amount that another insurance or reinsurance undertaking would be expected to require to take over and meet the insurance and reinsurance obligations.
- The Risk Margin has been calculated in accordance with simplification 3 within the PRA guidance, which assumes the SCR will proportionally decrease based on the run-off pattern of net claims payments. The Cost of Capital rate has reduced from 6% to 4% in accordance with UK regulations.

Reinsurance Recoverables

- TPs are calculated gross, and the reinsurance recoverable asset is calculated using a similar corresponding approach, consistent with the boundaries of the inwards contracts to which those relate. Additionally, future reinsurance costs are adjusted where necessary to allow for contractual obligations of non-proportional reinsurance contracts.
- The reinsurance recoverable asset has been adjusted to allow for the best estimate probability of reinsurer default. Reinsurance recoverables relate to insurance liabilities ceded to A rated reinsurers for quota share, and a panel of A-rated reinsurers for excess of loss reinsurance.

- No credit is taken for reinsurance recoveries against claims not included in gross TPs, while UK GAAP allows deferred reinsurance expenses that can be significantly reduced under Solvency II.

Level of uncertainty associated with the amount of TP's

The key assumptions that may impact the Technical Provisions are detailed below along with the comments regarding the materiality of these assumptions.

- Assumed loss ratio:** Loss ratios are calculated by scheme and reviewed and approved by the Reserving Committee.
- Settlement period:** Claims settlement patterns are calculated by scheme and based on historical data. The settlement patterns feed into the Technical Provisions to split out the future cashflows by period.
- Discount rate:** The risks underwritten by AIL are short tailed so there is limited discounting benefit.
- Expenses:** The relevant expenses involved in the operation of AIL are included within the calculation of the technical provisions.
- Reinsurance:** It is assumed that the reinsurance will perform as expected, although the technical provisions include an allowance for bad debt.
- ENIDs:** Are calculated based on scenario analysis for each product underwritten by AIL. The amount calculated is small compared with other elements in the calculation of the technical provisions.

£'000	UK GAAP Value							Solvency II Value						
	Medical Expense	Assistance	Misc. Financial Loss	Fire & Other Damage	Income Protection	Other Motor	Total	Medical Expense	Assistance	Misc. Financial Loss	Fire & Other Damage	Income Protection	Other Motor	Total
Provision for claims outstanding	11,216	6,085	391	1,698	634	1,050	21,074							
Provision for unearned premium	27,201	19,363	2,337	5,577	1,662	25,034	81,174							
Best estimate Claims Provision								10,791	5,853	301	2,324	685	691	20,645
Best estimate Premium Provision								5,688	5,235	-184	-693	240	1,615	11,902
Risk Margin								198	110	7	67	14	13	409
Gross Technical Provisions	38,222	25,343	2,645	7,942	2,357	25,739	102,248	16,677	11,198	125	1,698	939	2,319	32,956
Recoverables from Reinsurance	(25,959)	(15,781)	(1,667)	(5,655)	(1,567)	(20,212)	(70,841)	(1,212)	(679)	(5)	11	5	(57)	(1,938)
Net Technical Provisions	12,263	9,562	978	2,286	790	5,527	31,407	15,465	10,519	120	1,709	944	2,262	31,018

Table 18 Comparison between UK GAAP and valuations.

- TPs within the UK GAAP financial statements consist of a provision for claims outstanding and provision for unearned premium.
- The provision for claims outstanding is an estimate of the ultimate cost of settling all claims which have occurred up to the statement of financial position date. Claims incurred but not yet paid are included based on a best estimate value plus any general provisions for adverse development (prudent margin) if applicable.
- The provision for unearned premium represents the proportion of premiums written but not yet earned for the unexpired elements of the underlying risks.

Figure 9 illustrates the reconciliation from UK GAAP to valuations as at 30th April 2024 – Net of Reinsurance

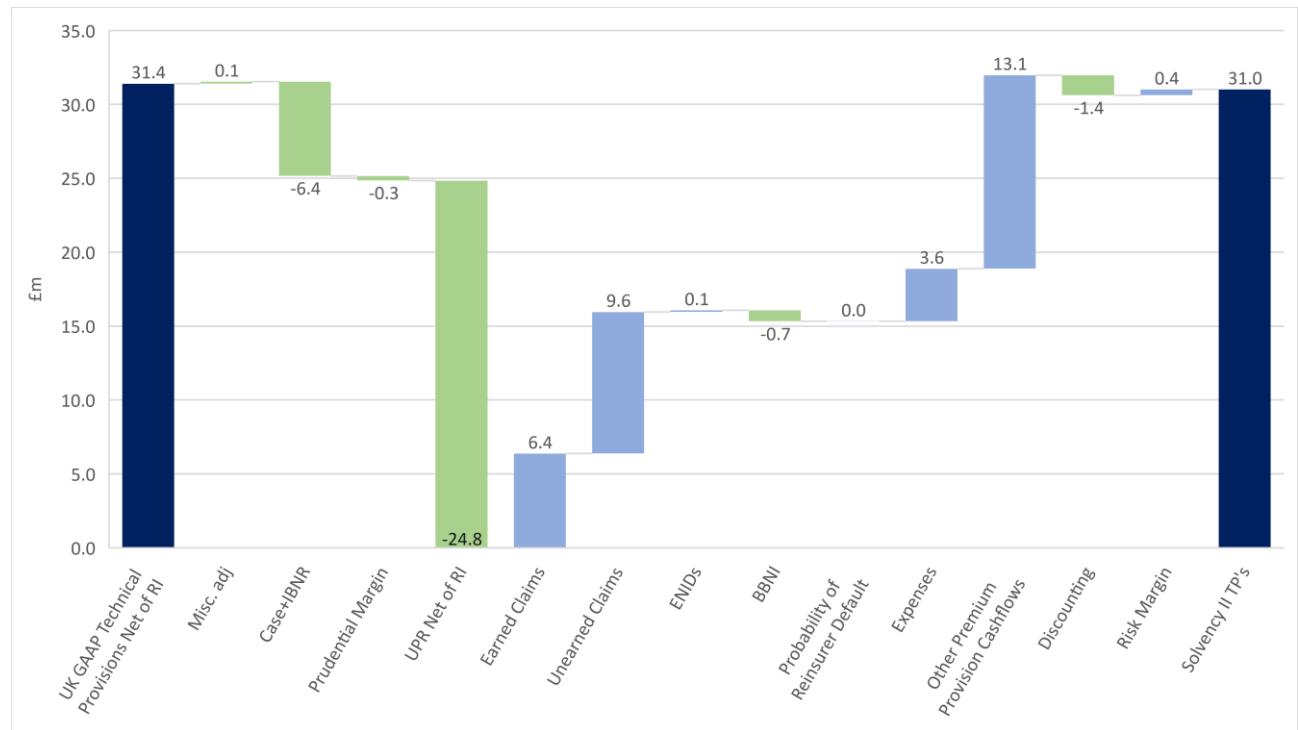


Figure 9 Movement from UK GAAP to valuations.

Key for waterfalls:

increase in TP's

reduction in TP's

Please note that within the above waterfall the UK GAAP Technical provisions value of £31,407k is net of DAC and reinsurers' share of DAC. The difference between UK GAAP and valuations are caused by the adjustments between the bases, methods, and main assumptions used. In particular, the following adjustments are made to convert UK GAAP provisions to the best estimate:

- Remove prudent margin.
- Adjust the provision for unearned premium to represent proportion of unearned premiums that relate to the unearned claims only (best estimate view).
- Allow for ENIDs.
- Allow for BBNI.
- Allow for the probability of reinsurer defaulting.
- Provide for run-off expenses.
- Movement in other premium provisions cash flows, includes future expected net cash flows in respect of premium instalments, commissions, profit shares, and reinsurance.
- Movement in creditors/debtors.
- Discount the cash flows.
- Include a risk margin.

