



Solvency and Financial Condition Report

FOR THE YEAR ENDED 30 APRIL 2017

Astrenska Insurance Holdings Limited – Company Registration No: 10330418 and
Astrenska Insurance Limited – Company Registration No: 01708613

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EXECUTIVE SUMMARY

This is the single Solvency and Financial Condition Report (SFCR) on behalf of Astrenska Insurance Holdings Limited (AIHL) and Astrenska Insurance Limited (AIL or the Company) prepared in accordance with the Solvency II Directive (SII), which came in to force on 1 January 2016.

BUSINESS AND PERFORMANCE

AIHL was established in September 2016 for the sole purpose of operating as an insurance holding company for AIL, its only wholly owned subsidiary and general insurance undertaking. AIL is authorised by the Prudential Regulation Authority (PRA) and regulated by the Financial Conduct Authority (FCA) and PRA and is the sole trading entity in the Group. As such, all references to performance and valuations relate to AIL financial statements, although in the Capital Management section reference is made to both AIHL and AIL.

AIL and AIHL (referred to collectively hereafter as “the Group”) sit within the Insurance and Assistance Division (I&A) of the Collinson Group Limited (Collinson). The legal structure is shown in Section A.1.2.1.

Founded by Colin Evans in 1991, Collinson is a privately owned company and global leader in shaping and influencing customer behaviour to drive revenue and add value for our clients within the travel and financial services sectors.

With over 25 years’ experience, Collinson’s breadth of expertise in Loyalty, Lifestyle Benefits, Insurance and Assistance has created an unrivalled level of insight into the behaviours and needs of affluent consumers and frequent travellers. This insight allows it to develop and deliver market-leading products and services that protect, create engagement, value and loyalty for hundreds of the world’s leading companies and their customers

across the globe, generating double digit growth over each of the last 5 years.

Collinson employs over 2,000 talented individuals in 25 locations worldwide and supports more than 800 clients including MasterCard, Visa, American Express, Diners, Cathay Pacific, British Airways, InterContinental and Hilton Hotel Groups.

AIL’s insurance product offering is entirely consistent with Collinson’s wider value proposition. 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.

AIL made a profit of £2.243m for the financial year 2017 (covering the period 1 May 2016 to 30 April 2017) (FY16: £1.288m).

We have detailed our underwriting performance in Section A.2 and investment performance in A.3.

SYSTEMS OF GOVERNANCE

The Board's role is to provide strategic leadership of the Group 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, to aid effective decision making and support the achievement of the agreed objectives.

The Board is responsible for promoting the long term success of the Group for the benefit of its shareholders, its staff and its clients. It is responsible for setting the strategic aims and risk appetite of the Group; for ensuring 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 of the Group.

To assist the Board in effectively discharging its duties, it has delegated certain responsibilities to a number of committees which report regularly to it. The roles of the committees are outlined in Section B. The Board retains ultimate responsibility for the Group's systems of internal control and risk management and their effectiveness.

The Group 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. This is outlined in Section B.7.

There have been no material changes in the systems of governance during the year with the exception of the following:

- The Risk and Compliance Committee was incorporated into the Audit, Risk and Compliance Committee (ARCC);
- Mark Hampton – Collinson Chief Financial Officer (CFO) and Non-Executive Chairman of the AIL Board was appointed Chairperson of the ARCC, and

- Martin Totty was appointed as an independent Non-Executive Director of the AIL Board and a member of the ARCC.

The Board has assessed the Group systems of governance and has concluded it is appropriate for the nature, size and complexity of the operations within the Group.

RISK PROFILE

AIHL acts as a holding company only; it has no risk profile other than the investment in AIL. Therefore this section considers AIL's Risk Profile only.

The Board accepts that the management team of AIL will need to take risks to deliver success. AIL has exposure to the following risks:

- Underwriting risk (incl Reserving risk): The risk arises from inadequacies in pricing and uncertainty as to the occurrence, amount and timing of claims;
- Market risk: The risk arises from fluctuations in the market value of, or income from, AIL assets. AIL has particular exposure to
 - Currency risk – relates to trading in and holding investments denominated in currencies other than sterling, and
 - Concentration risk – arising as a result of holding large investments in individual counterparties;
- Credit risk: The risk that a counterparty will be unable to pay amounts in full when due;
- Operational risk: The risk arises from economic loss, resulting from failed or inadequate controls, processes, or systems, or from human or external events;
- Liquidity risk: Risk of the inability to generate sufficient cash resources to meet payment obligations as they fall due, and
- Strategic risk: The risk that AIL fails to set and implement an appropriate strategy.

AIL has the necessary processes and procedures in place to identify, measure and mitigate these risks. These processes are detailed in Section C.

VALUATION FOR SOLVENCY PURPOSES

The Group's United Kingdom (UK) General Accepted Accounting Principles (GAAP) Financial Statements have been prepared in accordance with Financial Reporting Standards (FRS) 102 and 103 while the SII Balance sheet items reflect an economic value as required by European Insurance and Occupational Pensions Authority (EIOPA) under SII, article 75 of Directive 2009-138 EC.

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

- Assets;
- Liabilities, and
- Technical Provisions (TP's).

The Board is happy that the Information in Section D provides a true and fair view of the valuation for the solvency purposes of the Group and AIL during the year ended 30 April 2017.

CAPITAL MANAGEMENT

The Group has used the standard formula method as prescribed by EIOPA to calculate the Solvency Capital Ratio (SCR). The following table shows the capital coverage of the Group:

As at April 2017	AIL
SII Eligible Own Funds	£21,571,125
Solvency Capital Requirement	£10,582,639
SII Capital Ratio	204%

The Group's approach to capital management focuses on ensuring there is sufficient capital and reserves to honour the Group's 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

(Unaudited)

A.**BUSINESS AND PERFORMANCE****A.1****BUSINESS****A.1.1****INFORMATION ABOUT OUR BUSINESS**

AIHL is an insurance holding company for which Group supervision has been agreed with the Prudential Regulation Authority (PRA). AIHL wholly owns AIL, a UK general insurance company authorised by the PRA and regulated by the PRA and FCA.

The external auditor of AIHL and AIL is Grant Thornton UK LLP, 30 Finsbury Square, London EC2P 2YU.

A.1.2**GROUP STRUCTURE AND OWNERSHIP****A.1.2.1****AIHL AND AIL LEGAL STRUCTURE**

AIHL sits within the Insurance and Assistance Division (I&A) of The Collinson Group Limited (Collinson) as a direct subsidiary of Collinson Insurance Holdings Limited (CIHL).

Collinson is a global leader in shaping and influencing customer behaviour to drive revenue and add value for its clients. With a unique blend of industry and sector specialists, Collinson develops and delivers market-leading products and services to help build, manage and optimise customer relationships across four core capabilities: Loyalty, Lifestyle Benefits, Insurance and Assistance.

The ultimate holding company of Collinson is Parminder Limited (Parminder), a company incorporated in the Isle of Man. The ultimate controlling parties identified by Parminder are the Trustees of the Colin Evans 1987 Settlement.

AIL writes predominately personal insurance lines in the International Health, Travel, Motor Breakdown, ancillary Home Emergency and Personal Accident sectors.

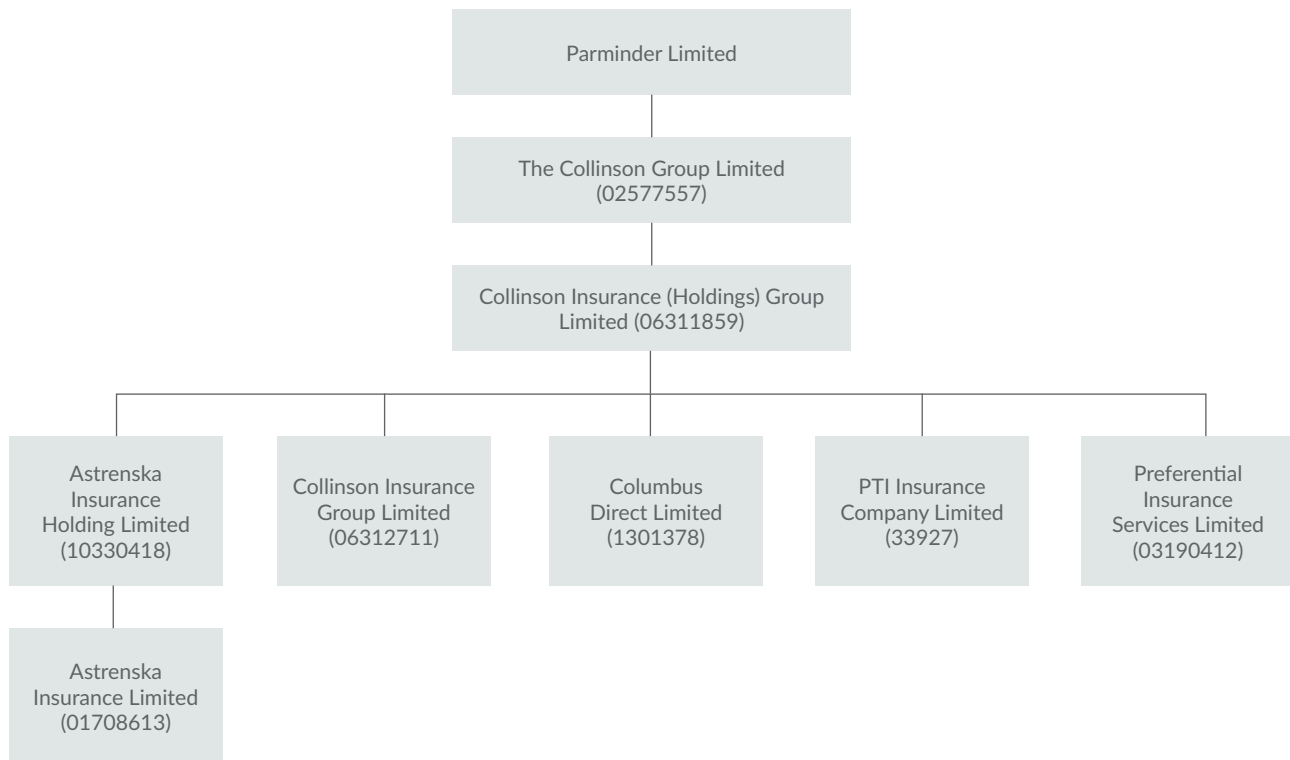
As Collinson's only active Insurer, AIL is integral to the strategy of Collinson which is to focus on the travel and financial service sectors utilising their capabilities of loyalty, lifestyle benefits, insurance and assistance.

Insurance has been a capability within Collinson for over 20 years. AIL provides the ability to write business on its own paper alongside business written with its insurance partners. The insurance offering is focused on the travel sector with a particular emphasis on developing insurance and assistance relationships within the affinity and partner channel.

In the UK, Collinson continues to have a very healthy pipeline of opportunities to drive insurance growth with travel insurance featuring prominently as AIL seeks to benefit from some of its more innovative customer propositions. International Healthcare remains a key product line and AIL expect to place further emphasis on growing the

International Health insurance business in selected global territories during the next financial year.

The legal structure of AIHL and AIL is as follows:



(Extract from the Collinson Group structure.)

A.1.2.2

AIL'S MATERIAL LINES OF BUSINESS AND GEOGRAPHICAL OPERATING AREAS

The material products sold by AIL are:

- International Health Insurance (SII line of business – Medical Expense Insurance), and
- Travel Insurance (SII line of business – Assistance).

(Refer: QRT - S.05.01.02 – Premium, claims, and expenses by line of business – in appendix.)

The portfolio also consists of the following additional products:

- Motor Breakdown (SII line of business – Assistance);
- Ancillary Home Emergency Assistance (SII line of business – Assistance);
- Personal Accident Insurance (SII line of business – Assistance), and
- Dental Insurance (SII line of business – Medical Expense Insurance).

The majority of AIL's business is written in the UK and Eire and covers risks in the UK, Europe, and, through inward reinsurance, the Middle East and Kenya.

(Refer: QRT - S.05.02.01 – Premium, claims, and expenses by country in appendix.)

A.1.2.3
**SIGNIFICANT BUSINESS AND OTHER EVENTS THAT HAVE OCCURRED
OVER THE REPORTING PERIOD THAT HAVE HAD A MATERIAL IMPACT
ON THE COMPANY**

On 23 June 2016 the UK voted to leave the European Union (EU). As a result there was a decline in the value of sterling against major currencies which created a positive impact for premium received in Euro's and US Dollars, partly offset by higher claims costs.

On 16 September 2016, AIL was established as a wholly owned subsidiary of an insurance holding company and was acquired by a fellow group company AIHL. This had no impact on the trade and activities of AIL but meant that group supervision from the PRA would rest with AIHL.

A.2**A.2.1**
**UNDERWRITING PERFORMANCE
DEVELOPMENT AND RESULTS**

AIL Gross Written Premiums (GWP) in Financial Year 2017 (FY17) (which covers the 12 months ending 30 April 2017) were £51.8m compared to £55.8m in Financial Year 2016 (FY16) (covering the 12 months ended 30 April 2016). The FY16 GWP included £10.7m premium from an accepted Whole Account Reinsurance Agreement (WARA) with a fellow Collinson Insurance Company, PTI Insurance Company Limited (PTI).

GWP for FY17 shows an underlying increase of 15% compared to FY16 after adjusting for the one-off impact of the WARA premium. This increase is mainly driven in the International Health business with existing clients as well as some new schemes across the Dental, Motor Breakdown and Personal Accident products.

The table below shows AIL premiums, claims and expenses for the year ended 30 April 2017.

An analysis based on SII lines of business can be found in the Quantitative Reporting Templates (QRT's) in the Appendix to this report.

£'000	FY17	FY16	Var
Gross Premiums Written	51,819	55,775	-3,956
Total Technical Income	32,307	34,991	-2,684
Claims Incurred Net of Reinsurance	13,206	19,851	-6,645
Underwriting Result	19,101	15,140	3,961
<i>Underwriting Loss Ratio</i>	41%	57%	
Net Operating Expenses	18,261	14,876	3,385
<i>Net Operating Expenses Ratio</i>	57%	43%	
Balance on Technical Account for General Business	840	264	576

The AIL underwriting result is £19.1m in FY17 (FY16: £15.1). The underwriting loss ratio (this is the ratio of claims incurred net of reinsurance to total technical income) has reduced from 57% to 41% with the underlying loss ratio (excluding the WARA in FY16) improving from 47% to 41%. Excluding the impact of the WARA, the underwriting loss ratio for FY16 was 47%. A strengthening of the Technical Provisions (TP's) at the end of FY16 resulted in deterioration in the underwriting loss ratio for that year. A continued focus on our underwriting discipline has helped to deliver an improvement to the underwriting loss ratio in FY17.

Operating expenses have increased to £18.3m in FY17 (FY16: £14.9m) for AIL. This increase was due to a bad debt provision and increased profit commission paid to another Collinson company; Collinson Insurance Services Limited (CISL) for insurance administration services which support business growth and future cost savings.

Net income arising from the Balance on Technical Account for General Business increased by £0.6m to £0.84m in FY17 (FY16: £0.3m).

A.3

A.3.1

INVESTMENT PERFORMANCE

ANALYSIS OF OVERALL INVESTMENT

Investments consist of deposits with credit institutions which have fixed rates of interest over varying durations. The Company regularly compares the returns and the duration of the fixed term deposits with the average duration of the liabilities to policyholders under insurance contracts. Any gap between the duration of the assets and the estimated average duration of the liabilities is managed by maintaining short term deposits and cash at bank and cash equivalents.

The Company targets returns in accordance with its authorised investment policy. Investment income for FY17 was £184K (FY16: £213K).

A.4

PERFORMANCE OF OTHER ACTIVITIES

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

A.5

ANY OTHER INFORMATION

There is no material additional information to note in the reporting period.

B. System of Governance

(Unaudited)

B. SYSTEM OF GOVERNANCE

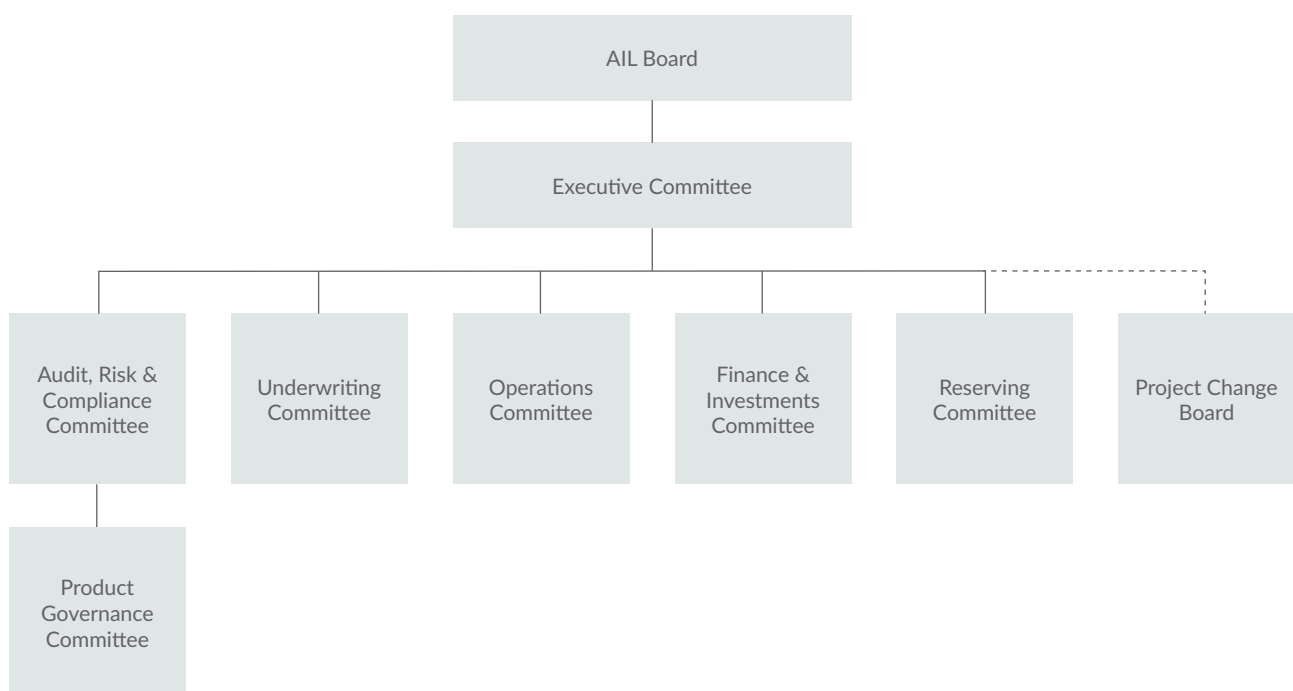
B.1

GENERAL INFORMATION ON AIHL AND AIL'S (THE GROUP) SYSTEM OF GOVERNANCE

The Group believes in promoting a strong culture of honest and ethical behaviour in the way that it conducts business. The Board has therefore adopted a code of professional conduct and implemented a system of governance specifically designed to support it. This system of governance is essential to the smooth running of the business; aids effective decision making and supports the achievement of agreed objectives.

AIL's Corporate Governance Framework sets out the principles for strategic and business planning; financial management and reporting; human resource planning and controls; and risk management, compliance and accountability.

The AIHL and AIL Board and committee structure is summarised below:



B.2

THE BOARD

The Board is ultimately responsible for providing effective leadership for the Group with a view to setting and achieving the strategy. The Board delegates its authority to a number of committees (without absolving themselves of responsibility). It is the Board's responsibility to:

- Ensure the Group is compliant with applicable regulation;
- Determine the objectives, policies, strategic direction and structure of AIL;
- Monitor the implementation of strategic development initiatives, and
- Set and monitor compliance with AIL strategic business targets; return on capital / investment expectations and risk appetite.

B.3**B.3.1****BOARD COMMITTEES****EXECUTIVE COMMITTEE**

The Executive Committee is designed to provide a forum for the senior team to work together to provide leadership and align business activities. The Executive Committee is chaired by the Managing Director with each area of the business represented. An update is provided on the activities of each department.

The responsibilities of the Executive Committee are:

- Day to day management of the business in accordance with the business strategy;
- Review the resource requirements and allocation across AIL;
- Review financial and operational performance of the business and determine appropriate actions;
- Review the functional areas key performance indicators, and
- Determine the appropriate balance between AIL's strategic, tactical and operational activities.

B.3.2**AUDIT, RISK AND COMPLIANCE COMMITTEE (ARCC)**

The ARCC is responsible for assisting the Board in overseeing:

- The financial reporting processes;
- Review of the output of the statutory audit;
- The internal and external assurance activities, and
- The overall system of risk and compliance management including the Own Risk and Solvency Assessment (ORSA) process and conduct risk.

The ARCC is chaired by an AIL Non-Executive Director (NED), who is also Collinson's CFO. Membership consists of the Chairperson and an experienced independent NED. In addition to the members, senior management from each area of the business are invited to attend.

B.3.3**PRODUCT GOVERNANCE COMMITTEE**

The Product Governance Committee (PGC) is a sub-committee of the ARCC. It is designed to ensure the AIL product governance framework is underpinned by a robust operating structure and processes to deliver good customer outcomes. The PGC is chaired by the Proposition Marketing Director and members include the Underwriting Director, Head of Risk and Compliance, the head of each line of business (Travel, Health & Accident and Home & Motor) and the Head of Insurance Product Development.

The key responsibilities of the PGC are to:

- Develop, implement and maintain appropriate policies and procedures on product governance for the purpose of ensuring the fair treatment of customers;
- Provide an oversight of the suitability and performance of existing and new products;

- Review the performance of existing products / schemes versus launch requirements using agreed Management Information (MI), and
- Authorise the development of new risk products including all associated product components and wordings.

B.3.4**UNDERWRITING COMMITTEE**

The Underwriting Committee is responsible for monitoring AIL's underwriting performance against Board expectations and risk appetite. This includes monitoring the impact of quota share and excess of loss reinsurance purchase, and advising the Board of any changes needed in underwriting or reinsurance processes, strategies or risk appetite. The Committee is chaired by the Underwriting Director and members include Managing Director, Finance Director, Head of Commercial and heads of each lines of business.

A series of "Dealrooms" are designed to review in detail the performance of each of AIL's largest schemes of business in detail at least annually prior to seeking annual reconfirmation of reinsurer's capacity participation. The membership of each Dealroom includes the responsible underwriter, a cross-line underwriter (as peer-reviewer), pricing lead and loss forecasting lead. Each Dealroom is chaired by the Underwriting Director.

B.3.5**OPERATIONS COMMITTEE**

The Operations Committee is responsible for managing operational issues and monitoring and reporting on the operational risks facing the business. The Operations Committee is chaired by the Chief Operating Officer (COO) and consists of members from Risk and Compliance, Legal, Finance, IT, Technical claims, the customer services contact centre, HR and the Commercial Support Unit.

Key responsibilities of the Operations Committee include:

- Manage operational issues and monitor and report on the operational risks, including a review of the operational loss log;
- Monitor claims turnaround times and IT performance versus agreed service levels;
- Monitor staff turnover, recruitment and training needs;
- Monitor complaint levels and trends in root causes, and
- Consider emerging risks.

B.3.6**FINANCE AND INVESTMENTS COMMITTEE**

The Finance and Investments Committee (FIC) is responsible for identifying, developing and recommending investment strategies to the Board and for monitoring the performance of the AIL investment portfolio. The FIC is chaired by AIL's Finance Director and members are the Collinson CFO, Head of Operational Finance, Regulatory Reporting and Technical Manager and Collinson Head of Treasury.

Key responsibilities of the FIC include:

- Establish appropriate policies for financial management, liquidity and expenses, and to monitor and report on the financial performance of ALL;
- For ensuring that investments comply with the ALL Investment policy;
- Set benchmarks for investment and concentration limits for counterparties, and
- Monitor the performance of the ALL investment portfolio against plan and benchmarks.

B.3.7

RESERVING COMMITTEE

The responsibilities of the Reserving Committee are to:

- Approve and maintain ALL's reserving policy and procedures, and
- Review the output of the four-monthly reserving analysis and approve the loss ratios and reserves proposed by the analysis for use in ALL's financials and forecasting.

The Reserving Committee is chaired by the Underwriting Director and the members are Managing Director, Finance Director, Head of Technical Claims, Head of Commercial and the head of each line of business.

B.3.8

PROJECTS CHANGE BOARD

The Projects Change Board (PCB) is an I&A wide Committee which encompasses ALL impacted projects. Chaired by the COO, the PCB is responsible for providing oversight and challenge to all projects ongoing within I&A and members are key ALL senior management including the Managing Director, Head of IT, Finance Director, Global Customer Services Director and the IT Portfolio Manager.

Key responsibilities of the PCB include:

- Review of each project status and ensure appropriate actions are put in place to address any issues with implementation;
- Ensuring the necessary resources & tools are available to successfully deliver the projects;
- Providing direction and decisions on escalated risks & issues;
- Reviewing & approving changes to approach / governance, and
- Determining appropriate and timely communications and information flows including escalation of unresolved issues to the Board.

B.4

MATERIAL CHANGES IN THE SYSTEM OF GOVERNANCE OVER THE REPORTING PERIOD

The following Director resignation took place in the year:

- Gareth Absalom (Head of Accident and Health) – 30 September 2016.

The following Director appointments took place in the year:

- Saugata Basu was appointed as Underwriting Director on 1 July 2016 and appointed to the AIL Board on 31 March 2017, and
- Martin Totty was appointed as an independent Non-Executive Director – 31 January 2017.

The following Executive appointments were made in the year:

- The Head of Motor and Home took on additional responsibilities as Head of the Accident and Health line of business (in addition to his current responsibility as Head of Motor and Home).

The following changes were made to Committees in the last year:

- The scope and membership of the Risk and Compliance Committee was amended and the Committee renamed the Audit, Risk and Compliance Committee – 1 May 2017;
- Mark Hampton – Collinson CFO and Non-Executive Chairman of the AIL Board was appointed Chairperson of the ARCC;
- Saugata Basu was appointed as the Chairperson of both the Underwriting Committee and the Reserving Committee, and
- Martin Totty was appointed as a Non-Executive Director of the AIL Board and as a member of the ARCC.

Other changes of significance:

- A new Head of Internal Audit was appointed – 26 September 2016.

B.5

REMUNERATION POLICY AND ENTITLEMENTS OVER THE REPORTING PERIOD

Collinson have an established remuneration policy that applies to all subsidiaries including AIHL and AIL. Remuneration responsibilities are discharged by the Board of Collinson without any delegation to a Sub-Committee, with the support of the Collinson Director of People and Culture.

Collinson recognises the need to recruit the right people and ensure employees are rewarded based on performance and behaviours that are consistent with the Group values and strategy.

The key principles underpinning remuneration within Collinson are:

- Base salaries are intended to be in line with the market. Salaries are reviewed annually, taking account of individual performance and market conditions;
- A range of core benefits are offered and are competitive with market practice;
- All employees will be provided with Personal Pension arrangements via a defined contribution plan into which both the Group and employee make contributions;

- A discretionary annual senior management bonus plan based upon a mixture of financial and non-financial performance targets aligned with the long term Group strategy and structured so as not to lead to excessive risk behaviours.

Collinson offers long term incentive plans to senior employees who are recognised as being key to driving the future of the business.

Collinson is not a listed company and as such there is no opportunity to offer any share-based remuneration.

B.6

B.6.1

FIT AND PROPER REQUIREMENTS

REQUIREMENTS FOR SKILLS, KNOWLEDGE AND EXPERTISE

Appropriate policies and procedures are in place to ensure all persons who have a significant influence in the management of the Group or hold responsibilities for overseeing key functions are “fit and proper”. The Group will assess at least the following:

- Relevant qualifications and previous employment;
- Personal probity and character;
- Management competencies, as appropriate to the role;
- Relevant technical competence for the proposed function as applicable to the Company’s business activities, and
- Demonstration of due skill, care, diligence and compliance with the relevant standards of the area/sector they have worked in.

B.6.2

FITNESS AND PROPRIETY OF PERSONS

Prior to recruitment senior managers / directors 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, and
- Disclosure and Barring Services (DBS) checks.

Where applicable the information is submitted to the PRA / FCA in support of their Senior Insurance Manager Function (SIMF) / Controlled Function (CF) / Approved Persons (AP) applications.

The checks are repeated on an at least annual basis.

B.7**INFORMATION ABOUT OUR RISK MANAGEMENT SYSTEM**

The Group has established and embedded a consistent risk management system, supported by appropriate policies and procedures in order to manage the key risks to the business. Where relevant, policies and procedures have been aligned to the current regulatory requirements under the SII regime.

The Group has implemented a “three lines of defence” model as a formal and robust framework to ensure all risks are identified, assessed, controlled / mitigated, reported and monitored. The three lines of defence approach can be summarised as follows:

B.7.1**THE FIRST LINE OF DEFENCE**

The first line of defence (FLOD) comprises all senior managers and heads of department – responsible for maintaining effective internal controls and for executing risk and control procedures on a day to day basis.

B.7.2**THE SECOND LINE OF DEFENCE**

The second line of defence (SLOD) comprises the key control functions of Risk Management and Compliance. These functions are separate from front line business activities and provide oversight and challenge to evaluate the effectiveness of the overall risk management system.

B.7.3**THE THIRD LINE OF DEFENCE**

Internal Audit provides independent and objective assurance over the effectiveness of the risk management system.