Matching adjustment, volatility adjustment and transitional provisions

AIL does not utilise any of these arrangements.

Changes to technical provisions from previous reporting period

Figure 10 shows the walk from year end 2023 TPs to year end 2024 TPs.

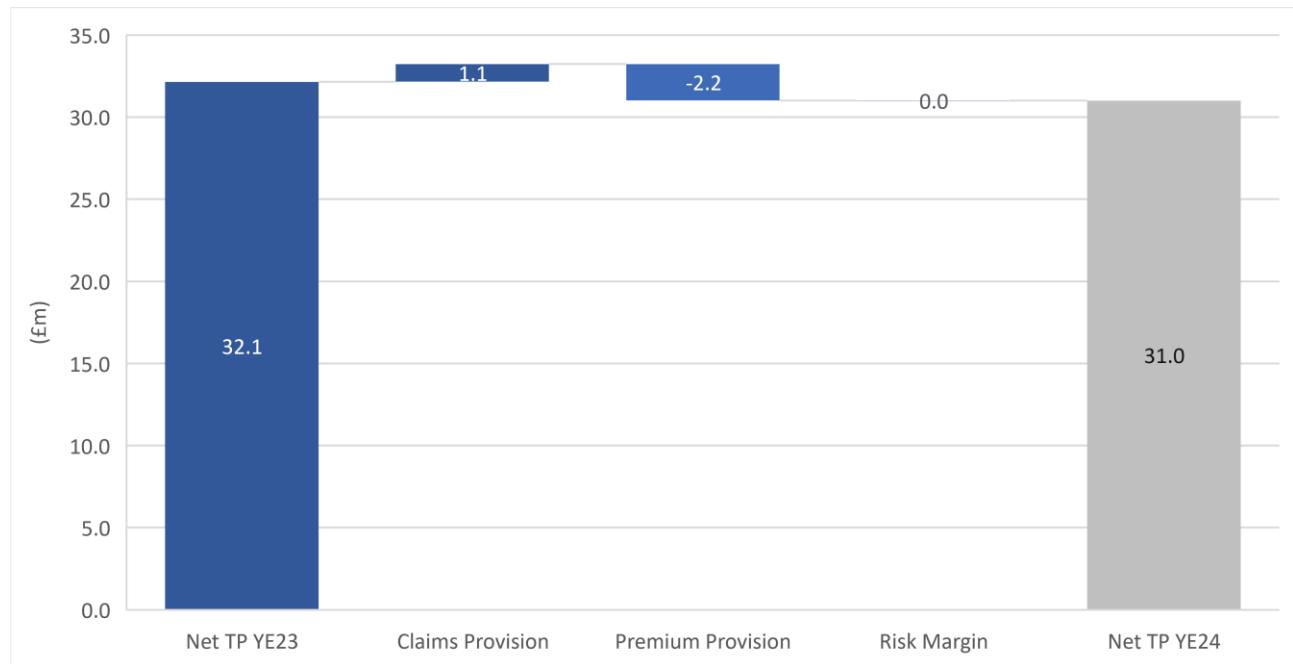


Figure 10 TP FY 23 to FY 24 net of reinsurance.

Deferred tax liabilities

Deferred tax liabilities of £274k have been recognised on all temporary differences in the valuation basis between Solvency II and UK GAAP which result in higher future taxable income positions.

No deferred tax liabilities are due within the next 12 months.

Deferred tax liabilities have been calculated based on applicable tax rates (UK: 25%).

Reinsurance

AIL's reinsurance program comprises of two components – Risk Excess of Loss (XOL) and Quota Share (QS) reinsurance. The Company has two XOL treaties, one covering International Private Medical and another for Travel Insurance as ordinarily these are the only products exposed to large losses. The treaties are placed predominantly into the Lloyd's and London reinsurance market. For the QS programme we strictly adhere to our appetite in terms of security of reinsurers with all our reinsurers being A-rated or better.

Claims Management Procedures

Claims management procedures utilised by AIL are broadly similar year on year and incorporate both direct and indirect costs associated with the management and settlement of claims.

D.3 Other Liabilities – balance sheet

Liabilities	Solvency II	UK GAAP	Variance
	£'000	£'000	£'000
Technical provisions non-life	32,956	102,248	(69,292)
Deferred tax liabilities	274	-	274
Insurance payables	5,488	37,200	(31,712)
Reinsurance payables	-	32,114	(32,114)
Payables trade not insurance	11,863	11,803	60
Other liabilities	-	35,958	(35,958)
Total liabilities	50,581	219,323	(168,742)
Excess of assets over liabilities	31,785	28,658	3,127

Table 19 Liabilities.

Insurance Payables

This balance represents cash flows to intermediaries and policyholders which are now due.

Reinsurance Payables

This balance represents amounts due to reinsurers which are included in technical provisions under Solvency II.

Deferred Tax Liability

A deferred tax liability of (£274k) is recognised within the balance sheet. A deferred tax liability is recognised on the differences between the valuations of assets and liabilities between the Solvency II basis and the Tax basis.

Other Liabilities

In line with the asset side of the balance sheet Reinsurers share of DAC (RI DAC) (£32,529k) disclosed within the other liabilities section of the balance sheet is not recognised as a liability on the balance sheet. In addition, commission payable to our Reinsurers on our outwards reinsurance programmes (£3,429k) has been included within technical provisions.

Payables trade not insurance

Consist of amounts due to other Collinson Group companies including CISL in respect of administration and support services, the settlement of which is expected to occur imminently. In the valuation of liabilities other than technical provisions, there has been no adjustment in the valuation for changes in the credit standing of AIHL/AIL or AIL on a standalone basis.

D.4 Alternative methods for valuation

AIHL/AIL The Group does not use any alternative methods for valuation of assets or liabilities.

D.5 Any other information / disclosures

There has been a change in the methodology used to calculate expenses within the TPs and this also resulted in changes to the cashflow profile used to calculate the discounting benefit. As noted above, the Cost of Capital rate used in the Risk Margin reduced from 6% to 4%.

E. Capital Management

E.1 Own Funds

The Company's objectives when managing capital are to comply with the insurance capital requirements required by the regulatory authorities and safeguard the Company's ability to provide adequate return to shareholders and benefits to other stakeholders by pricing insurance contracts commensurate with the level of risk.

The Company has in place financial planning and analysis procedures with respect to capital planning, issuance of capital and distribution of dividends. The main objective is to ensure that, through its capital management, the Company maintains sufficient capital to always cover regulatory capital requirements. This is attained through the yearly development of a business plan, summarising the Company's goals and objectives for the following three years. As part of the strategic plan, the Board and Senior Management set financial targets and plans with respect to capital management.

As at 30 April 2024, the Company closed with excess of assets over liabilities of £31,785K as per Solvency II valuation basis and an SCR coverage ratio of 205%.

The own funds of the Company are made up of fully paid-up ordinary share capital and retained earnings which are both classified as unrestricted Tier 1 capital. These have been assessed in line with Article 71 of the Commission Delegated Regulation 2015/35. As a result, the full amount of own funds is readily available to fully absorb any losses that should arise and are free of encumbrances. The Company does not have any transitional arrangements and does not currently have any ancillary own funds.

The Company has no intention of changing the current structure of own funds.

AIHL/AIIL classifies its own funds as Tier 1, Tier 2 or Tier 3 depending on the characteristics of the capital. Tier 1 capital is the best form of capital for the purposes of absorbing losses. In all cases below, the reconciliation reserve represents the Solvency II excess over assets over liabilities less the issued share capital.

For 2024 own funds for covering both the MCR and SCR as shown in Table 20 are £31,785k. For 2024 own funds consist entirely of Tier 1 capital.

Analysis of basic own funds (AIIL)	2024	2023	Variance
	£'000	£'000	£'000
Share capital issued and fully paid	16,000	16,000	-
Reconciliation reserve	15,785	7,142	8,643
Basic own funds to cover the MCR	31,785	23,142	8,643
Deferred tax asset	-	1,655	(1,655)
Basic own funds to cover the SCR	31,785	24,797	6,989

Table 20 AIIL own funds.

Analysis of basic own funds (AIHL)	2024	2023 Restated*
	£'000	£'000
Share capital issued and fully paid	23,615	23,615
Reconciliation reserve	8,170	7,142
Basic own funds to cover the MCR	31,785	23,142
Deferred tax asset	-	1,655*
Basic own funds to cover the SCR	31,785	24,797*

Table 19 AIHL own funds.

The movement between share capital and reserves as reflected in the AIL UK GAAP balance sheets as at 30th April 2024 and the excess of assets over liabilities as presented in the Group and Company balance sheets as at 30th April 2023 is presented in table 22.

Analysis of basic own funds (AIL)	2024	2023 Restated*
UK GAAP	£'000	£'000
Issued share capital	16,000	16,000
Retained earnings	12,658	9,460
Total capital and reserves	28,658	25,460
Adjustments to move to SII valuation:		
Technical provisions & DAC, difference in valuation GAAP vs. SII	(31,725)	(20,988)
GAAP assets not recognised on the Solvency II balance sheet	(769)	(167) *
GAAP liabilities not recognised on the Solvency II balance sheet	35,623	20,492
SII asset surplus (i.e. SII assets less SII liabilities)	31,785	24,797*

Table 22 Analysis of basic own funds

Cash, cash equivalents and investments supporting own funds are valued at fair value, are readily convertible to known amounts of cash and are subject to insignificant risk of a change in value.

No own funds items are subject to transitional arrangements. At 30th April 2024 and at 30th April 2023, AIHL or AIL did not have any ancillary own funds. There are no restrictions affecting the transferability of own funds at a Group level.

For the Group and Solo company at 30 April 2024 no deferred tax asset is recognised within own funds. In addition, no credit has been taken at 30th April 2024 or 30th April 2023 for the Loss Absorbing Capacity of Deferred Taxes (LACDT).

E.2 Solvency Capital Requirement and Minimum Capital Requirement

In the Executive Summary and Risk Profile sections of this document it is highlighted that the risk profile and underlying businesses of the Group and Company are the same, accordingly for the remainder of this section of the document no distinction between Group and Company is made.

Table 23 summaries the components of the MCR, as at 30th April 2024.

Minimum Capital Requirement	FY24	FY23	Variance
	£'000	£'000	£'000
Absolute floor MCR	3,495	3,250	245
Linear MCR	7,986	5,512	2,472
SCR	15,514	11,036	4,478
Combined MCR	6,981	4,966	2,015
MCR	6,981	4,966	2,015

Table 23 Components of the MCR

AHIL/AIL has £31,785k of unrestricted own funds to cover the MCR, which generates a MCR coverage ratio of 455%.

AHIL/AIL both use the standard formula as the basis for calculating the SCR. During the year both the Group and the Company continue to keep under review the assumptions underpinning the standard formula and assessment that the continued use of the standard formula to calculate the SCR remains appropriate.

AHIL/AIL's solvency position is calculated using method 1 (accounting consolidation-based method). No Group diversification effects arose on consolidation. Both the Group and Company held £31,785k of eligible unrestricted own funds to cover the SCR at 30 April 2024 (the SCR at 30 April 2024 is the same for both the Group and Company), both the Group and Company held sufficient capital to cover the SCR throughout the reporting period. The final amount of the SCR remains subject to supervisory assessment.

Table 24 contains the risk modules that comprise the Company's SCR of £15,514k as at 30 April 2024 (30 April 2023: £11,036k), after taking diversification credit. Own funds were £31,785k as at 30th April 2024 providing an SCR coverage ratio of 205%.

Solvency Capital Requirement	FY24	FY23 Restated	Variance
	£'000	£'000	£'000
Non-Life Underwriting	8,826	5,662	3,164
Health Underwriting	5,670	3,666	2,004
Market Risk	2,310	2,121	189
Counterparty Default	757	1,242	(484)
Undiversified BSCR	17,564	12,691	4,873
Diversification	(5,630)	(4,202)	1,428
Base SCR	11,934	8,489	3,445
Operational Risk	3,580	2,547	1,033
SCR	15,514	11,036	4,478
Own Funds	31,785	24,797*	6,988
SCR Coverage Ratio	205%	224%*	(19%)

Table 24 Risk modules

The undiversified base SCR has increased by 38% during the financial year to 30th April 2024 with the Basic SCR increasing by 41% during the same period.

Underwriting Specific Parameters (USPs) The Group/Company did not use any underwriting specific parameters in the standard formula calculation.

Capital add-on Neither AIL nor AIHL have a capital add on, as their risk profiles do not deviate significantly from the assumptions underpinning the calibration of the standard formula.

Loss absorbing capacity of deferred tax No allowance has been made for the loss absorbing capacity of deferred tax within the SCR calculations.

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

The duration-based method of calculating the equity risk sub-module has not been used.

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

An internal model has not been used by AIHL/AIL or AIL on a standalone basis. The standard formula has been used to calculate the SCR.

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

During the financial year ended 30 April 2024 there were no instances during which the AIHL/AIL or AIL on a standalone basis were not compliant with both the MCR and SCR.

E.6 Any other information

Prior Year Restatement

For the Group (AIHL) last year's own funds and the corresponding SCR coverage ratio were slightly overstated because of not applying a cap of 15% to the deferred tax asset included within Tier 3 Own Funds. The solo company (AIL) was not impacted.

As a result, total own funds for the Group have now been correctly restated at £24,797k (was £25,058k), deferred tax / Tier 3 Own Funds are restated at £1,655k (was £1,916k) and the SCR coverage ratio for the Group is now stated at 224% (was 227%).

Neither AIL, nor AIHL, have other material information to disclose.

Statement of Directors' Responsibilities

Approval by the Board of Directors of AIL, Financial year ended 30th April 2024.

The Directors are responsible for preparing the SFCR in accordance with the PRA rules. Each of the Directors, whose names and functions are listed in the Directors' Report section of the Report and Accounts, certify:

- a) that the SFCR has been prepared in all material respects in accordance with the PRA rules,
- b) we are satisfied that:
 - I. throughout the financial year in question, the Group has complied in all material respects with the requirements of the PRA rules as applicable to the Group, and
 - II. it is reasonable to believe that the Group has continued so to comply with the requirements of the PRA rules and will continue so to comply in future.