B.7.4**RISK IDENTIFICATION AND ASSESSMENT**

The FLOD is responsible for carrying out the risk identification and assessment process. Individuals from all areas of the business manage risk as part of their day to day activities. Each key risk is recorded within a risk register and allocated to a specific owner, as an appropriately senior person operating in the particular area to which the risk relates.

The risk owners make a qualitative risk assessment based upon the potential impact and the likelihood that the risk will crystallise over the forthcoming 12 month period.

The Risk Management team records the controls identified to manage or mitigate each risk.

The risk register, showing an assessment of the key risks and associated controls is presented to the ARCC for challenge and review. A subset of key risks with the highest potential to adversely impact the business is presented to the Board on a quarterly basis.

B.7.5**IMPLEMENTING THE RISK MANAGEMENT SYSTEM**

Once the risk identification and assessment activity is completed by the FLOD, the Risk Management team reviews and challenges the output. Although the risk management system is subject to continuous review and enhancement, the risks and controls identified are subject to formal challenge on an at least 6 monthly basis.

The risks relating to AIL outputs are included in its ORSA, which is owned by the Board, and reviewed and approved at least annually.

B.8**CONDUCTING THE GROUP'S OWN RISK AND SOLVENCY ASSESSMENT**

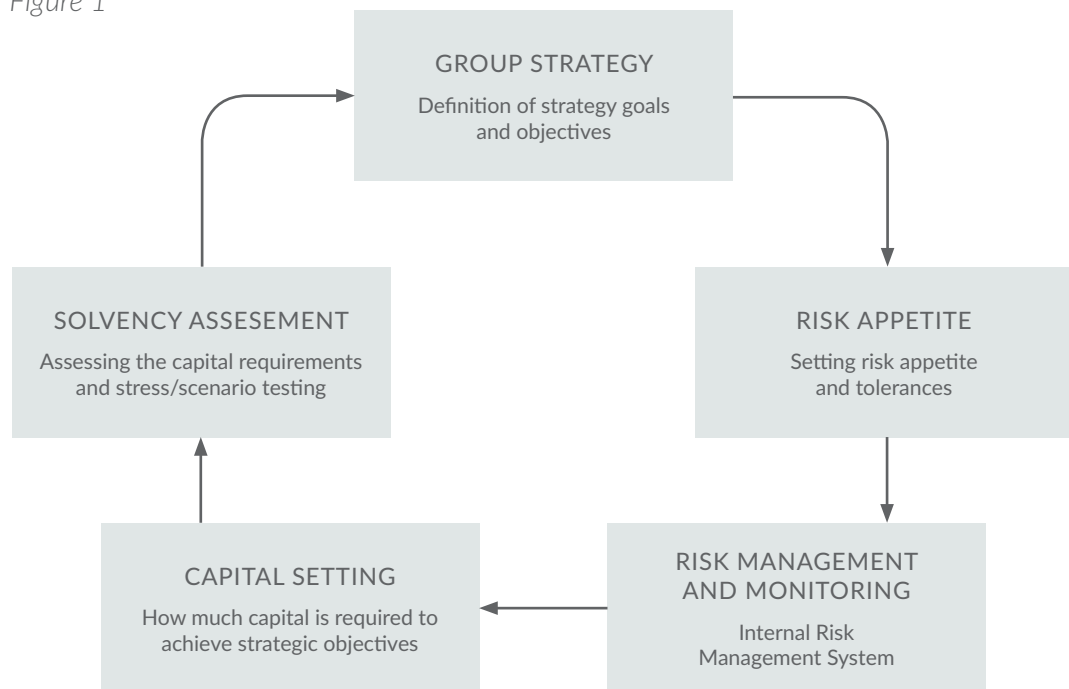
The purpose of the Group ORSA is to provide the Board with a comprehensive assessment of the adequacy of the processes and controls in place to manage the risks to the business strategy and the amount of capital considered necessary to support its successful implementation over the 3 year business planning period.

The ORSA is forward looking and aims to:

- Provide the Board and individuals involved in the decision-making and management of the Group with an assessment of whether risk management and solvency position are adequate in the context of the 3 year strategy;
- Serve as an essential insight for any strategic decision to be made, and
- Serve as a supervisory tool by providing a detailed understanding of the evolving risk exposure, solvency position and capital planning of the Group to the PRA.

The Group has aligned its ORSA process with its business planning, risk management and capital management processes as shown in figure 1 below. The ORSA will increasingly assist and direct key decisions that will impact the strategy of the Group and other Collinson companies given the intragroup dependencies and the shared responsibilities of the Group's management team.

Figure 1



The ORSA report is produced at least annually with key metrics monitored and reported to the ARCC. The ORSA report contains both static and dynamic information and presents a summary of the key components of the Group strategy, risk and capital planning and management environment.

Throughout the financial year, updates to the ORSA are reported to the Board as the strategy develops in response to internal / external events and influences.

B.8.1

ROLES AND RESPONSIBILITIES

The Board assumes overall responsibility for the ORSA and has delegated the day to day responsibility for managing the underlying processes to the Risk Management team in co-operation with the Finance, Actuarial and Underwriting teams.

The ORSA is reviewed and approved by the Board and shared with the PRA. Any actions arising from the ORSA are documented and monitored by the ARCC.

An ORSA will be undertaken upon any planned or unplanned material change in the risk profile of AIL. A set of triggers has been established, which includes:

- Where the Standard Formula SCR increases by more than 10%;
- Following major loss events (including loss of material clients) as directed by the Underwriting Committee;
- The introduction of a new class of business (accounting for more than £5m GWP);
- The cessation of an existing class of business (accounting for more than 10% of GWP);

- Material changes to the business plan as directed by the Executive Committee;
- Major movement in outstanding and Incurred But Not Reported (IBNR) reserves;
- Failure to undertake future material management actions;
- Systemic reinsurer downgrades;
- Significant movements in asset values that trigger the market risk to fall outside risk appetite;
- A significant change in regulation;
- Significant shift in exchange rates for major currencies;
- Changes to risk appetite, and
- Material risk appetite breaches.

Preparation of an ORSA outside the usual timetable will explain any expected changes in the risk profile, the financial situation and/or the subsequent impact on the Group solvency requirements.

B.9

DESCRIPTION OF THE INTERNAL CONTROL SYSTEM

The Group maintains an internal control system that governs the effectiveness and efficiency of all the Group operations, reliability of financial and regulatory reporting and compliance with the applicable laws and regulations. The control system is built upon the following core principles:

- The costs do not outweigh the benefits;
- Staff at all levels can understand the importance of maintaining adequate control and apply the procedures correctly, and
- Processes and procedures demonstrate a direct relationship between the AIL strategic objectives, risk appetite and required mitigating controls.

B.9.1

CONTROL ACTIVITIES AND COMPONENTS

Control activities fall within 3 areas; Operations, Financial Reporting and Compliance, although there is potential overlap between these areas.

The internal control framework comprises 5 inter-related components:

B.9.1.1

CONTROL ENVIRONMENT

The standards, processes and structures that provide the foundation for carrying out internal control measures include the following elements:

- Ethical values and competence (quality) of personnel;
- Direction provided by the Board;
- Organisational structure;
- Assignment of authority and responsibility including appropriate segregation of duties, and
- Management's philosophy and operating style.

B.9.1.2**CONTROL ACTIVITIES**

Control activities are established through policies and procedures to mitigate risks. Control activities are performed at all levels and at various stages within business processes. They include a range of activities including information validation, physical controls, segregation of duties, security of assets and reviews of operating performance.

B.9.1.3**INFORMATION AND COMMUNICATION**

Relevant and quality reporting from internal and external sources is produced to facilitate the running and control of the business.

Effective communication enables staff to receive clear, consistent messages to assist them in understanding their role in the control system and the need to report control performance information to management and external parties as required.

B.9.1.4**MONITORING**

The Compliance team undertakes regular reviews as part of their annual plans to ensure that the Internal Control framework remains fit for purpose. Findings are reported to the ARCC and the Board.

B.9.1.5**HOW THE COMPLIANCE TEAM IS IMPLEMENTED**

The Compliance team aims to provide assurance to the Board that the Company conducts business in accordance with all relevant laws and regulations; internal compliance policies and ethical standards.

The role of Compliance is to:

- Ensure relevant and appropriate compliance training is provided for employees;
- 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 and Ireland;
- Ensure appropriate policies and procedures are in place to mitigate Compliance risk that are in line with the relevant laws, rules, regulations and standards in the UK and Ireland;
- Assist in the design, formulation and amendment of new and existing policies and procedures, products, services including the marketing and advertising;
- 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, and
- Design and deliver effective and regular reporting on Compliance matters to the Board.

Compliance review areas including:

- Fraud and Financial Crime;
- Duty of care, and the level of information provided to customers ensuring good customer outcomes (Treating Customers Fairly);
- Fit and proper rules, code of ethics;
- Agent, Sub-Agent and AR's, and
- Corporate Governance.

Each area is reviewed on an at least a bi-annual basis. The activities of the Compliance team are detailed in the Compliance Monitoring Plan for each year and approved by the ARCC.

When Compliance team becomes aware of notifiable breaches it has a duty to notify the appropriate regulator.

The Compliance team 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 communicating the impact of the regulations and associated actions to the relevant parts of the business.

B.9.1.6

COMPLIANCE RISK ASSESSMENT

The Compliance team plans its monitoring activities across all business areas on an annual basis. The areas selected for Compliance monitoring and the type and frequency of the monitoring activity, is based upon the level of perceived risk each business area poses to the business. Compliance and Risk Management teams work closely together to align the assessment of regulatory risk with the risk register and that high risk areas (e.g. known Compliance issues) are incorporated.

The Compliance team monitors the key risk areas of the business for compliance via a review of FLOD oversight attestations and by performing SLOD testing.

B.9.1.7

FIRST LINE OF DEFENCE ATTESTATION

Each department provides the Compliance team with demonstrable evidence of their FLOD operational management oversight. Where control gaps are identified and / or there is a lack of evidence to support operational management oversight, the business department agrees an appropriate remediation plan with accompanying time-frame for implementation.

Identified issues / weaknesses in the FLOD are reported to the Head of Risk and Compliance and relevant Executive manager / SIMF / Key Function Holder.

B.9.1.8**COMPLIANCE TESTING/REVIEW PROCEDURES**

The more in depth Compliance review work focuses on areas of the business considered to have a high potential exposure to regulatory risk and / or previously identified control weaknesses (e.g. by the FLOD attestation process, Internal Audit, Risk Management or departmental reviews).

The Compliance Monitoring Plan is reviewed at least annually and the frequency of monitoring is assessed to reflect the risks presented to the business.

B.10**INTERNAL AUDIT FUNCTION**

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 Board on an at least annual basis.

The function, which is led by the Head of Internal Audit, forms the Group'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.

The Head of Internal Audit, who is an employee of the business, has no responsibility for any other function across Collinson and reports into the chairperson of the ARCC, which is a Non-Executive Director role. 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:

- A review of the risk register;
- Consideration of functions/operations impacted by recent or upcoming changes, and
- Interviews with senior management throughout the entire business.

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 ARCC Chairperson for review and approval. The ARCC review and approve the Internal Audit Plan.

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 failing or identified weaknesses and their potential impact, and the actions and timings which management have agreed to remediate.

Reporting is provided to the ARCC covering the status of Internal Audit Plan delivery, results of internal audits undertaken, any open / extended / overdue actions, and common themes / trends.

B.11**ACTUARIAL FUNCTION**

AIL have invested heavily in actuarial subject matter experts and specialist software tools during the financial year to which this report relates. As a consequence, the actuarial tasks which were previously outsourced to Willis Towers Watson (WTW), including FRS Reserving, SII TP's and Solvency Capital calculations, were completed in-house under teams managed by the Finance Director and the Underwriting Director. A continuous peer-review and validation of these actuarial tasks was requested and received from the WTW actuarial team, which gives the Directors the comfort that the new in-house processes are fit for purpose. This year long peer-review process was in addition to the formal validation brought by the year end Actuarial Function Report (AFR).

The AFR is produced annually by a senior Actuary from WTW who acts as the Group's senior insurance management function 20: Chief Actuary (SIMF20). The AFR provides an independent opinion and recommendations on: (i) the adequacy of the SII Technical Provisions, (ii) the underwriting processes policy, and (iii) the adequacy of reinsurance arrangements. The recommendations of the Chief Actuary are recorded and reviewed by the ARCC, and the progress of actions is tracked and reported to the Executive Committee.

B.12**OUTSOURCING**

AIHL does not have any outsourced activities. 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 will assess that the provider is financially sound and has the relevant knowledge and experience of the service it is contracted to supply.

The Board determines the decision to outsource activities. Key outsourcing considerations are that the operational activities will not:

- Materially impair the quality of the system of governance in place;
- Unduly increase the operational risk;
- Impair the ability of the appropriate regulator to monitor how AIL complies with its regulatory responsibilities, or
- Undermine continuous and satisfactory service to policyholders.

The scope of permitted outsourcing and processes to be followed in outsourcing any service or function are detailed in the Board approved Outsourcing Policy. Board approval is required for any new outsourcing arrangement.

Specific controls have been put in place to ensure AIL maintains sufficient oversight of its outsourced arrangements. These include: due diligence; contractual arrangements; assurance over the protection of the security and confidentiality of customer data; adequacy of Business Continuity and Disaster Recovery plans and the appropriate monitoring by The Group's Agency Audit Compliance Officer and Head of Financial Crime.

AIL has an intra-company outsource agreement with 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:

Activity	Jurisdiction
SII Actuarial Services – Chief Actuary role	UK
Claims handling / case management of medical assistance for travel policyholders	Worldwide
All Back office services – such as IT / Property / HR	UK
Claims handling / case management of International Health Insurance	Worldwide

The arrangements detailed above are reviewed regularly to ensure outsourcing risks are mitigated and that quality of service is maintained.

B.13

ANY OTHER INFORMATION

The Group considers it has a sound corporate governance system that effectively provides for the sound and prudent management of the business.

C. Risk Profile

(Unaudited)

C.**RISK PROFILE****C.1****AIL'S RISK PROFILE**

AIHL acts only as a holding company; it has no risk profile other than the investment in AIL. Therefore this section considers AIL's Risk Profile only in detail.

C.1.1**UNDERWRITING RISK (INCLUDING RESERVE RISK)****C.1.1.1****MATERIAL RISKS**

Underwriting risk arises from 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.