Approved by the AIL Board and signed on its behalf:

Paul Escott, Financial Director
Astrenksa Insurance Holdings Limited / Astrenksa Insurance Limited

Auditor's Report and Opinion

Report of the independent external auditor to the Directors of Astrensa Insurance Holdings Limited ('the Group') pursuant to Rule 4.1(2) of the External Audit Part of the PRA Rulebook applicable to Solvency II firms

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

Opinion

Except as stated below, we have audited the following documents prepared by Astrensa Insurance Holdings Limited ('the Group'), comprising Astrensa Insurance Holdings Limited and the authorised insurance entity Astrensa Insurance Limited ('the Company') as at 30 April 2024:

- The 'Valuation for solvency purposes' and 'Capital Management' sections of the Group Solvency and Financial Condition Report of the Group as at 30 April 2024 ('**the Narrative Disclosures subject to audit**'); and
- Group templates S.02.01.02, S.23.01.22, S.25.01.22 and S.32.01.22 ('**the Group Templates subject to audit**'); and
- Company templates of Astrensa Insurance Limited S.02.01.02, S.17.01.01, S.23.01.01, S.25.01.21 and S.28.01.01 ('**the Company 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 Group Solvency and Financial Condition Report**'.

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

- The 'Business and performance', 'System of governance' and 'Risk profile' elements of the Group Solvency and Financial Condition Report;
- Group template S.05.01.02;
- Company templates S.05.01.02, S.19.01.21; and
- The written acknowledgement by management of their responsibilities, including for the preparation of the Group Solvency and Financial Condition Report ('**the Responsibility Statement**').

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

In our opinion, the information subject to audit in the relevant elements of the Group Solvency and

Financial Condition Report of Astrensa Insurance Holdings Limited as at 30 April 2024 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) including ISA (UK) 800 (*Revised*) *Special Considerations – Audits of Financial Statements Prepared in Accordance with Special Purpose Frameworks* and 'ISA (UK) 805(*Revised*) *Special Considerations - Audits of Single Financial Statements and Specific Elements, Accounts or Items of a Financial Statement*', and applicable law. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the relevant elements of the Group Solvency and Financial Condition Report* section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the Group Solvency and Financial Condition Report in the UK, including the FRC's Ethical Standard as applied to public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the relevant elements of the Group Solvency and Financial Condition Report, we have concluded that the Director's use of the going concern basis of accounting in the preparation of the Group Solvency and Financial Condition Report is appropriate. Our evaluation of the Directors' assessment of the Company's ability to continue to adopt the going concern basis of accounting included

- confirming our understanding of management's going concern assessment process and obtaining management's assessment which covers the period of 12 months from when the relevant elements of the Group Solvency and Financial Condition Report are authorised for issue and considering whether key factors were considered in their assessment;
- verifying the accuracy and reasonableness of management's analysis by testing the inputs and its completeness, as well as the clerical accuracy of the models used;
- reviewing and challenging management's going concern financial model, including assessing key assumptions within the financial plan and forecasts, together with an assessment of a range of other financial metrics including solvency, capital and liquidity positions;
- understanding and considering management's assessment of, and conclusion on, appropriate realistic downside stressed scenarios, including evaluating the reasonableness of management's forecast analysis to understand how severe downside scenarios would have to be to result in the elimination of solvency and liquidity headroom. This included assessing:
 - the company's operational, liquidity and capital support relationships with other entities within the Collinson Group, including the FCA regulated insurance distribution firm Collinson Insurance Services Limited, and the service company Collinson IG (Management) Limited as well as other group entities; and
 - the sources of liquid funds available to the wider Collinson Group, together with mitigating actions that could be taken in the event of realistic downside stress scenarios, and assessing the plausibility of available management actions to mitigate the impact of such key risks;
- performing enquiries of management and those charged with governance to identify risks or events that may impact the company's ability to continue as a going concern. We also reviewed management's assessment approved by the Board, minutes of meetings of the Board; and

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 Company's ability to continue as a going concern for a period of 12 months from when the relevant elements of the Group Solvency and Financial Condition Report are authorised for issue.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Company's ability to continue as a going concern.

Emphasis of matter – basis of accounting and restriction on use

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

This report is made solely to the Directors of the Company in accordance with Rule 2.1 of the External Audit Part of the PRA Rulebook for Solvency II firms. Our work has been undertaken so that we might report to the Directors those matters that we have agreed to state to them in this report and for no other purpose.

Our opinion is not modified in respect of these matters.

Other information

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

Our responsibility is to read the Other Information and, in doing so, consider whether the Other Information is materially inconsistent with the relevant elements of the Group Solvency and Financial Condition Report or our knowledge obtained in the course of 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 this gives rise to a material misstatement in the relevant elements of the Group Solvency and Financial Condition Report themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this Other Information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Directors for the Group Solvency and Financial Condition Report

The Directors are responsible for the preparation of the Group Solvency and Financial Condition Report in accordance with the financial reporting provisions of the PRA rules and Solvency II regulations

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

In preparing the Group Solvency and Financial Condition Report, the Directors are responsible for assessing the Company's ability to continue in operation, disclosing as applicable, matters related to its ability to continue in operation and using the going concern basis of accounting unless the Directors either intend to cease to operate the Company, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the relevant elements of the Group Solvency and Financial Condition Report

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

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

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

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. 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. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the company and management.

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the group and determined that the most significant are the direct laws and regulations related to elements of Company law and tax legislation, and the financial reporting framework. Our considerations of other laws and regulations that may have a material effect on the financial statements included regulatory and supervisory requirements of the PRA and the Financial Conduct Authority ('FCA'). We understood how the company is complying with those frameworks by obtaining a general understanding of how the Company complies with these legal and regulatory frameworks by making enquiries of management and through discussion with the Board. We also reviewed correspondence between the company and UK regulatory bodies; reviewed minutes of the Board and the Audit Committee; and gained an understanding of the company's approach to governance, demonstrated by the Board's approval of the company's governance framework.
- For direct laws and regulations, we considered the extent of compliance with those laws and regulations as part of our procedures on the related items in the relevant elements of the Solvency and Financial Condition Report.
- For both direct and other laws and regulations, our procedures involved: making enquiry of those charged with governance and senior management for their awareness of any non-compliance with laws or regulations, inquiring about the policies that have been established to prevent non-compliance with laws and regulations by officers and employees, inquiring about the Company's methods of enforcing and monitoring compliance with such policies and inspecting significant correspondence with the FCA and PRA.
- The Company operates in the insurance industry which is a highly regulated environment. As such the Senior Statutory Auditor responsible for the audit considered the experience and expertise of the engagement team to ensure that the team had the appropriate competence and capabilities, which included the use of specialists where appropriate.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's Report on the Group Solvency and Financial Condition Report.

Report on Other Legal and Regulatory Requirements.

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

Ernst & Young LLP

London

06 August 2024

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

Appendix – relevant elements of the Group Solvency and Financial Condition Report that are not subject to audit

Astrensko Insurance Holding Limited

- The relevant elements of the Group Solvency and Financial Condition Report that are not subject to audit comprise:
- The following elements of Group template S.23.01.22
- Rows R0410 to R0440 – Own funds of other financial sectors
- The following elements of Group template S.25.01.22
- Rows R0500 to R0530 – Capital requirement for other financial sectors (non-insurance capital requirements) (forming part of the sectoral information)
- Elements of the Narrative Disclosures subject to audit identified as ‘unaudited’.
- Elements of the Narrative Disclosures subject to audit that relate to previous periods including comparative disclosures.

Astrensko Insurance Limited

The relevant elements of the Group Solvency and Financial Condition Report that are not subject to audit comprise:

- The following elements of template S.17.01.02
- Rows R0290 to R0310 – Amount of transitional measure on technical provisions
- Elements of the Narrative Disclosures subject to audit identified as ‘unaudited’.
- Elements of the Narrative Disclosures subject to audit that relate to previous periods including comparative disclosures.

Appendix

Appendix 1 - Quantitative Reporting Templates (QRTs)

Astrensk Insurance Holdings Limited (AIHL)

General Information	
Participating Undertaking name	Astrensk Insurance Holdings Limited
Group identification code	LEI/213800GWL93FZHBJ7H18
Country of the group supervisor	GB
Sub-group information	No Sub-group information
Language of reporting	EN
Reporting reference date	30/04/2024
Currency used for reporting	GBP
Accounting standards	This Group is using UK GAAP
Method of Calculation of the group SCR	Standard formula
Use of group specific parameters	No use of Group specific parameters
Method of group solvency calculation	Method 1 is used exclusively
Matching adjustment	No use of matching adjustment
Volatility adjustment	No use of volatility adjustment
Transitional measure on the risk-free interest rate	No use of transitional measure on the risk-free interest rate
Transitional measure on technical provisions	No use of transitional measure on the technical provisions

List of Reported Templates (AIHL)	
S.02.01.02	Balance Sheet
S.05.01.02	Premiums, claims and expenses by line of business
S.23.01.22	Own Funds
S.25.01.22	Solvency Capital Requirement - for groups on Standard Formula
S.32.01.22	Undertakings in the scope of the group

S.02.01.02

Balance sheet

Balance sheet

		Solvency II value
		C0010
Assets		
Intangible assets	R0030	0
Deferred tax assets	R0040	0
Pension benefit surplus	R0050	0
Property, plant & equipment held for own use	R0060	0
Investments (other than assets held for index-linked and unit-linked contracts)	R0070	71,884
Property (other than for own use)	R0080	0
Holdings in related undertakings, including participations	R0090	0
Equities	R0100	0
Equities - listed	R0110	0
Equities - unlisted	R0120	0
Bonds	R0130	0
Government Bonds	R0140	0
Corporate Bonds	R0150	0
Structured notes	R0160	0
Collateralised securities	R0170	0
Collective Investments Undertakings	R0180	71,884
Derivatives	R0190	0
Deposits other than cash equivalents	R0200	0
Other investments	R0210	0
Assets held for index-linked and unit-linked contracts	R0220	0
Loans and mortgages	R0230	0
Loans on policies	R0240	0
Loans and mortgages to individuals	R0250	0
Other loans and mortgages	R0260	0
Reinsurance recoverables from:	R0270	1,938
Non-life and health similar to non-life	R0280	1,938
Non-life excluding health	R0290	730
Health similar to non-life	R0300	1,208
Life and health similar to life, excluding health and index-linked and unit-linked	R0310	0
Health similar to life	R0320	0
Life excluding health and index-linked and unit-linked	R0330	0
Life index-linked and unit-linked	R0340	0
Deposits to cedants	R0350	0
Insurance and intermediaries receivables	R0360	6,010
Reinsurance receivables	R0370	16
Receivables (trade, not insurance)	R0380	0
Own shares (held directly)	R0390	0
Amounts due in respect of own fund items or initial fund called up but not yet paid in	R0400	0
Cash and cash equivalents	R0410	2,401
Any other assets, not elsewhere shown	R0420	117
Total assets	R0500	82,366
Liabilities		
Technical provisions - non-life	R0510	32,956
Technical provisions - non-life (excluding health)	R0520	15,340
TP calculated as a whole	R0530	0
Best Estimate	R0540	15,143
Risk margin	R0550	197
Technical provisions - health (similar to non-life)	R0560	17,616
TP calculated as a whole	R0570	0
Best Estimate	R0580	17,404
Risk margin	R0590	212
Technical provisions - life (excluding index-linked and unit-linked)	R0600	0
Technical provisions - health (similar to life)	R0610	0
TP calculated as a whole	R0620	0
Best Estimate	R0630	0
Risk margin	R0640	0
Technical provisions - life (excluding health and index-linked and unit-linked)	R0650	0
TP calculated as a whole	R0660	0
Best Estimate	R0670	0
Risk margin	R0680	0
Technical provisions - index-linked and unit-linked	R0690	0
TP calculated as a whole	R0700	0
Best Estimate	R0710	0
Risk margin	R0720	0
Contingent liabilities	R0740	0
Provisions other than technical provisions	R0750	0
Pension benefit obligations	R0760	0
Deposits from reinsurers	R0770	0
Deferred tax liabilities	R0780	274
Derivatives	R0790	0
Debts owed to credit institutions	R0800	0
Financial liabilities other than debts owed to credit institutions	R0810	0
Insurance & intermediaries payables	R0820	5,488
Reinsurance payables	R0830	0
Payables (trade, not insurance)	R0840	11,864
Subordinated liabilities	R0850	0
Subordinated liabilities not in BOF	R0860	0
Subordinated liabilities in BOF	R0870	0
Any other liabilities, not elsewhere shown	R0880	0
Total liabilities	R0900	50,581
Excess of assets over liabilities	R1000	31,785

5.05.01.02

Premiums, claims and expenses by line of business

	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	Miscellaneous financial loss	Health	Casualty	Marine, aviation, transport	Property	
	C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0120	C0130	C0140	C0150	C0160	C0200
Premiums written																	
Gross - Direct Business	R0110	89,955	4,272			39,572		25,224			54,162	8,300					221,485
Gross - Proportional reinsurance accepted	R0120	0	0			0		0			0	0					0
Gross - Non-proportional reinsurance accepted	R0130																0
Reinsurers' share	R0140	61,890	2,936			28,246		14,984			36,412	5,021					149,490
Net	R0200	28,065	1,336			11,326		10,240			17,750	3,278					71,995
Premiums earned																	
Gross - Direct Business	R0210	90,202	3,402			18,552		23,400			54,143	8,427					198,127
Gross - Proportional reinsurance accepted	R0220	0	0			0		0			0	0					0
Gross - Non-proportional reinsurance accepted	R0230																0
Reinsurers' share	R0240	65,622	2,480			12,268		14,454			38,805	5,348					138,977
Net	R0300	24,580	922			6,284		8,946			15,338	3,079					59,150
Claims incurred																	
Gross - Direct Business	R0310	40,208	655			3,973		8,408			24,463	2,518					80,225
Gross - Proportional reinsurance accepted	R0320	-26	0					0			1	0					-25
Gross - Non-proportional reinsurance accepted	R0330																0
Reinsurers' share	R0340	29,069	404			2,588		4,711			17,485	1,706					56,012
Net	R0400	11,124	191			1,385		3,698			6,978	812					24,188
Changes in other technical provisions																	
Gross - Direct Business	R0410																0
Gross - Proportional reinsurance accepted	R0420																0
Gross - Non- proportional reinsurance accepted	R0430																0
Reinsurers' share	R0440																0
Net	R0500																0
Expenses incurred	R0550	12,987	706			4,728		5,065			8,058	2,188					33,742
Other expenses	R1200																0
Total expenses	R1300																0

	Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
	C0010	C0020	C0030	C0040	C0050
Basic own funds before deduction for participations in other financial sector					
Ordinary share capital (gross of own shares)	R0010	23,615	23,615		
Non-available called but not paid in ordinary share capital at group level	R0020				
Share premium account related to ordinary share capital	R0030				
Initial funds, members' contributions or the equivalent basic own - fund item for mutual and mutual-type undertakings	R0040				
Subordinated mutual member accounts	R0050				
Non-available subordinated mutual member accounts at group level	R0060				
Surplus funds	R0070				
Non-available surplus funds at group level	R0080				
Preference shares	R0090				
Non-available preference shares at group level	R0100				
Share premium account related to preference shares	R0110				
Non-available share premium account related to preference shares at group level	R0120				
Reconciliation reserve	R0130	8,170	8,170		
Subordinated liabilities	R0140				
Non-available subordinated liabilities at group level	R0150				
An amount equal to the value of net deferred tax assets	R0160				
The amount equal to the value of net deferred tax assets not available at the group level	R0170				
Other items approved by supervisory authority as basic own funds not specified above	R0180				
Non available own funds related to other own funds items approved by supervisory authority	R0190				
Minority interests (if not reported as part of a specific own fund item)	R0200				
Non-available minority interests at group level	R0210				
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds					
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds	R0220				
Deductions					
Deductions for participations in other financial undertakings, including non-regulated undertakings carrying out financial activities	R0230				
whereof deducted according to art 228 of the Directive 2009/138/EC	R0240				
Deductions for participations where there is non-availability of information (Article 229)	R0250				
Deduction for participations included by using D&A when a combination of methods is used	R0260				
Total of non-available own fund items	R0270				
Total deductions	R0280				
Total basic own funds after deductions	R0290	31,785	31,785		
Ancillary own funds					
Unpaid and uncalled ordinary share capital callable on demand	R0300				
Unpaid and uncalled initial funds, members' contributions or the equivalent basic own fund item for mutual and mutual - type undertakings, callable on demand	R0310				
Unpaid and uncalled preference shares callable on demand	R0320				
A legally binding commitment to subscribe and pay for subordinated liabilities on demand	R0330				
Letters of credit and guarantees other than under Article 96(2) of the Directive 2009/138/EC	R0340				
Letters of credit and guarantees under Article 96(2) of the Directive 2009/138/EC	R0350				
Supplementary members calls under first subparagraph of Article 96(3) of the Directive 2009/138/EC	R0360				
Supplementary members calls - other than under first subparagraph of Article 96(3) of the Directive 2009/138/EC	R0370				
Non available ancillary own funds at group level	R0380				
Other ancillary own funds	R0390				
Total ancillary own funds	R0400				
Own funds of other financial sectors					
Credit institutions, investment firms, financial institutions, alternative investment fund managers, UCITS management companies – total	R0410				
Institutions for occupational retirement provision	R0420				
Non regulated entities carrying out financial activities	R0430				
Total own funds of other financial sectors	R0440				
Own funds when using the D&A, exclusively or in combination of method 1					
Own funds aggregated when using the D&A and combination of method	R0450				
Own funds aggregated when using the D&A and a combination of method net of IGT	R0460				
Total available own funds to meet the consolidated group SCR (excluding own funds from other financial sector and from the undertakings included via D&A)	R0520	31,785	31,785		
Total available own funds to meet the minimum consolidated group SCR	R0530	31,785	31,785		
Total eligible own funds to meet the consolidated group SCR (excluding own funds from other financial sector and from the undertakings included via D&A)	R0560	31,785	31,785	0	
Total eligible own funds to meet the minimum consolidated group SCR	R0570	31,785	31,785	0	
Minimum consolidated Group SCR	R0610	6,981			
Ratio of Eligible own funds to Minimum Consolidated Group SCR	R0650	4.55			
Total eligible own funds to meet the group SCR (including own funds from other financial sector and from the undertakings included via D&A)	R0660	31,785	31,785	0	
Group SCR	R0680	15,514			
Ratio of Eligible own funds to group SCR including other financial sectors and the undertakings included via D&A	R0690	2.05			

S.25.01.22

Solvency Capital Requirement (for groups on Standard Formula)

		Gross solvency capital requirement	Simplifications	USP
		C0110	C0120	C0090
Market risk	R0010	2,310		
Counterparty default risk	R0020	757		
Life underwriting risk	R0030	0		
Health underwriting risk	R0040	5,670		
Non-life underwriting risk	R0050	8,826		
Diversification	R0060	-5,630		
Intangible asset risk	R0070	0		
Basic Solvency Capital Requirement	R0100	11,934		
Calculation of Solvency Capital Requirement				
		C0100		
Operational risk	R0130	3,580		
Loss-absorbing capacity of technical provisions	R0140			
Loss-absorbing capacity of deferred taxes	R0150			
Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC	R0160			
Solvency capital requirement excluding capital add-on	R0200	15,514		
Capital add-on already set	R0210			
Solvency capital requirement	R0220	15,514		
Other information on SCR				
Capital requirement for duration-based equity risk sub-module	R0400			
Total amount of Notional Solvency Capital Requirements for remaining part	R0410			
Total amount of Notional Solvency Capital Requirements for ring fenced funds	R0420			
Total amount of Notional Solvency Capital Requirements for matching adjustment portfolios	R0430			
Diversification effects due to RFF nSCR aggregation for article 304	R0440			
Minimum consolidated group solvency capital requirement	R0470	6,981		
Information on other entities				
Capital requirement for other financial sectors (Non-insurance capital requirements)	R0500			
Capital requirement for other financial sectors (Non-insurance capital requirements) - Credit institutions, investment firms and financial institutions, alternative investment funds managers, UCITS management companies	R0510			
Capital requirement for other financial sectors (Non-insurance capital requirements) - Institutions for occupational retirement provisions	R0520			
Capital requirement for other financial sectors (Non-insurance capital requirements) - Capital requirement for non- regulated entities carrying out financial activities	R0530			
Capital requirement for non-controlled participation requirements	R0540			
Capital requirement for residual undertakings	R0550			
Overall SCR				
SCR for undertakings included via D and A	R0560			
Solvency capital requirement	R0570	15,514		

S.32.01.22
Undertakings in the scope of the group

Identification code of the undertaking	Country	Legal name of the undertaking	Type of undertaking	Legal form	Category (mutual/non mutual)	Supervisory Authority	Criteria of influence					Inclusion in the scope of group supervision		Group solvency calculation		
							% capital share	% used for the establishment of consolidated accounts	% voting rights	Other criteria	Level of influence	Proportional share used for group solvency calculation	YES/NO	Date of decision if art. 214 is applied		
C0020	C0010	C0040	C0050	C0060	C0070	C0080	C0180	C0190	C0200	C0210	C0220	C0230	C0240	C0250	C0260	
LEI/2138008DN13KCEAE2Q93	GB	Astrensa Insurance Limited		Companies limited by shares	2	Prudential Regulation Authority	100.00	100.00	100.00	1		100.00	1		1	
LEI/213800GWL93FZHB7H18	GB	Astrensa Insurance Holdings Limited		Companies limited by shares	2								1			1

Astrenská Insurance Limited (AIL)

Display currency: GBP

List of Reported Templates (AIL)	
S.02.01.02	Balance Sheet
S.05.01.02	Premiums, claims and expenses
S.17.01.02	Non-life Technical Provisions
S.19.01.21	Non-life Insurance Claims Information
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 non-life insurance or reinsurance activity