C.1.1.2**HOW AIL ASSESSES THE RISK**

The following measures are in place to assess AIL's exposure to underwriting risk:

- AIL have a team of experienced Underwriters with industry expertise in the products we write. AIL's Underwriters set policy wording terms and conditions for new business, and manage changes to coverage on existing schemes. For new business they price to target levels of underwriting margin, and manage existing business to achieve those target underwriting margins;
- Underwriters review emerging data on premiums and claims on a regular basis (usually monthly or quarterly) and design changes to product and price to apply the following year. For material blocks of business an annual re-pricing review exercise, which also seeks buy in from AIL's reinsurers, is conducted. The Reserving Team will monitor and on a four-monthly basis reset loss ratios and reserves;
- The AIL Executive team are kept updated with changes to actual or expected Underwriting performance;
- The information feeds into the business planning and budgeting process, into the monthly trading reports, and the executive performance report. This enables the management team to set targets and monitor against the targets set, and
- A combination of Reserving Policy, Reinsurance Policy and Underwriting governance including underwriting authorities and procedures. These policies are adopted as part of the AIL risk management framework and reviewed and approved by the Board on an annual basis.

C.1.1.3**HOW AIL MITIGATES THE RISK**

Underwriting risk is mitigated by implementing the underwriting processes described in Section C1.1.2 and in addition:

- AIL has made significant investment in insurance systems and data. This will enable single source performance information to be produced on a regular basis, feeding in to the underwriting and management processes and enabling informed decisions. AIL has also invested in improvements to the analytical processes – including new reserving processes and also underwriting management information and pricing models;

- AIL underwrites general insurance risks for Travel, International Health and Assistance in the UK, Europe, Kenya and the Middle East. The AIL book consists of individual policies spread across the whole geographical area which minimises concentration risk. As well as pricing, AIL has additional controls to segment the market and target those risks it wishes to underwrite;
- The nature of AIL's product portfolio, (International Health and Travel insurance), means that claims emerge from accidents or events which can happen across the globe wherever our policyholders may travel too. This brings an inherent diversification to our risk of claims;
- Reinsurance contracts, both quota share and excess of loss reduce exposure to large individual claims or aggregated losses from a single event and overall dampening the volatility in the underwriting result;
- AIL undertakes a quarterly review of reserving loss ratios which set the UK GAAP reserves, this is done by projecting premiums and claims to an ultimate position using underwriting year triangles. Prior to each analysis the accuracy of these models are tested, a backtest of recent experience against the expected premiums and claims emergence allows for an empirical measurement of the inherent level of estimation error associated with the forecast. This feedback loop gives assurance to the adequacy of these models, and
- The reserving analysis is passed to WTW for an independent review, and presented to the Reserving Committee where it is challenged prior to sign off and booking. As the SII Best Estimate TP's consist of Premium Provisions, Claims Provisions and Risk Margin, the booked UK GAAP reserves form an input into AIL's SII Best Estimate TP's Model.

C.1.2

C.1.2.1

MARKET RISK

MATERIAL RISKS

Market risk arises from fluctuations in the market value of, or income from, AIL assets. Market risk is comprised of:

- Specific market risk – arises from fluctuations in the value of, or income from, specific assets, and
- General market risk – relates to more widespread fluctuations in market value or yield. General market risk covers interest rate risk, currency risk, and equity risk. AIL has potential exposure to the following types of market risk:
 - Currency risk – AIL is exposed to currency risk in respect of liabilities under policies of insurance denominated in currencies other than sterling. AIL manages its foreign exchange risk against its functional currency. Foreign exchange exposure arises when future commercial transactions or recognised assets and liabilities are denominated in a currency that is not AIL's functional currency, and
 - Interest rate risk – this risk arises primarily from cash at bank which attracts variable rates of interest and other financial investments which consist of deposits with credit institutions which have fixed rates of interest over varying

durations. In addition to the extent that claims inflation is correlated to interest rates, liabilities to policyholders are exposed to interest rate. AIL has minimal exposure due to the nature of its asset profile.

The main risk within this category to AIL arises from movements in the relative value of currencies impacting income and / or the value of its assets and liabilities.

C.1.2.2

HOW AIL ASSESSES THE RISK

The following measures are in place to assess the AIL exposure to market risk:

- AIL regularly compares the returns and the duration of the fixed term deposits with the average duration of the liabilities to policyholders under insurance contracts. Any gap between the duration of the assets and the estimated average duration of the liabilities is managed by short term deposits and cash at bank and cash equivalents;
- Cash balances held in account are monitored daily;
- The standard formula calculation of the AIL SCR includes an assessment and quantification of market risk;
- An assessment of market risk is included within the ORSA, and
- Oversight and governance of investments (including AIL's cash balances) is overseen by the FIC.

C.1.2.3

HOW AIL MITIGATES THE RISK

The investment strategy is set by the AIL Board and the Finance management team follow the strategy in making investment decisions. All investments are reviewed by the FIC.

The Operational Finance team manages the investment portfolio on a day to day basis. AIL's exposure to market risk is primarily to currency risk. AIL seeks to minimise its exposure to currency fluctuations in its four major currencies (GBP Sterling, Euros, Emirati dirham and US Dollars) by identifying and offsetting currency inflows from premium debtors with outflows from claims, commissions and operating costs payable in the same currencies. AIL will continue to review this approach following the UK's vote to exit the EU. Depending on the terms and conditions of any new trade deal, further action may be taken to mitigate the risk by reducing the net residual currency exposure through transferring into the reporting currency.

Policies are typically renewed annually, the exception to this being single trip Travel policies. All policies are considered short tail. Given this short duration a conservative investment strategy is followed with a large proportion of AIL assets held in overnight or short term deposits. AIL also takes a conservative approach to the institutions with whom it invests. All investment counterparties must be approved deposit taking institutions with a minimum long term rating with the main credit rating agencies of Baa1 (Moody's), BBB+ (S&P) and A+ (Fitch). In view of this investment approach, Market risk is considered to be well mitigated.

AIL also seeks to reduce its exposure to market risk by ensuring that cash held for investment in any counterparty does not exceed a threshold set by the FIC.

C.1.3

C.1.3.1

CREDIT RISK

MATERIAL RISKS

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:

- Reinsurers share of insurance liabilities;
- Amounts due from reinsurers in respect of claims already paid;
- Amounts due from insurance contract holders;
- Amounts due from insurance intermediaries, and
- Counterparty risk with respect to cash deposits.

C.1.3.2

HOW AIL ASSESSES THE RISK

The following measures are in place to assess AIL's exposure to Credit risk:

- Cash balances are reviewed daily;
- A monthly concentration and duration counterparty analysis is completed. The analysis looks at concentration of investments across counterparties and tracks the availability to track the availability of funds (when needed). By completing this analysis AIL is able to ensure it is achieving the best interest rate returns;
- A weekly cash balance report;
- A daily treasury report;
- The standard formula calculation of AIL's SCR includes an assessment and quantification of credit risk;
- An assessment of credit risk is included within the ORSA,
- Total levels of debt and deposits are managed to within agreed limits. An allowance for bad debt is maintained and regularly monitored by the Operational Finance team.

C.1.3.3

HOW AIL MITIGATES THE RISK

- AIL manages the level of credit risk it accepts by placing limits on its exposure to a single counterparty, or groups of counterparty, and to geographical and industry segments. Such risks are subject to regular review;
- All banks used by AIL currently have an S&P credit rating of A or higher. AIL recognises however the importance of ensuring it receives amounts due on a timely basis from all its counterparties, avoiding credit risk as a result of timing differences in the collection of monies due relative to the payment of monies owed. AIL has significant cash holdings which are held across a number of banks. AIL limits its investment with each bank to a level agreed with the FIC. Regular monitoring of cash balances and concentration limits is managed by the Operational Finance team;
- Reinsurance is used to manage insurance risk. This does not, however, discharge AIL's liability as primary insurer. If a reinsurer fails to pay a claim AIL remains

liable for the payment to the policyholder. The creditworthiness of reinsurer's is considered on an annual basis by reviewing their financial strength prior to finalisation of any contract. In addition, management assess the creditworthiness of all reinsurers and intermediaries by reviewing credit grades provided by rating agencies and other publically available financial information. The recent payment history of reinsurers is also used to update the reinsurance purchasing strategy;

- AIL has a minimum reinsurer credit agency rating (A.M. Best) of A- with its principle reinsurers being Munich Re and Axis, both carrying a rating of A+;
- AIL's maintains inter-company debt with Collinson entities. The Board policy is to maintain these debts at a minimum reducing AIL's counterparty credit exposure, and
- 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 balances outstanding. AIL is not exposed to concentrations of credit risk in respect of policyholders. There is also mitigation by the operation of controls in this area, including payment on policy acceptance and automated cancellation procedures for policies in default.

The FIC meets on a quarterly basis and is responsible for monitoring the financial performance of AIL as well as ensuring that investments comply with its investment policy and monitoring the performance of the investment portfolio against plan.

C.1.4

C.1.4.1

OPERATIONAL RISK

MATERIAL RISKS

AIL is exposed to operational risk – which is defined as economic loss, resulting from failed or inadequate controls, processes, or systems, or from human or external events. To operate efficiently AIL recognises that it needs to have a robust framework in place to manage operational risk. The framework is under pinned by an Operational Risk Policy. The Operational Risk Policy consists of AIL wide processes embedded at business function level and sets out the agreed methodologies for identifying, assessing, mitigating and reporting operational risk. The processes include:

- Internal loss data collection;
- Bi-annual review of operational risks by the business in conjunction with risk management, and
- Operational risk event reporting and analysis.

In the execution of its day to day activities AIL has identified the following potential sources of operational risk:

- People Risk – inadequacy or failure of employees in the execution of their duties or the inability to recruit suitable or sufficient employees or from the loss of a person, persons of a team that is vital to the running of the business;
- Outsourcing & Third Party Service Provider Risk – AIL uses a number of third parties and there are risks associated from inadequate, inappropriate or failed provision of these outsourcing services;

- Project & Change Management Risk – from inadequate or failed project and change management activities;
- Data Risk – the client (e.g. policyholder / reinsurer), industry or third party provider data may be lost, stolen, corrupted or the subject of cyber-attack;
- Financial Crime Risk – from deliberate, intentional and potentially illegal activities occurring within AIL and from the deliberate illegal activities of third parties;
- Legal and Regulatory – associated with the breach of, or a change in a local, country or international statute, directive or financial services industry regulations to which AIL does not react appropriately;
- Business Interruption Risk – the damage to or loss of any people (e.g. pandemics), physical assets (e.g. access to business premises) or any other interruption to business as usual activities, and
- Systems Risk – failure or underperformance of AIL's IT network including software programmes and / or applications, hardware (such as PC's and laptops) and telecommunication tools such as the telephone system, mobiles, IPad's etc., will have a detrimental effect on AIL's ability to operate and service customers.

C.1.4.2

HOW AIL ASSESSES THE RISK

AIL aims to keep the operational risks outlined above within risk appetite by maintaining a sound control framework. Operational risks are primarily identified, assessed and managed by the AIL business units. The AIL operational risk and internal controls are kept under continual review by the business and are subject to a formal bi-annual review by Risk Management alongside the business. Any update is fed in to the risk register and reviewed by the ARCC.

The standard formula calculation of the AIL SCR includes an assessment and quantification of operational risk.

An assessment of operational risk is included within the ORSA.

C.1.4.3

HOW AIL MITIGATES THE RISK

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.

The first phase of the new I&A trading platform and broader finance transformation are well developed with future phases also scoped and planned to support the broader delivery of the Transformation Agenda within the previously agreed 2020 horizon. There has also been significant investment in the global network, strengthening

our assistance proposition and taking the final steps on fully integrating previous acquisitions into a single operating model to improve performance; which will begin to generate the initial stages of operational efficiencies, data and information enhancement and improvements in the customer experience which are linked to the objectives within our broader transformation agenda and designed to mitigate operational risk.

C.1.5

LIQUIDITY RISK

C.1.5.1

MATERIAL RISKS

Liquidity refers to the ability to generate sufficient cash resources to meet payment obligations. Due to the nature of AIL's investment strategy of concentrating on deposits held less than one year there is a minimum exposure to liquidity risk. The majority of AIL's assets consist of these short term deposits.

AIL has a minimum exposure to liquidity risk, due to the short term cash flows mismatches or gaps that create an adverse business condition, that may otherwise create future liquidity short fall.

C.1.5.2

HOW AIL ASSESSES THE RISK

The following measures are used to assess liquidity risk:

- AIL monitors and reassess existing investment portfolios on a regular basis to identify any emerging liquidity risks, and
- AIL has established and maintains a system of management reporting which includes a daily treasury report and weekly cash balance report. The cash balance report is provided to Collinson Treasury for review.

In view of the nature of the policies underwritten by AIL the financial commitments to AIL are mainly short to medium term.

Liquidity risk 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 S&P credit rating of A or higher. AIL considers the composition of its assets in terms of their nature and liquidity to be appropriate and sufficient to meets its obligations as they fall due.

C.1.6

OTHER MATERIAL RISKS

Other risks cover factors that can impact AIL's ability to meet its business plan:

C.1.6.1

STRATEGIC RISK

Strategic Risk defined as "failure to set and implement an appropriate strategy" has been assessed as within the AIL risk appetite. The targets set out within the AIL 3 year business plan are purposely designed as stretched. Given the new business, organic

growth prospects and opportunities seen to date for new products tailored to meet the needs of an identified customer groups the targets are deemed reasonable.

It is recognised that strategic risk underpins every risk taken by the business and exist simply by virtue of operating within a dynamic business environment. To this extent, whilst not explicitly modelled, the downside (consequences) of inappropriate strategic decisions will be assessed within each risk contributing to the SCR.

C.1.6.2**GROUP RISK**

AIL recognises that it relies on CISL for arranging claims handling, IT and HR services and that since CISL requires financial support from the wider group, it exposes AIL indirectly to Group Risk. AIL keeps this this commercial model under review and will source similar services from outside Collinson, as part of its contingency plans.

C.2**RISK EXPOSURE TO OFF BALANCE SHEET AND SPECIAL PURPOSE VEHICLE (SPV)**

AIL has no exposure to off balance sheet or SPV.

C.3**VOLUME AND NATURE OF LOAN PORTFOLIO**

The loans within AIL are inter-company funding balances in relation to on-going trading activities.

C.4**EXPECTED LOSS OF PROFIT FROM LIQUIDITY RISKS**

AIL has no exposure to loss of profit from liquidity risks.

C.5**EXPECTED LOSS OF PROFIT FROM FUTURE PREMIUMS**

AIL has no exposure to loss of profit from future premiums.

C.6**METHODS USED, ASSUMPTIONS MADE AND OUTCOMES OF STRESS TESTING FOR MATERIAL RISKS AND EVENTS****C.6.1****STRESS AND SCENARIO TESTING**

During FY17 AIL performed a range of Stress and Scenario Tests (SST's) with input from key personnel throughout the business (Underwriting, Finance and Modelling) aimed to identify any additional capital requirements that may be required to absorb losses should large shocks occur.