S.02.01.02

Balance sheet

Balance sheet

		Solvency II value
		C0010
Assets		
Intangible assets	R0030	0
Deferred tax assets	R0040	0
Pension benefit surplus	R0050	0
Property, plant & equipment held for own use	R0060	0
Investments (other than assets held for index-linked and unit-linked contracts)	R0070	71,884
Property (other than for own use)	R0080	0
Holdings in related undertakings, including participations	R0090	0
Equities	R0100	0
Equities - listed	R0110	0
Equities - unlisted	R0120	0
Bonds	R0130	0
Government Bonds	R0140	0
Corporate Bonds	R0150	0
Structured notes	R0160	0
Collateralised securities	R0170	0
Collective Investments Undertakings	R0180	71,884
Derivatives	R0190	0
Deposits other than cash equivalents	R0200	0
Other investments	R0210	0
Assets held for index-linked and unit-linked contracts	R0220	0
Loans and mortgages	R0230	0
Loans on policies	R0240	0
Loans and mortgages to individuals	R0250	0
Other loans and mortgages	R0260	0
Reinsurance recoverables from:	R0270	1,938
Non-life and health similar to non-life	R0280	1,938
Non-life excluding health	R0290	730
Health similar to non-life	R0300	1,208
Life and health similar to life, excluding health and index-linked and unit-linked	R0310	0
Health similar to life	R0320	0
Life excluding health and index-linked and unit-linked	R0330	0
Life index-linked and unit-linked	R0340	0
Deposits to cedants	R0350	0
Insurance and intermediaries receivables	R0360	6,010
Reinsurance receivables	R0370	16
Receivables (trade, not insurance)	R0380	0
Own shares (held directly)	R0390	0
Amounts due in respect of own fund items or initial fund called up but not yet paid in	R0400	0
Cash and cash equivalents	R0410	2,401
Any other assets, not elsewhere shown	R0420	117
Total assets	R0500	82,366
Liabilities		
Technical provisions - non-life	R0510	32,956
Technical provisions - non-life (excluding health)	R0520	15,340
TP calculated as a whole	R0530	0
Best Estimate	R0540	15,143
Risk margin	R0550	197
Technical provisions - health (similar to non-life)	R0560	17,616
TP calculated as a whole	R0570	0
Best Estimate	R0580	17,404
Risk margin	R0590	212
Technical provisions - life (excluding index-linked and unit-linked)	R0600	0
Technical provisions - health (similar to life)	R0610	0
TP calculated as a whole	R0620	0
Best Estimate	R0630	0
Risk margin	R0640	0
Technical provisions - life (excluding health and index-linked and unit-linked)	R0650	0
TP calculated as a whole	R0660	0
Best Estimate	R0670	0
Risk margin	R0680	0
Technical provisions - index-linked and unit-linked	R0690	0
TP calculated as a whole	R0700	0
Best Estimate	R0710	0
Risk margin	R0720	0
Contingent liabilities	R0740	0
Provisions other than technical provisions	R0750	0
Pension benefit obligations	R0760	0
Deposits from reinsurers	R0770	0
Deferred tax liabilities	R0780	274
Derivatives	R0790	0
Debts owed to credit institutions	R0800	0
Financial liabilities other than debts owed to credit institutions	R0810	0
Insurance & intermediaries payables	R0820	5,488
Reinsurance payables	R0830	0
Payables (trade, not insurance)	R0840	11,864
Subordinated liabilities	R0850	0
Subordinated liabilities not in BOF	R0860	0
Subordinated liabilities in BOF	R0870	0
Any other liabilities, not elsewhere shown	R0880	0
Total liabilities	R0900	50,581
Excess of assets over liabilities	R1000	31,785

S.05.01.02

Premiums, claims and expenses by line of business

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	Line of business for: accepted non-proportional reinsurance			Total													
												C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0120	C0130	C0140	C0150	C0160	C0200
												C0200																
Premiums written																												
Gross - Direct Business	R0110	89,555	4,272			39,572		25,224			54,162	8,300															221,485	
Gross - Proportional reinsurance accepted	R0120	0	0			0		0			0	0															0	
Gross - Non-proportional reinsurance accepted	R0130																										0	
Reinsurers' share	R0140	61,890	2,936			28,246		14,984			36,412	5,021															149,490	
Net	R0200	28,065	1,336			11,326		10,240			17,750	3,278															71,995	
Premiums earned																												
Gross - Direct Business	R0210	90,202	3,402			18,552		23,400			54,143	8,427															198,127	
Gross - Proportional reinsurance accepted	R0220	0	0			0		0			0	0															0	
Gross - Non-proportional reinsurance accepted	R0230																										0	
Reinsurers' share	R0240	65,622	2,480			12,268		14,454			38,805	5,348															138,977	
Net	R0300	24,580	922			6,284		8,946			15,338	3,079															59,150	
Claims incurred																												
Gross - Direct Business	R0310	40,208	655			3,973		8,408			24,463	2,518														80,225		
Gross - Proportional reinsurance accepted	R0320	-25	0					0			1	0														-25		
Gross - Non-proportional reinsurance accepted	R0330																										0	
Reinsurers' share	R0340	29,059	464			2,588		4,711			17,485	1,706															56,012	
Net	R0400	11,124	191			1,385		3,698			6,578	812															24,188	
Changes in other technical provisions																												
Gross - Direct Business	R0410																											
Gross - Proportional reinsurance accepted	R0420																											
Gross - Non- proportional reinsurance accepted	R0430																											
Reinsurers' share	R0440																											
Net	R0500																											
Expenses incurred	R0550	12,987	706			4,729		5,065			8,068	2,188															33,742	
Other expenses	R1200																											
Total expenses	R1300																										33,742	

S.17.01.02

Non-life Technical Provisions

	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0120	C0130	C0140	C0150	C0160	C0170	C0180	Direct business and accepted proportional reinsurance										Accepted non-proportional reinsurance				Total Non-life obligation
																		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
Technical provisions calculated as a whole	R0110	0																														
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP as a whole	R0050																															
Technical provisions calculated as a sum of BE and RM																																
Best estimate																																
Premium provisions																																
Gross	R0060	5,688	240					1,615		693									5,235	184									11,902			
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0140	-6,621	-474					-452		-1,318									-3,532	-193									-12,570			
Net Best Estimate of Premium Provisions	R0150	12,309	714					2,047		625									8,767	10									24,472			
Claims provisions																																
Gross	R0160	10,791	685					693		2,324									5,853	303									20,645			
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0240	7,833	470					489		1,307									4,211	198									14,508			
Net Best Estimate of Claims Provisions	R0250	2,958	215					202		1,017									1,642	103									6,138			
Total Best Estimate - gross	R0260	16,479	925					2,306		1,631									11,089	118								32,547				
Total Best estimate - net	R0270	15,267	930					2,246		1,642									10,409	113								30,609				
Risk margin	R0280	198	14					15		67									110	7									409			
Amount of the transitional on Technical Provisions																																
Technical Provisions calculated as a whole	R0290																															
Best estimate	R0300																															
Risk margin	R0310																															
Technical provisions - total																																
Technical provisions - total	R0320	16,677	939					2,319		1,658									11,198	125								32,556				
Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total	R0330	1,212	-5					57		-11									679	5								1,938				
Technical provisions minus recoverable from reinsurance/SPV and Finite Re - total	R0340	15,465	944					2,262		1,709									10,519	120								31,018				

S.19.01.02 Underwriting

Non-life Insurance Claims Information

Accident year / Underwriting year **R00202** 2

Gross Claims Paid (non-cumulative)

	Development year										In Current year	Sum of years (cumulative)	
	0	1	2	3	4	5	6	7	8	9	10 & +	C0170	C0180
Prior	R0100											0	0
N-9	R0160	181	9,594	10,859	417	144	52	73	-5	5	10		
N-8	R0170	323	12,927	8,580	1,765	408	95	19	24	2			
N-7	R0180	576	12,806	10,381	2,522	104	-39	5	3				
N-6	R0190	501	10,894	9,274	1,019	36	23	23	18				
N-5	R0200	415	5,632	5,826	1,751	41	9						
N-4	R0210	198	2,291	4,527	988	-12							
N-3	R0220	429	5,302	8,661	1,250								
N-2	R0230	190	32,746	32,177									
N-1	R0240	638	46,996										
N	R0250	2,672											
Total	R0260											83,126	246,322

Gross undiscounted Best Estimate Claims Provisions

	Development year										Year end (discounted data)	C0360	
	0	1	2	3	4	5	6	7	8	9	10 & +		
Prior	R0100											0	0
N-9	R0160	0	0	0	0	0	0	0	0	10	0		
N-8	R0170	0	0	0	0	0	0	0	12	23			
N-7	R0180	0	0	0	0	0	0	0	28	26			
N-6	R0190	0	0	0	0	0	0	375	340				
N-5	R0200	0	0	0	0	0	-28	6					
N-4	R0210	0	0	0	3	349							
N-3	R0220	0	0	1,643	507								
N-2	R0230	0	20,837	3,117									
N-1	R0240	2,020	14,203										
N	R0250	2,516											
Total	R0260											20,645	

S.23.01.01

Own funds

	Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
	C0010	C0020	C0030	C0040	C0050
Basic own funds before deduction for participations in other financial sector as foreseen in article 68 of Delegated Regulation (EU) 2015/35					
Ordinary share capital (gross of own shares)	R0010	16,000	16,000		
Share premium account related to ordinary share capital	R0030				
Initial funds, members' contributions or the equivalent basic own - fund item for mutual and mutual-type undertakings	R0040				
Subordinated mutual member accounts	R0050				
Surplus funds	R0070				
Preference shares	R0090				
Share premium account related to preference shares	R0110				
Reconciliation reserve	R0130	15,785	15,785		
Subordinated liabilities	R0140				
An amount equal to the value of net deferred tax assets	R0160				
Other own fund items approved by the supervisory authority as basic own funds not specified above	R0180				
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds					
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds	R0220				
Deductions					
Deductions for participations in financial and credit institutions	R0230				
Total basic own funds after deductions	R0290	31,785	31,785	0	
Ancillary own funds					
Unpaid and uncalled ordinary share capital callable on demand	R0300				
Unpaid and uncalled initial funds, members' contributions or the equivalent basic own fund item for mutual and mutual - type undertakings, callable on demand	R0310				
Unpaid and uncalled preference shares callable on demand	R0320				
A legally binding commitment to subscribe and pay for subordinated liabilities on demand	R0330				
Letters of credit and guarantees under Article 96(2) of the Directive 2009/138/EC	R0340				
Letters of credit and guarantees other than under Article 96(2) of the Directive 2009/138/EC	R0350				
Supplementary members calls under first subparagraph of Article 96(3) of the Directive 2009/138/EC	R0360				
Supplementary members calls - other than under first subparagraph of Article 96(3) of the Directive 2009/138/EC	R0370				
Other ancillary own funds	R0390				
Total ancillary own funds	R0400				
Available and eligible own funds					
Total available own funds to meet the SCR	R0500	31,785	31,785		
Total available own funds to meet the MCR	R0510	31,785	31,785		
Total eligible own funds to meet the SCR	R0540	31,785	31,785		
Total eligible own funds to meet the MCR	R0550	31,785	31,785		
SCR	R0580	15,514			
MCR	R0600	6,981			
Ratio of Eligible own funds to SCR	R0620	2.05			
Ratio of Eligible own funds to MCR	R0640	4.55			

S.25.01.21

Solvency Capital Requirement (for undertakings on Standard Formula)

	Gross solvency capital requirement	Simplifications		USP
		C0110	C0120	
Market risk	R0010	2,310		
Counterparty default risk	R0020	757		
Life underwriting risk	R0030	0		
Health underwriting risk	R0040	5,670		
Non-life underwriting risk	R0050	8,826		
Diversification	R0060	-5,630		
Intangible asset risk	R0070	0		
Basic Solvency Capital Requirement	R0100	11,934		

Calculation of Solvency Capital Requirement

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

Approach to tax rate

Approach based on average tax rate	C0109
	3

Calculation of loss absorbing capacity of deferred taxes

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

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	7,986	
		Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance) written premiums in the last 12 months
		C0020	C0030
Medical expense insurance and proportional reinsurance	R0020	15,267	28,224
Income protection insurance and proportional reinsurance	R0030	930	1,336
Workers' compensation insurance and proportional reinsurance	R0040	0	0
Motor vehicle liability insurance and proportional reinsurance	R0050	0	0
Other motor insurance and proportional reinsurance	R0060	2,249	9,707
Marine, aviation and transport insurance and proportional reinsurance	R0070	0	0
Fire and other damage to property insurance and proportional reinsurance	R0080	1,642	10,277
General liability insurance and proportional reinsurance	R0090	0	0
Credit and suretyship insurance and proportional reinsurance	R0100	0	0
Legal expenses insurance and proportional reinsurance	R0110	0	0
Assistance and proportional reinsurance	R0120	10,409	17,835
Miscellaneous financial loss insurance and proportional reinsurance	R0130	113	3,374
Non-proportional health reinsurance	R0140	0	0
Non-proportional casualty reinsurance	R0150	0	0
Non-proportional marine, aviation and transport reinsurance	R0160	0	0
Non-proportional property reinsurance	R0170	0	0

Linear formula component for life insurance and reinsurance obligations

		C0040	
	R0200		
		Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance/SPV) total capital at risk
		C0050	C0060
Obligations with profit participation - guaranteed benefits	R0210		
Obligations with profit participation - future discretionary benefits	R0220		
Index-linked and unit-linked insurance obligations	R0230		
Other life (re)insurance and health (re)insurance obligations	R0240		
Total capital at risk for all life (re)insurance obligations	R0250		

Overall MCR calculation

		C0070
Linear MCR	R0300	7,986
SCR	R0310	15,514
MCR cap	R0320	6,981
MCR floor	R0330	3,879
Combined MCR	R0340	6,981
Absolute floor of the MCR	R0350	3,495
Minimum Capital Requirement	R0400	6,981

Glossary

Glossary

Item	Description
AFR	Actuarial Function Report
AIHL	Astrenskia Insurance Holdings Limited
AIL	Astrenskia Insurance Limited
AOF	Ancillary Own Funds
AP	Approved Persons
AR's	Appointed Representatives
ARCC	Audit, Risk and Compliance Committee
BBNI	Bound But Not Incepted
BEL	Best Estimate Liabilities
Board	AIL / AIHL Board
BOF	Basic Own Funds
BSCR	Base Solvency Capital Requirement
CF	Controlled Function
CIEL	Collinson Insurance Europe Limited
CIHL	Collinson Insurance Holdings Limited
CISL	Collinson Insurance Services Limited
Collinson	The Collinson Group
COO	Chief Operating Officer
CV	Curriculum Vitae
DBS	Disclosure and Barring Services
EBS	Economic Balance Sheet

ENID	Events Not In Data
FCA	Financial Conduct Authority
FLOD	First Line of Defence
GWP	Gross Written Premium
FRS	Financial Reporting Standards
GAAP	UK General Accepted Accounting Principles
I&A	Insurance and Assistance Division
MCR	Minimum Capital Requirement
MI	Management Information
NED	Non-Executive Director
ORSA	Own Risk and Solvency Assessment
PGC	Product Governance Committee
PRA	Prudential Regulation Authority
QRT	Quantitative Reporting Template
SCR	Solvency Capital Requirement
SII	Solvency II Directive
SIMF	Senior Insurance Manager Function
SLOD	Second Line of Defence
SPV	Special Purpose Vehicle
TP's	Technical Provision
UEPR	Unearned Premium
UK	United Kingdom
USP	Undertaking Specific Parameters

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