Risk Category	Test Name
Insurance	Loss of all business from largest Health and/or Travel partner
Insurance	Under-pricing of risks
Insurance	Travel Market softens
Insurance	Systemic under-estimation of Reserves
Market	Variation in exchange rate as Article 50 is invoked
Credit	Failure of agents to collect premiums
Credit	Wrong estimation of intermediary and Policyholder debt
Credit	Downgrade of largest bank
Credit	Downgrading of largest reinsurer
Operational	Increase in operating cost
Operational	Loss of a key commercial team to a competitor

The results of these test show that the Group has sufficient capital to withstand the scenarios identified and would not be in danger of breaching its regulatory capital requirement.

C.7

ANY OTHER INFORMATION

The directors do not consider that there is any further information which should be disclosed regarding the risk profile of ALL.

D. Valuation for Solvency Purposes

(Audited)

D. VALUATION FOR SOLVENCY PURPOSES

The Group's UK General Accepted Accounting Practice (GAAP) Financial Statements have been prepared in accordance with Financial Reporting Standards (FRS) 102 and 103 while the SII Balance sheet items reflect an economic value as required by EIOPA under SII, Article 75 of Directive 2009-138 EC¹.

The reporting currency of the Group is GBP sterling this being the currency of the primary economic environment in which the Group operates. All valuations are presented in GBP sterling and are drawn up to 30 April 2017.

The Directors have considered in detail the Group's forecast performance, as well as its capital and liquidity resources. On this basis the directors have a reasonable expectation that, despite uncertain market conditions, the Group has sufficient capital and liquidity facilities to ensure that it will continue in operational existence for the foreseeable future. Accordingly the Directors have adopted the going concern basis in preparing the financial statements and SII Balance sheet.

D.1 D.1.1

ASSETS **GROUP ASSETS**

For solvency purposes the Group assets do not differ materially from those used by AIL for solvency purposes. Therefore the Group SII balance sheet applies the same bases, methods and main assumptions for the valuation of assets as described below in the AIL balance sheet valuations.

As at 30 April 2017 the Group and AIL held the same assets – see table in Section D.1.2 AIL Assets.

(Refer: Appendix 1 QRT - S.02.01.02 - Balance sheet)

D.1.2

AIL ASSETS

In order to map the UK financial statement balances to SII, certain operational balances have been re-classified within their UK GAAP asset and liability class to

¹Article 75 states unless otherwise stated:

- (a) assets shall be valued at the amount for which they could be exchanged between knowledgeable willing parties in an arm's length transaction;
- (b) liabilities shall be valued at the amount for which they could be transferred, or settled, between knowledgeable willing parties in an arm's length transaction.

meet SII reporting requirements. The table below details the re-analysis to each UK GAAP asset and shows the mapping to the AIL SII assets at 30 April 2017.

Asset Class		UK GAAP Statutory Financial Statements Value (£)	UK GAAP Re- analysis Value (£)	UK GAAP Classified for SII value Value (£)	Solvency Valuation Adjustments Value (£)	Reclassification for Solvency Purposes Value (£)	Solvency II Value (£)	Explanation for Difference
Deferred acquisition costs	R0020	7,087,998	-2,520,915	4,567,083	-4,567,083			See 1.2.1
Deposits other than cash equivalents	R0200	21,000,000	1,000,000	22,000,000	55,984		22,055,984	See 1.2.2
Loans and mortgages – Other	R0250	2,713,976	-1,643,153	1,070,822			1,070,822	See 1.2.3
Reinsurance recoverables	R0280	10,264,309		10,264,309	-3,538,894		6,725,415	See 1.2.4
Insurance and intermediaries receivables	R0370	16,835,907	-1,288,830	15,547,077		-6,326,688	9,220,388	See 1.2.5
Reinsurance receivables	R0380	1,666,074	232	1,666,306		-1,666,306		See 1.2.6
Receivables (trade, not insurance)	R0390	6,462,649	-835,370	5,627,279	-55,984		5,571,295	See 1.2.7
Cash and cash equivalents	R0420	3,000,997	-263,295	2,737,702			2,737,702	See 1.2.8
Any other assets, not elsewhere shown	R0430		3,397,734	3,397,734			3,397,734	See 1.2.9
Total assets		69,031,910	-2,153,598	66,878,312	-8,105,976	-7,992,994	50,779,341	

(Refer: Appendix 2 QRT - S.02.01.02 - Balance sheet)

The valuation principles applied to these assets are consistent with those used in the UK GAAP Financial Statements notably:

NOTE: 1.2.1 – DEFERRED ACQUISITION COSTS

Deferred acquisition costs are defined as acquisition costs (net of reinsurer's share) relating to contracts in force at the balance sheet date which are carried forward from one reporting period to subsequent reporting periods, relating to the unexpired period of risks. In accordance with Article 12 of the SII Delegated Acts, deferred acquisition costs are valued at zero for SII purposes. All cash flows arising from expenses that will be incurred in servicing all recognised insurance and reinsurance obligations over their lifetime are considered in determining best estimate TP's enabling zero adjustment mentioned above in the Economic Balance Sheet (EBS).

NOTE: 1.2.2 - DEPOSITS OTHER THAN CASH EQUIVALENTS

This comprises short term liquid deposits in banks for less than one year. This is valued at the amount held at the period end and includes the accrued interest balance (£55k) for the period to derive the SII fair valuation of these deposits.

NOTE: 1.2.3 - LOANS AND MORTGAGES – OTHER

These are Intercompany loans which are mostly working capital management funding agreements within Collinson companies. The loan period is always one year or less and the loans do not generate an interest charge between Collinson entities during the period of the loan. The loans are therefore valued at the expected amounts recoverable under the group agreement and are not discounted to present value for fair valuation as they are not expected to be recovered over a one year period.

NOTE: 1.2.4 – REINSURANCE RECOVERABLES

Reinsurance recoverables consist of calculations separately for claims provisions and premium provision ceded UK GAAP reserves and Unearned Premium (UEPR) (£10.3m) in accordance with the relevant reinsurance contract terms. A best estimate valuation adjustment (£3.5m) is undertaken under SII.

NOTE: 1.2.5 – INSURANCE AND INTERMEDIARIES' RECEIVABLES

UK GAAP debtor balance is the total debt as at 30 April 2017. The SII balance represents the debtor balances which are past due. Insurance and intermediary balances that are not past due are future cash flows and hence are reclassified to SII TP's (£6.3m). The fair value of the receivables which are past due does not differ materially from the value at amortised cost as the recoverable is discounted to the present value where the expected recovery is greater than one year.

NOTE: 1.2.6 – REINSURANCE RECEIVABLES

This comprises amounts not past due by the reinsurers and linked to reinsurance business that is not included in the reinsurance recoverable as part of best estimate TP's. This balance is valued at zero, as by the nature of the balance it is not past due and therefore considered to be in the future cash flows and hence reclassified to SII TP's (£1.6m).

NOTE: 1.2.7 – RECEIVABLES (TRADE, NOT INSURANCE)

Consists of balances for trade debtors, sundry debtors and accrued income which are not directly related to insurance activities. The accrued income (£55k) which is interest accrued has been reallocated as part of the SII value of Deposits in note 1.2.2. Given the very short term nature of these balances it is considered to be a reasonable approximation to fair value for the SII Balance Sheet.

NOTE: 1.2.8 – CASH AND CASH EQUIVALENTS

Consists of current account balances with banks and valued at the amount held at the period end, translated using the year end exchange rate where appropriate.

NOTE: 1.2.9 – ANY OTHER ASSETS, NOT ELSEWHERE SHOWN

These primarily consist of outstanding sums due in relation to the CISL intra-company outsource agreement for arranging claims handling, IT, Finance, Underwriting, HR services and other administration support. As the nature of settlement with CISL is monthly, this is considered short term and it is a reasonable approximation to fair value for the SII Balance Sheet.

D.2**TECHNICAL PROVISIONS**

The following table details AIL's TP's:

£'000	Medical Expense	Assistance	Total
Claims Provisions	5,277	2,325	7,602
Premium Provisions	7,238	2,182	9,420
Total Best Estimate	12,515	4,507	17,022
Risk Margin	624	225	849
Technical Provisions – Total	13,139	4,732	17,871
Total Recoverables from Reinsurance	4,720	2,005	6,725
Technical Provisions – Net of Reinsurance	8,419	2,727	11,146

In accordance with Article 77 of the SII Directive 2009/138/EC, the value of TP's correspond to the current amount an insurer would have to pay if it were to transfer its obligations immediately to another SII undertaking.

TP's are the sum of the best estimate liabilities (BEL) and the risk margin. Best estimate corresponds to the probability-weighted average of future cashflows, 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 TP's are as follows:

D.2.1**CALCULATION BASIS**

- Calculations are carried out on a going-concern basis;
- Insurance exposure is split into two lines of business; Medical Expenses and Assistance;
- TP's are calculated as best estimate cash flow projections of all inflows and outflows required to settle liabilities. The time horizon for the calculations is the full lifetime of liabilities that exist on the valuation date;
- Cash flows are discounted using the EIOPA basic risk free rates (without the matching adjustment and volatility adjustment). It is assumed that on average cash flows occur midway through each year, and
- 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 SII standards.

D.2.2**BEST ESTIMATE**

- The TP's are on a best estimate basis and therefore do not contain margins for prudence, and
- The best estimate consists of a claims provision and premium provision for business written at or before the valuation date.

D.2.3**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;
- The following adjustments are made in the best estimate claims provisions:
 - Remove any management margin within held reserves;
 - Allow for low probability high severity events, referred to as Events Not In Data (ENIDs);
 - Include SII expenses over the run-off of reserves, and
 - Discount cash flows.

D.2.4**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 any claims incurred 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, and
- The following adjustments are made in the best estimate premium provision:
 - Allow for ENID's;
 - Include SII expenses over the run-off of reserves, and
 - Discount cash flows.

D.2.5**RISK MARGIN**

- Risk Margin reflects the cost of providing an amount of capital (covering certain risks of the SCR) necessary to support the obligations, and
- The Risk Margin has been calculated in accordance with simplification within the EIOPA guidance, which assumes the SCR will proportionally decrease based on the run-off pattern of net claims payments.

D.2.6**REINSURANCE RECOVERABLES**

- TP's are calculated gross, and the reinsurance recoverable asset is calculated using a similar approach, consistent with the boundaries of the contracts to which those relate, and
- 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 Munich Re and Axis Re for quota share and excess of loss reinsurance.

D.2.7**LEVEL OF UNCERTAINTY ASSOCIATED WITH THE AMOUNT OF TP'S**

- Modelling future cash flows will contain some uncertainty due to the inherent random nature of future events;
- The rolled forward assumptions within the modelling are re-visited on a quarterly basis via discussion in the Reserving Committee and Underwriting Committee to ensure their ongoing appropriateness, and
- Assessment of the uncertainty - key assumptions have been stressed which has resulted in a maximum change in Gross TP's of £200k.

D.2.8**RECONCILIATION BETWEEN UK GAAP AND SOLVENCY II VALUATION**

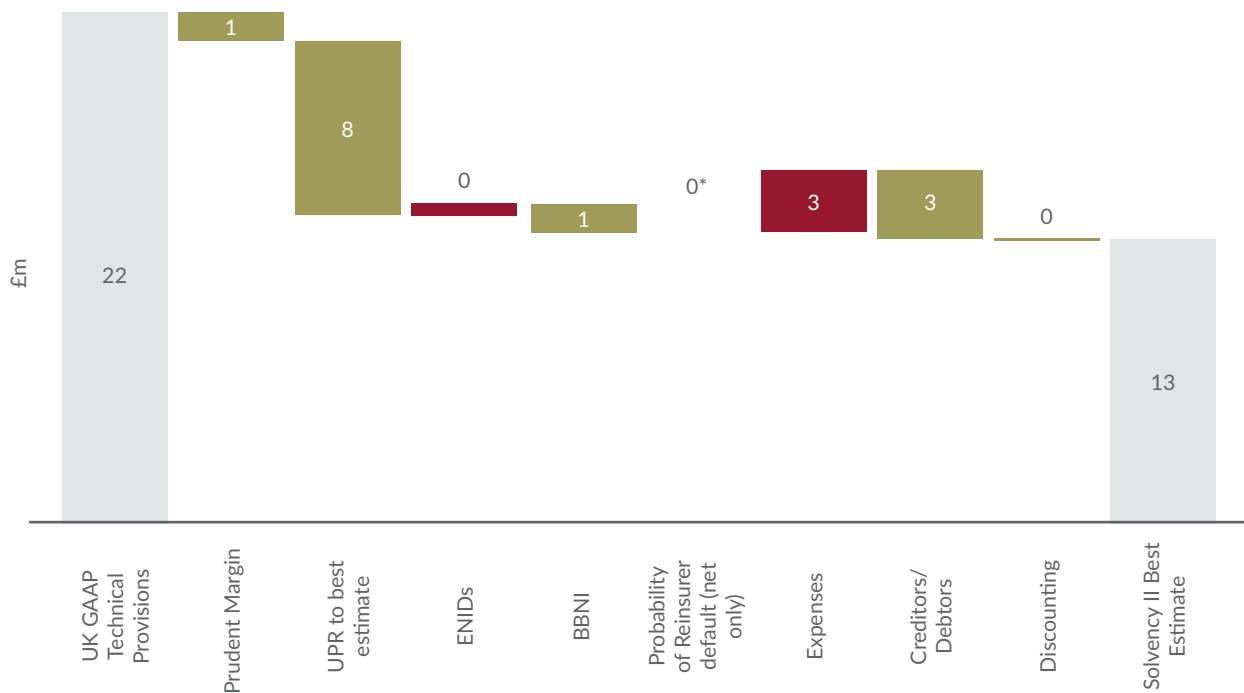
The table below shows the comparison between UK GAAP and SII valuations:

£'000	UK GAAP Value			Solvency II Value		
	Medical Expense	Assistance	Total	Medical Expense	Assistance	Total
Provision of claims outstanding	5,764	2,611	8,375			
Provision for unearned premium	16,072	5,472	21,543			
Best estimate Claims Provision				5,277	2,325	7,602
Best estimate Premium Provision				7,238	2,182	9,420
Risk Margin				624	225	849
Technical Provisions	21,836	8,082	29,918	13,139	4,732	17,871

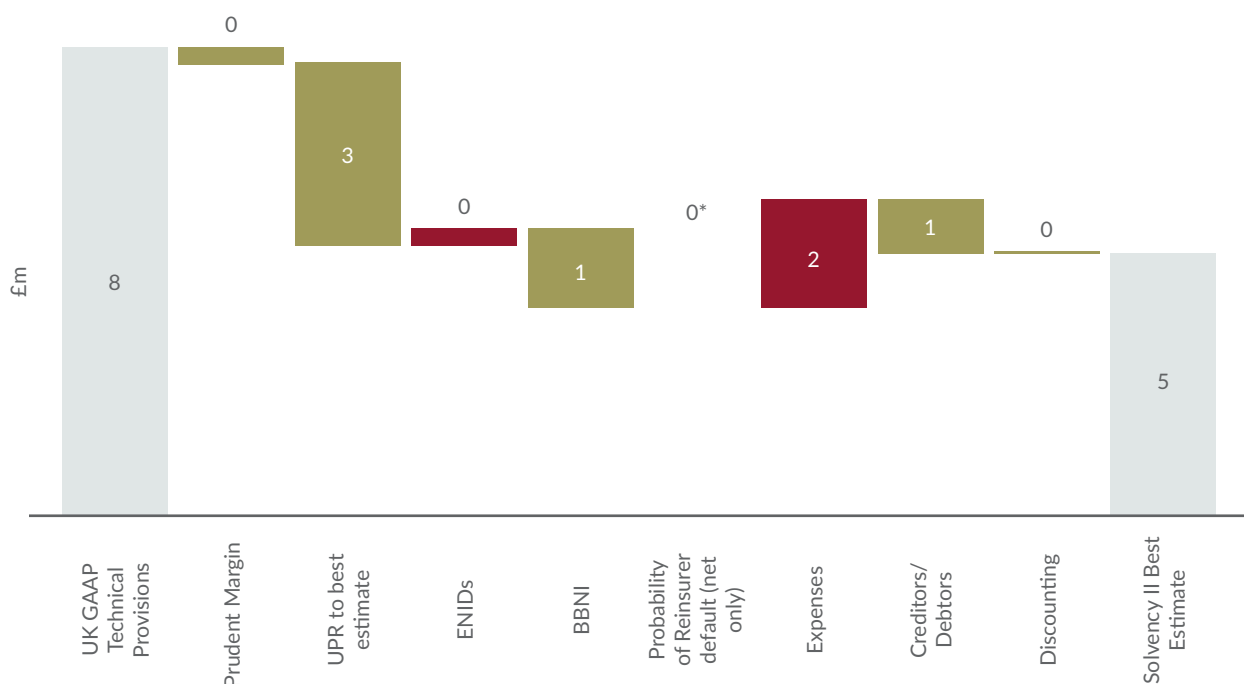
- TP's within the UK GAAP financial statements consist of a provision for claims outstanding and provision for unearned premium;
- The provision for claims outstanding is an estimate of the ultimate cost of settling all claims which have occurred up to the statement of financial position date. Claims incurred but not yet paid are included based on a best estimate value plus general provisions for adverse development (prudent margin);
- The provision for unearned premium provision represents the proportion of premiums written in the financial year that relate to risk in the future.

The graphs below illustrate the movement from UK GAAP to SII valuation for each SII line of business:

Medical Expense: Comparison of UK GAAP and SII Best Estimate as at 30 April 2017 – Gross of Reinsurance



Assistance: Comparison of UK GAAP and SII Best Estimate as at 30 April 2017 – Gross of Reinsurance



*These graphs show gross of reinsurance position therefore probability of Reinsurer default is zero.

The following adjustments are made to get from the UK GAAP provisions to SII:

- Remove Prudent margin;
- Adjust provision for unearned premium to represent proportion of unearned premiums that relate to the unearned claims only (best estimate view);
- Allow for ENID's;
- Allow for BBNi;
- Allow for probability of reinsurer defaulting;
- SII run-off expenses;
- Movement in creditors/debtors, and
- Discounting.

The differences between the UK GAAP and the SII valuation are caused by the differences between the bases, methods and main assumptions used.

D.2.9 MATCHING ADJUSTMENT, VOLATILITY ADJUSTMENT AND TRANSITIONAL PROVISIONS

The Company does not utilise any of these arrangements.

D.2.10 MATERIAL CHANGES IN ASSUMPTIONS FROM PREVIOUS REPORTING PERIOD

The key assumption changes affecting the TP's from the previous reporting period are:

- Change in EIOPA discount rate, and
- Change in the expense assumption for claims handling expenses following up to date expense review.

D.2.11 REINSURANCE, VALUATION, PRICING & UNDERWRITING RISK MANAGEMENT

The approach to assessment and mitigation of the risks above are detailed within Section C.1.1 - Underwriting Risk. The underwriting management of AIL's portfolio, including quota share cession, operates at line of business and sub-portfolio level: there are no intentional dependencies amongst these risks or their mitigation. Excess of Loss reinsurance coverage also operates at a per event basis avoiding dependencies. AIL operates a forecast / reforecast process three times a year which provides the opportunity to react to and address changes in expected cash inflows and outflows.

D.2.12 CLAIMS MANAGEMENT PROCEDURES

CISL provides all of the claims handling services for AIL. AIL ensures that CISL has the appropriate system of governance in order to deal with claims from the first point of notification through to settlement. AIL recognises the management of claims in a timely manner is essential in providing the data and the patterns which are used to project the UK GAAP Reserves and SII TP's.

D.3**D.3.1****OTHER LIABILITIES****GROUP LIABILITIES**

For solvency purposes the Group other liabilities do not differ materially from those used by AIL for solvency purposes. Therefore the Group SII balance sheet applies the same bases, methods and main assumptions for valuation of other liabilities described below in the AIL balance sheet valuations.

As at 30 April 2017 the Group and AIL held the same other liabilities please see below.

(Refer: Appendix 1 QRT - S.02.01.02 - Balance sheet)

D.3.2**AIL LIABILITIES**

In order to map the UK financial statement balances to SII, certain operational balances have been re-classified within their UK GAAP asset and liability class to meet SII reporting requirements. The table below details the re-analysis to each UK GAAP liability and shows the mapping to the AIL SII liabilities at 30 April 2017:

Other Liabilities		UK GAAP Statutory Financial Statements	UK GAAP Re-analysis	UK GAAP Accounts	Solvency Valuation Adjustments	Reclassification for Solvency Purposes	Solvency II	Explanation for Difference
		Value (£)	Value (£)	Value (£)	Value (£)	Value (£)	Value (£)	
Insurance & intermediaries payables	R0820	8,627,551	-419,383	8,208,168		-2,495,729	5,712,439	See 3.2.1
Reinsurance payables	R0830	1,823,951		1,823,951		-1,823,951		See 3.2.2
Payables (trade, not insurance)	R0840	575,467	986,601	1,562,068			1,562,068	See 3.2.3
Any other liabilities, not elsewhere shown	R0880	6,783,795	-2,720,915	4,062,880			4,062,880	See 3.2.4
Total liabilities	R0900	17,810,765	-2,153,698	15,657,167		-4,319,680	11,337,387	

(Refer: Appendix 2 QRT - S.02.01.02 - Balance sheet)

The valuation principles applied to these other liabilities are consistent with those used in the UK GAAP Financial Statements, notably:

NOTE: 3.2.1 - INSURANCE & INTERMEDIARIES' PAYABLE

This balance consists of trade creditors arising from insurance activities such as trade creditors, profit share and commission payable. Most balances, due to their short term nature, have a fair value equal to their true cost; however, balances made up of profit share elements, which are not due yet, are future cash flows and therefore reclassified to SII TP's (£2.5m).

NOTE: 3.2.2 - REINSURANCE PAYABLES

This balance represents payables arising from direct reinsurance operations and due to be paid and considered to fair market value. The full amount of this balance is considered to be zero under SII as not yet due and therefore forms part of SII TP's.

NOTE: 3.2.3 PAYABLES (TRADE, NOT INSURANCE)

Trade payables consist of trade creditors, other creditors and any other balances not related to insurance activities. Trade payables solely comprise of amounts which fall due within 12 months and are considered to be held at fair value.

NOTE: 3.2.4 - ANY OTHER LIABILITIES, NOT SHOWN ELSEWHERE

This balance relates to sums due arising from the CISL intra-company outsource agreement which are settled in accordance with the contractual obligations. This is parallel to receivables (see note 1.2.9) on the asset side of the balance sheet.

D.4**ALTERNATIVE METHODS FOR VALUATION**

The directors do not believe the Group and AIL use any alternative methods of valuation.

D.5**ANY OTHER INFORMATION**

The Board does not consider that there is any further information which should be disclosed regarding the valuation of assets and liabilities of the Group and AIL for solvency purposes.

E. Capital Management

(Audited)

E. CAPITAL MANAGEMENT

The Group undertakes an ORSA exercise at least annually, or when the risk profile of the Group changes. Own Funds are classified as Tier 1, Tier 2 or Tier 3 depending on the characteristics of the capital in accordance with Article 93 of Directive 2009/138/EC². The sub-sections of this report aim to provide a view of the capital management activities of the Group and ALL, its capital management methods and the structure and quality of the Own Funds.

For the purpose of the Group solvency position, the solvency position of each related entity belonging to the Group is calculated on legal entity level. The Group uses Accounting Consolidation (Method 1) for the calculation of the SII Group solvency.

The Directors focus on two main aspects of capital management:

- Ensuring that there is sufficient coverage of both the regulatory capital requirements (MCR and SCR) as well as economic capital targets set, and
- Optimisation of the quality of available Own Funds, in respect of the capital position of the Group in line with its dividend policies.

There is no intention to take out a dividend which will inhibit current growth plans or reduce ALL's current financial flexibility.

E.1

E.1.1

STRUCTURE AND AMOUNT OF OWN FUNDS AND THEIR QUALITY OWN FUNDS

Under SII regulations capital is referred to as Own Funds and the regulation distinguishes between Basic Own Funds (BOF) and Ancillary Own Funds (AOF). Capital under SII starts with the excess of assets over liabilities as determined by the EBS. Qualifying subordinated debt is then added to this and the combined amount is known as BOF.

The whole amount is classified into tiers of Own Funds. Restrictions are applied to the limit the extent to which the various components of the Own Funds can be used to meet the capital requirements.

²Article 93 states unless otherwise stated:

Own Fund items shall be classified into three tiers. The classification of those items shall depend upon whether they are basic Own Fund or ancillary Own Fund items and the extent to which they possess the following characteristics:

(a) the item is available, or can be called up on demand, to fully absorb losses on a going-concern basis, as well as in the case of winding-up (permanent availability);

(b) in the case of winding-up, the total amount of the item is available to absorb losses and the repayment of the item is refused to its holder until all other obligations, including insurance and reinsurance obligations towards policy holders and beneficiaries of insurance and reinsurance contracts, have been met (subordination).

E.1.2**COMPOSITION AND QUALITY OF OWN FUNDS**

Basic Own Funds (BOF) have been classified and tiered in accordance with AIL's Capital Management Policy.

Ordinary share capital is classified as Tier 1 capital.

Reconciliation reserve represents retained earnings and reconciliation adjustments from the UK GAAP balance sheet to SII Balance Sheet. The reconciliation reserve is classified as Tier 1 capital in accordance with the SII regulations.

The composition and total available of Own Funds as at 30 April 2017 and 2016 is detailed in the tables below:

The Group Own Funds are as follows:

Own Fund Item	Tier	FY17	
		£	%
Ordinary share capital (gross of own shares)	1 - unrestricted	23,615,400	109%
Reconciliation Reserve	1 - unrestricted	-2,044,275	-9%
Total		21,571,125	100%

As the Group was only incorporated in September 2016 it does not have a comparative Own Funds position for FY16.

AIL Own Funds are as follows:

Own Fund Item	Tier	FY17		FY16 (unaudited)	
		£	%	£	%
Ordinary share capital (gross of own shares)	1 - unrestricted	16,000,000	74%	16,000,000	91%
Reconciliation Reserve	1 - unrestricted	5,571,125	26%	1,622,508	9%
Total		21,571,125	100%	17,622,508	100%

The reconciliation reserve represents retained earnings and reconciliation adjustments from UK GAAP balance sheet to SII balance sheet. The reconciliation reserve is available, is not subordinated, and has no restricted duration.

The breakdown of the components of the reconciliation reserve is set out in the table below for FY17 for Group and FY17 and FY16 for AIL:

The Group reconciliation reserve is as follows:

Item	FY17 £
Excess of Assets over Liabilities	21,571,125
Less:	
Ordinary Share capital	23,615,400
Reconciliation Reserve	-2,044,275
Retained Profit reserve	5,302,885
Merge Reserve	-7,615,300
Deferred Acquisition costs (net)	-4,567,083
SII Valuation	4,835,222
Reconciliation Reserve	-2,044,276

AIL's reconciliation reserve is as follows:

Item	FY17 £	FY16 (unaudited) £
Excess of Assets over Liabilities	21,571,125	17,622,508
Less:		
Ordinary Share capital	16,000,000	16,000,000
Reconciliation Reserve	5,571,125	1,622,508
Retained Profit reserve	5,302,885	3,060,000
Deferred Acquisition costs (net)	-4,567,083	-5,227,000
SII Valuation	4,835,322	3,789,508
Reconciliation Reserve	5,571,125	1,622,508

The movement of AIL's Own Funds from YE16 to YE17 has been driven from the increase in reconciliation reserve from £1.6m in FY16 (unaudited) to £5.6m in FY17 (the detail is provided in the above table). The largest contributory factor to this increase is via the increase in retained profits – moving from £3.06m at FY16 (unaudited) to £5.3m in FY17.

The deferred tax liability arising in the SII valuation adjustments has not been reported in the balance sheet QRT because it is offset by a deferred tax asset arising on carried forward losses.

The Group and AIL's capital composition is entirely ordinary share capital and retained earnings (Tier 1 capital).

(Refer: Appendix 1 & 2 QRT - S.23.01 – Own Funds)

E.1.3**ELIGIBILITY OF OWN FUNDS**

The classification of tiers is relevant to the determination of the eligible Own Funds. These are the Own Funds that are eligible for covering regulatory capital requirements – SCR and Minimum Capital Requirement (MCR) must be covered by Tier 1 and Tier 2 capital and not covered by Tier 3 capital³.

E.1.4**ELIGIBLE OWN FUNDS TO COVER CAPITAL REQUIREMENTS**

The SCR reflects a level of eligible Own Funds that enable AIL to absorb significant losses and that gives reasonable assurance to policyholders and beneficiaries that payments will be made as they fall due.

The MCR should ensure a minimum level below which the amount of resources should not fall. It is necessary that it is calculated in accordance with the standard formula, which is subject to a defined floor and cap based on the risk-based SCR.

The Group and AIL has only unrestricted Tier 1 Capital therefore holds 100% eligibility.

As at 30 April 2017 the SCR of £10.58m was covered by £21.57m of eligible capital resources, providing a SII surplus of £10.99m.

The table below presents the ratio of eligible Own Funds that the Group and AIL holds to meet SCR and MCR requirements:

Item	FY17 £	FY16 Unaudited £
SCR	10,582,639	11,530,596
MCR	2,914,359	2,882,649
Ratio of Eligible Own Funds to SCR	204%	153%
Ratio of Eligible Own Funds to MCR	740%	611%

(Refer: Appendix 1 & 2 QRT - S.23.01 – Own Funds)

³Article 82 of the Delegated Act

E.1.5**APPROACH TO CAPITAL MANAGEMENT**

The governance and oversight of the capital management process is detailed in Section B – System of Governance.

The Finance team provides the Board and ARCC with a regular update on AIL's capital position and monitors the capital position in line with regulatory requirements and the goal of obtaining a credit rating.

E.1.6**CAPITAL MANAGEMENT PLAN**

AIL produces an annual business plan which includes projecting business assumptions on a 3 year forward looking basis. The business plan is produced alongside the ORSA. Following this review the capital management plan is updated to reflect the agreed target capital parameters and strategy to be maintained annually and over the three year planning horizon. AIL's objectives in managing its capital are to:

- Match the profile of its assets and liabilities, taking account of the risks inherent in the business;
- Maintain financial strength to support new business growth;
- Satisfy the requirements of its policyholders and regulators;
- Retain financial flexibility by maintaining strong liquidity and access to a range of capital markets;
- Allocate capital efficiently to support growth, and
- Manage exposures to movement in exchange rates.

E.1.7**CAPITAL MANAGEMENT PROCESS AND POLICY**

AIL's Capital Management Policy is approved annually by the Board and is concerned with all matters relating to the capital level and capital structure of AIL. It establishes a formal capital assessment and management framework in order to achieve the following:

- Cover the risk appetite approved by the Board as part of the risk appetite framework;
- Ensuring adequate capital is maintained within AIL to assure regulatory and rating agency requirements as AIL seeks to attain an 'A' credit rating;
- Ensuring capital is available to support strategic plans;
- Optimising AIL's sources and usage of capital, and
- Ensuring that excess capital is returned to Collinson on timely basis without compromising the other objectives as above.

E.2**SOLVENCY CAPITAL REQUIREMENT AND MINIMUM CAPITAL REQUIREMENT**

The SCR and MCR requirements of this report aim to provide a comprehensive view to assess the adequacy of AIL's capital in line with regulatory requirements and as outlined in AIL's Capital Management Policy. The Group and AIL applies the standard formula, without modification for Undertaking Specific Parameters (USP), with no capital add-ons and has not requested to use any transitional measures. The final amounts remain subject to supervisory assessment.

The PRA has made use of the option not to require the entities in its jurisdiction to disclose the capital add-on (if any) during a transitional period ending 31 December 2019.

E.2.1**SOLVENCY CAPITAL REQUIREMENT**

The SCR is the level of funds AIL is required to hold in line with the SII Directive. The assessment of the SCR has been undertaken using the standard formula and based on a modular approach covering each risk profile of the Group.

The Table below highlights the capital requirements for each risk module and are consistent for the Group and solo data:

Capital Requirement for each Risk Module	Solvency Capital Requirement
Market Risk	1,190,106
Counterparty Default Risks	4,212,817
Health Underwriting Risk	4,409,340
Non-life Underwriting Risk	3,505,995
Diversification	-4,253,307
Basic Solvency Capital Requirement	9,064,951
Operational Risk	1,517,689
Solvency Capital Requirement	10,582,639

(Refer: Appendix 1 & 2 QRT - S.25.01.22 - SCR & S.28.01.01 - MCR)

E.2.1.1**MARKET RISK MODULE**

AIL's exposure to Market risk is derived predominately from the fluctuations in the value of the assets held to meet its insurance liabilities. The Market risk charge is derived from AIL's multi-currency exposure in its assets and liabilities and its short term deposits.

	FY17 £
Market Risk	
Interest Rate Risk	42,257
Currency Risk	1,178,838
Market Risk Diversification	-30,989
Market Risk Total	1,190,106

E.2.1.2**COUNTERPARTY DEFAULT RISK MODULE**

AIL's exposure to Counterparty Default risk is that a counterparty will be unable to pay when due and arises in the form of cash deposits and recoveries from reinsurers (Type 1 exposures) and premium receivables from intermediaries and policyholders (Type 2 exposures).

The charges are based on the below exposures in the SII Balance sheet:

- Type 1 exposures – arise from £22m deposits with 'A' rated banking institutions and £8m with 'A' rated reinsurance recoveries, and
- Type 2 exposures – arise from £15.5m of debt (comprising premium receivables from policyholders) of which £6.3m is not due debt. Under SII valuations the undue debt is considered to be future cash flow and is reclassified as part of TP's. The Group has taken the prudent view and calculated its capital charge on the full £15.5m taking into consideration it is over three months due which is exposed to a higher capital charge.

The charges are detailed in the following table:

	FY17
Counterparty Default Risk	£
Type 1 Risk	1,449,842
Type 2 Risk	3,014,835
Counterparty Risk Diversification	-251,860
Counterparty Risk Total	4,212,817

E.2.1.3**NON-LIFE UNDERWRITING RISK**

Non-Life Underwriting risk arises from 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.

The charges are as follows:

	FY17
Non-Life Underwriting Risk	£
Premium and Reserve Risk	3,505,987
Catastrophe Risk	Default
Lapse Risk	7,819
Non-Life Diversification	-7,810
Non-Life Underwriting Risk Total	3,505,995

E.2.1.4**HEALTH UNDERWRITING RISK MODULE**

Health Underwriting risk is mainly driven by inadequacies in pricing compared to the product benefits or worse than expected claims experience on the Medical Expenses line. It is also exposed to catastrophe risk in relation to mass accident and pandemic risk.

	FY17
Health Underwriting Risk	£
Premium and Reserve Risk	3,543,150
Catastrophe Risk	1,844,182
Lapse Risk	441,563
Non-Life Diversification	-1,419,555
Health Underwriting Risk Total	4,409,340

E.2.1.5**MINIMUM CAPITAL REQUIREMENT**

ALL's MCR is calculated using standard formula. The MCR for the reporting period is £2.9m.

The following table shows the MCR Calculations:

	FY17
Overall MCR Calculation	£
Linear MCR	2,914,359
SCR	10,582,639
MCR Cap	4,762,188
MCR floor	2,645,660
Combined MCR	2,914,359
Absolute floor of the MCR	2,144,450
Minimum Capital Requirement	2,914,359

The Non-Life MCR is based on factors applied to the net premiums written amounts in the previous 12 months and the net best estimate TP's both split by SII Class of business. The change for premium and TP's elements are then summed to create a total charge.

The breakdown of information used for the MCR calculation is detailed in the table below:

Calculations of MCR (Inputs) (£)	FY17	
	Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance) written premiums in the last 12 months
Medical expense insurance and proportional reinsurance	7,795,681	22,889,371
Assistance and proportional reinsurance	2,501,142	11,846,458

E.2.1.6 SIMPLIFICATIONS AND UNDERTAKING SPECIFIC PARAMETERS (USP) IN STANDARD FORMULA

There has been no use of USP and simplifications.

E.3 USE OF ARTICLE 304 - THE DURATION-BASED EQUITY RISK SUB-MODULE IN THE CALCULATION OF THE SOLVENCY CAPITAL REQUIREMENT

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

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

AIL uses the standard formula to calculate SCR and therefore no differences exist. AIL performed an appropriateness assessment during the year and concluded that the standard formula method is appropriate and will remain so on a 12 month forward looking basis. AIL's use of standard formula will be regularly reviewed and updated.

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

AIL has maintained sufficient capital to meet its minimum capital requirement throughout the period covered by this report.

During the reporting period, there were no instances of non-compliance to SII capital requirements.

E.6 ANY OTHER INFORMATION

The directors do not consider that there is any further information which should be disclosed regarding the capital management of AIL.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

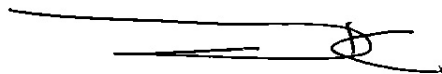
Approval by the Board of Directors

Financial year ended 30 April 2017

The Directors are responsible for preparing the SFCR in accordance with the PRA rules and SII regulations. 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 and SII regulations, and
- 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 and SII regulations 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 SII regulations, and will continue so to comply in future.

Approved by the Board and signed on its behalf:



Paul Escott
Finance Director
Astrenska Insurance Holdings Limited
Astrenska Insurance Limited

28 September 2017

INDEPENDENT AUDITOR'S REPORT

Report of the external independent auditor to the Directors of Astrenska Insurance Holdings Limited ('the Company') pursuant to Rule 4.1 (2) of the External Audit Chapter of the PRA Rulebook applicable to Solvency II firms.

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

OPINION

Except as stated below, we have audited the following documents prepared by Astrenska Insurance Holdings Limited as at 30 April 2017:

- The 'Valuation for solvency purposes' and 'Capital Management' sections of the Single Solvency and Financial Condition Report of Astrenska Insurance Holdings Limited as at 30 April 2017, (**the Narrative Disclosures subject to audit**); and
- The company templates S02.01.02, S17.01.02, S23.01.01, S25.01.21, S28.01.01 of Astrenska Insurance Limited (**the company Templates subject to audit**)
- The Group templates S02.01.02, S23.01.22, S25.01.22, S32.01.22 of Astrenska Insurance Holdings Limited (**the Group Templates subject to audit**).

The Narrative Disclosures subject to audit, the company Templates subject to audit, and the Group Templates subject to audit are collectively referred to as the '**relevant elements of the Single 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 Single Solvency and Financial Condition Report;
- The company templates S05.01.02, S05.02.01, S19.01.21 for Astrenska Insurance Limited;
- The Group templates S05.01.02, S05.02.01 for Astrenska Insurance Holdings Limited, and
- The written acknowledgement by management of their responsibilities, including for the preparation of the Single Solvency and Financial Condition Report (**the statement of Directors' Responsibilities**).

To the extent the information subject to audit in the relevant elements of the Single 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 Single Solvency and Financial Condition Report of Astrenska Insurance Holdings Limited as at 30 April 2017 is prepared, in all material respects, in accordance with the financial reporting provisions of the PRA Rules and Solvency II regulations on which they are based, as modified by relevant supervisory modifications, and as supplemented by supervisory approvals and determinations.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) including ISA (UK) 800 and ISA (UK) 805, 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 Single Solvency and Financial Condition Report section of our report. We are independent of Astrenska Insurance Holdings Limited in accordance with the ethical requirements that are relevant to our audit of the Single 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

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the Single Solvency and Financial Condition Report is not appropriate; or
- the directors have not disclosed in the Single Solvency and Financial Condition Report any identified material uncertainties that may cast significant doubt about the Company's or Astrenska Insurance Limited's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the Single Solvency and Financial Condition Report is authorised for issue.

EMPHASIS OF MATTER – BASIS OF ACCOUNTING

We draw attention to the 'Valuation for solvency purposes' and 'Capital Management' sections of the Single Solvency and Financial Condition Report, which describe the basis of accounting. The Single 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 Single 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 Single Solvency and Financial Condition Report may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

OTHER INFORMATION

The Directors are responsible for the Other Information.

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

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

RESPONSIBILITIES OF DIRECTORS FOR THE SINGLE SOLVENCY AND FINANCIAL CONDITION REPORT

The Directors are responsible for the preparation of the Single Solvency and Financial Condition Report in accordance with the financial reporting provisions of the PRA rules and Solvency II regulations which have been modified by the modifications, and supplemented by the approvals and determinations made by the PRA under section 138A of FSMA, the PRA Rules and Solvency II regulations on which they are based.

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

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE RELEVANT ELEMENTS OF THE SINGLE SOLVENCY AND FINANCIAL CONDITION REPORT

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

Our objectives are to obtain reasonable assurance about whether the relevant elements of the Single 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 Single Solvency and Financial Condition Report.

This report is made solely to the Company's directors, as a body, in accordance with rule 4.1 (2) of the External Audit Chapter of the PRA Rulebook applicable to Solvency II firms. Our audit work has been undertaken so that we might state to the Company's directors those matters we are required by the rules to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's directors as a body for our audit work, for this report, or for the opinions we have formed.

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/Our-Work/Audit/Audit-and-assurance/Standards-and-guidance/Standards-and-guidance-for-auditors/Auditors-responsibilities-for-audit/Description-of-auditors-responsibilities-for-audit.aspx>.

OTHER INFORMATION

In accordance with Rule 4.1 (3) of the External Audit Chapter 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 Astrenska Insurance Limited's 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.



Grant Thornton (UK) LLP
Statutory Auditor, Chartered Accountants
London
28 September 2017

The maintenance and integrity of the Astrenska Insurance Limited website 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 Single Solvency and Financial Condition Report since it was initially presented on the website.

Legislation in the United Kingdom governing the preparation and dissemination of Solvency and Financial Condition Reports may differ from legislation in other jurisdictions.

APPENDIX — RELEVANT ELEMENTS OF THE SINGLE SOLVENCY AND FINANCIAL CONDITION REPORT THAT ARE NOT SUBJECT TO AUDIT

STANDARD FORMULA

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

- Elements of the Narrative Disclosures (and tabular information therein) subject to audit identified as 'unaudited'.

Appendices

APPENDICES

APPENDIX 1 – QUANTITATIVE REPORTING TEMPLATES (GROUP QRTS)

Astrenska Insurance Holdings Limited (AIHL)

General Information

Participating Undertaking name	Astrenska 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	30/04/2017
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

S.02.01.02	Balance Sheet
S.05.01.02	Premiums, Claims and Expenses by line of business
S.05.02.01	Premiums, Claims and Expenses by country
S.23.01.22	Own Funds
S.25.01.22	SCR – for undertakings on Standard Formula
S.32.01.22	Undertakings in the scope of the group

S.02.01.02
Balance sheet

Solvency II value

Assets		C0010
Intangible assets	R0030	
Deferred tax assets	R0040	
Pension benefit surplus	R0050	
Property, plant & equipment held for own use	R0060	
Investments (other than assets held for index-linked and unit-linked contracts)	R0070	22,056
Property (other than for own use)	R0080	
Holdings in related undertakings, including participations	R0090	
Equities	R0100	
Equities - listed	R0110	
Equities - unlisted	R0120	
Bonds	R0130	
Government Bonds	R0140	
Corporate Bonds	R0150	
Structured notes	R0160	
Collateralised securities	R0170	
Collective Investments Undertakings	R0180	
Derivatives	R0190	
Deposits other than cash equivalents	R0200	22,056
Other investments	R0210	
Assets held for index-linked and unit-linked contracts	R0220	
Loans and mortgages	R0230	1,071
Loans on policies	R0240	
Loans and mortgages to individuals	R0250	1,071
Other loans and mortgages	R0260	
Reinsurance recoverables from:	R0270	6,725
Non-life and health similar to non-life	R0280	6,725
Non-life excluding health	R0290	2,006
Health similar to non-life	R0300	4,720
Life and health similar to life, excluding health and index-linked and unit-linked	R0310	
Health similar to life	R0320	
Life excluding health and index-linked and unit-linked	R0330	
Life index-linked and unit-linked	R0340	
Deposits to cedants	R0350	
Insurance and intermediaries receivables	R0360	9,220
Reinsurance receivables	R0370	0
Receivables (trade, not insurance)	R0380	5,571
Own shares (held directly)	R0390	
Amounts due in respect of own fund items or initial fund called up but not yet paid in	R0400	
Cash and cash equivalents	R0410	2,738
Any other assets, not elsewhere shown	R0420	3,398
Total assets	R0500	50,779

Liabilities		
Technical provisions - non-life	R0510	17,871
Technical provisions - non-life (excluding health)	R0520	4,732
TP calculated as a whole	R0530	
Best Estimate	R0540	4,507
Risk margin	R0550	225
Technical provisions - health (similar to non-life)	R0560	13,139
TP calculated as a whole	R0570	
Best Estimate	R0580	12,515
Risk margin	R0590	624
Technical provisions - life (excluding index-linked and unit-linked)	R0600	
Technical provisions - health (similar to life)	R0610	
TP calculated as a whole	R0620	
Best Estimate	R0630	
Risk margin	R0640	
Technical provisions - life (excluding health and index-linked and unit-linked)	R0650	
TP calculated as a whole	R0660	
Best Estimate	R0670	
Risk margin	R0680	
Technical provisions - index-linked and unit-linked	R0690	
TP calculated as a whole	R0700	
Best Estimate	R0710	
Risk margin	R0720	
Contingent liabilities	R0740	
Provisions other than technical provisions	R0750	
Pension benefit obligations	R0760	
Deposits from reinsurers	R0770	
Deferred tax liabilities	R0780	
Derivatives	R0790	
Debts owed to credit institutions	R0800	
Financial liabilities other than debts owed to credit institutions	R0810	
Insurance & intermediaries payables	R0820	5,712
Reinsurance payables	R0830	0
Payables (trade, not insurance)	R0840	1,562
Subordinated liabilities	R0850	
Subordinated liabilities not in BOF	R0860	
Subordinated liabilities in BOF	R0870	
Any other liabilities, not elsewhere shown	R0880	4,063
Total liabilities	R0900	29,208
Excess of assets over liabilities	R1000	21,571

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)		Total
		Medical expense insurance	Assistance	
		C0010	C0110	C0200
Premiums written				
Gross - Direct Business	R0110	33,118	18,700	51,819
Gross - Proportional reinsurance accepted	R0120			
Gross - Non-proportional reinsurance accepted	R0130			
Reinsurers' share	R0140	12,102	4,877	16,980
Net	R0200	21,016	13,823	34,839
Premiums earned				
Gross - Direct Business	R0210	32,622	17,968	50,590
Gross - Proportional reinsurance accepted	R0220			
Gross - Non-proportional reinsurance accepted	R0230			
Reinsurers' share	R0240	12,227	5,644	17,872
Net	R0300	20,394	12,324	32,718
Claims incurred				
Gross - Direct Business	R0310	17,737	6,092	23,829
Gross - Proportional reinsurance accepted	R0320			
Gross - Non-proportional reinsurance accepted	R0330			
Reinsurers' share	R0340	6,685	3,528	10,214
Net	R0400	11,052	2,564	13,615
Changes in other technical provisions				
Gross - Direct Business	R0410			
Gross - Proportional reinsurance accepted	R0420			
Gross - Non- proportional reinsurance accepted	R0430			
Reinsurer's share	R0440			
Net	R0500			
Expenses incurred	R0550	2,567	4,882	7,449
Other expenses	R1200			
Total expenses	R1300			7,449

05.02.01

Premiums, Claims and Expenses by country

		Home Country	Top 5 countries (by amount of gross premiums written) - non-life obligations	Top 5 countries (by amount of gross premiums written) - non-life obligations	Top 5 countries (by amount of gross premiums written) - non-life obligations	Total Top 5 and home country
		C0010	C0020	C0030	C0040	C0070
	R0010	GB	AE	IE	KE	
		C0080			C0090	C0140
Premiums written						
Gross - Direct Business	R0110	28,095	4,963	18,372	180	51,610
Gross - Proportional reinsurance accepted	R0120					
Gross - Non-proportional reinsurance accepted	R0130					
Reinsurers' share	R0140	5,786	2,934	8,049	30	16,798
Net	R0200	22,309	2,030	10,323	150	34,812
Premiums earned						
Gross - Direct Business	R0210	26,778	5,623	17,478	619	50,499
Gross - Proportional reinsurance accepted	R0220					
Gross - Non-proportional reinsurance accepted	R0230					
Reinsurers' share	R0240	5,063	4,390	8,056	284	17,794
Net	R0300	21,715	1,233	9,422	335	32,705
Claims incurred						
Gross - Direct Business	R0310	14,650	3,985	5,082	77	23,794
Gross - Proportional reinsurance accepted	R0320					
Gross - Non-proportional reinsurance accepted	R0330					
Reinsurers' share	R0340	4,872	3,028	2,182	97	10,179
Net	R0400	9,778	957	2,900	-21	13,615
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	0			0	
Expenses incurred	R0550	4,039	714	2,641	26	7,419
Other expenses	R1200					
Total expenses	R1300					7,419

S.23.01.22-01

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						
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	-2,044	-2,044			
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	21,571	21,571			
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					
Letters of credit and guarantees other than under Article 96(2) of the Directive 2009/138/EC	R0350					
Letters of credit and guarantees under Article 96(2) of the Directive 2009/138/EC	R0340					
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						
Reconciliation reserve	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	21,571	21,571			
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	21,571	21,571			
Total available own funds to meet the minimum consolidated group SCR	R0530	21,571	21,571			
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	21,571	21,571	0		
Total eligible own funds to meet the minimum consolidated group SCR	R0570	21,571	21,571	0		
Minimum consolidated Group SCR	R0610	10,583				
Ratio of Eligible own funds to Minimum Consolidated Group SCR	R0650	204%				

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	21,571	21,571	0		
Group SCR	R0680	10,583				
Ratio of Eligible own funds to group SCR including other financial sectors and the undertakings included via D&A	R0690	204%				

S.23.01.22-02

Own Funds

		C0060
Reconciliation reserve		
Excess of assets over liabilities	R0700	21,571
Own shares (included as assets on the balance sheet)	R0710	
Forseeable dividends, distributions and charges	R0720	
Other basic own fund items	R0730	23,615
Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	R0740	
Other non available own funds	R0750	
Reconciliation reserve before deduction for participations in other financial sector	R0760	-2,044
Expected profits		
Expected profits included in future premiums (EPIFP) - Life business	R0770	
Expected profits included in future premiums (EPIFP) - Non- life business	R0780	
Total EPIFP	R0790	

S.25.01.22

Solvency Capital Requirement (for groups on Standard Formula)

		Gross solvency capital requirement	USP	Simplifications
		C0110	C0080	C0090
Market risk	R0010	1,190		
Counterparty default risk	R0020	4,213		
Life underwriting risk	R0030	0	0	
Health underwriting risk	R0040	4,409	0	
Non-life underwriting risk	R0050	3,506	None	
Diversification	R0060	-4,253		
Intangible asset risk	R0070	0		
Basic Solvency Capital Requirement	R0100	9,065		

Calculation of Solvency Capital Requirement		C0100
Operational risk	R0130	1,518
Loss-absorbing capacity of technical provisions	R0140	0
Loss-absorbing capacity of deferred taxes	R0150	0
Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC	R0160	0
Solvency capital requirement excluding capital add-on	R0200	10,583
Capital add-on already set	R0210	0
Solvency capital requirement	R0220	10,583
Other information on SCR		
Capital requirement for duration-based equity risk sub-module	R0400	0
Total amount of Notional Solvency Capital Requirements for remaining part	R0410	0
Total amount of Notional Solvency Capital Requirements for ring fenced funds	R0420	0
Total amount of Notional Solvency Capital Requirements for matching adjustment portfolios	R0430	0
Diversification effects due to RFF nSCR aggregation for article 304	R0440	0
Minimum consolidated group solvency capital requirement	R0470	10,583
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	10,583

S.32.01.22

Undertakings in the scope of the group

							Criteria of influence						Inclusion in the scope of group supervision		Group solvency calculation
Country	Identification code of the undertaking	Legal name of the undertaking	Type of undertaking	Legal form	Category (mutual/non mutual)	Supervisory Authority	% capital share	% used for the establishment of consolidated accounts	% voting rights	Other criteria	Level of influence	Proportional share used for group solvency calculation	YES/NO	Date of decision if art. 214 is applied	Method used and under method 1, treatment of the undertaking
C0010	C0020	C0040	C0050	C0060	C0070	C0080	C0180	C0190	C0200	C0210	C0220	C0230	C0240	C0250	C0260
GB	LEI/2138008DN13KCEAE2Q93	Astrenska Insurance Limited	2	Companies limited by shares	2	Prudential Regulation Authority	100.00%	100.00%	100.00%		1	100.00%	1	16/09/2016	1

APPENDIX 2 – QUANTITATIVE REPORTING TEMPLATES (SOLO QRT)

Astrenska Insurance Limited (AIL)

General Information

Undertaking name	Astrenska Insurance Limited
Undertaking identification code	LEI/2138008DN13KCEAE2Q93
Country of the group supervisor	GB
Language of reporting	EN
Reporting reference date	30/04/2017
Currency used for reporting	GBP
Accounting standards	This undertaking is using UK GAAP
Method of Calculation of the SCR	Standard formula
Use of undertaking specific parameters	No use of undertaking specific parameters
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

S.02.01.02	Balance Sheet
S.05.01.02	Premiums, Claims and Expenses by line of business
S.05.02.01	Premiums, Claims and Expenses by country
S.17.01.02	Non-Life Technical Provisions
S.19.01.21	Non-Life insurance claims
S.23.01.01	Own Funds
S.25.01.21	SCR – for undertakings on Standard Formula
S.28.01.01	MCR – Only life or only non-life insurance or reinsurance activity

S.02.01.02
Balance sheet

		Solvency II value
Assets		C0010
Intangible assets	R0030	
Deferred tax assets	R0040	
Pension benefit surplus	R0050	
Property, plant & equipment held for own use	R0060	
Investments (other than assets held for index-linked and unit-linked contracts)	R0070	22,056
Property (other than for own use)	R0080	
Holdings in related undertakings, including participations	R0090	
Equities	R0100	
Equities - listed	R0110	
Equities - unlisted	R0120	
Bonds	R0130	
Government Bonds	R0140	
Corporate Bonds	R0150	
Structured notes	R0160	
Collateralised securities	R0170	
Collective Investments Undertakings	R0180	
Derivatives	R0190	
Deposits other than cash equivalents	R0200	22,056
Other investments	R0210	
Assets held for index-linked and unit-linked contracts	R0220	
Loans and mortgages	R0230	1,071
Loans on policies	R0240	
Loans and mortgages to individuals	R0250	1,071
Other loans and mortgages	R0260	
Reinsurance recoverables from:	R0270	6,725
Non-life and health similar to non-life	R0280	6,725
Non-life excluding health	R0290	2,006
Health similar to non-life	R0300	4,720
Life and health similar to life, excluding health and index-linked and unit-linked	R0310	
Health similar to life	R0320	
Life excluding health and index-linked and unit-linked	R0330	
Life index-linked and unit-linked	R0340	
Deposits to cedants	R0350	
Insurance and intermediaries receivables	R0360	9,220
Reinsurance receivables	R0370	
Receivables (trade, not insurance)	R0380	5,571
Own shares (held directly)	R0390	
Amounts due in respect of own fund items or initial fund called up but not yet paid in	R0400	
Cash and cash equivalents	R0410	2,738
Any other assets, not elsewhere shown	R0420	3,398
Total assets	R0500	50,779

Liabilities		
Technical provisions - non-life	R0510	17,871
Technical provisions - non-life (excluding health)	R0520	4,732
TP calculated as a whole	R0530	
Best Estimate	R0540	4,507
Risk margin	R0550	225
Technical provisions - health (similar to non-life)	R0560	13,139
TP calculated as a whole	R0570	
Best Estimate	R0580	12,515
Risk margin	R0590	624
Technical provisions - life (excluding index-linked and unit-linked)	R0600	
Technical provisions - health (similar to life)	R0610	
TP calculated as a whole	R0620	
Best Estimate	R0630	
Risk margin	R0640	
Technical provisions - life (excluding health and index-linked and unit-linked)	R0650	
TP calculated as a whole	R0660	
Best Estimate	R0670	
Risk margin	R0680	
Technical provisions - index-linked and unit-linked	R0690	
TP calculated as a whole	R0700	
Best Estimate	R0710	
Risk margin	R0720	
Contingent liabilities	R0740	
Provisions other than technical provisions	R0750	
Pension benefit obligations	R0760	
Deposits from reinsurers	R0770	
Deferred tax liabilities	R0780	
Derivatives	R0790	
Debts owed to credit institutions	R0800	
Financial liabilities other than debts owed to credit institutions	R0810	
Insurance & intermediaries payables	R0820	5,712
Reinsurance payables	R0830	
Payables (trade, not insurance)	R0840	1,562
Subordinated liabilities	R0850	
Subordinated liabilities not in BOF	R0860	
Subordinated liabilities in BOF	R0870	
Any other liabilities, not elsewhere shown	R0880	4,063
Total liabilities	R0900	29,208
Excess of assets over liabilities	R1000	21,571

S.05.01.02-01

Premiums, claims and expenses by line of business

		Line of Business for: non-life insurance and reinsurance obligations (direct business and accepted proportional reinsurance)		Total
		Medical expense insurance	Assistance	
		C0010	C0110	C0200
Premiums written				
Gross - Direct Business	R0110	33,118	18,700	51,819
Gross - Proportional reinsurance accepted	R0120			
Gross - Non-proportional reinsurance accepted	R0130			
Reinsurers' share	R0140	12,102	4,877	16,980
Net	R0200	21,016	13,823	34,839
Premiums earned				
Gross - Direct Business	R0210	32,622	17,968	50,590
Gross - Proportional reinsurance accepted	R0220			
Gross - Non-proportional reinsurance accepted	R0230			
Reinsurers' share	R0240	12,227	5,644	17,872
Net	R0300	20,394	12,324	32,718
Claims incurred				
Gross - Direct Business	R0310	17,737	6,092	23,829
Gross - Proportional reinsurance accepted	R0320			
Gross - Non-proportional reinsurance accepted	R0330			
Reinsurers' share	R0340	6,685	3,528	10,214
Net	R0400	11,052	2,564	13,615
Changes in other technical provisions				
Gross - Direct Business	R0410			
Gross - Proportional reinsurance accepted	R0420			
Gross - Non- proportional reinsurance accepted	R0430			
Reinsurer's share	R0440			
Net	R0500			
Expenses incurred	R0550	2,567	4,882	7,449
Other expenses	R1200			
Total expenses	R1300			7,449

S.05.02.01 - 01

Premiums, claims and expenses by country

		Home Country	Top 5 countries (by amount of gross premiums written) - non-life obligations	Top 5 countries (by amount of gross premiums written) - non-life obligations	Top 5 countries (by amount of gross premiums written) - non-life obligations	Total Top 5 and home country
		C0010	C0020	C0030	C0040	C0070
	R0010	GB	AE	IE	KE	
		C0080	C0090	C0100	C0110	C0140
Premiums written						
Gross - Direct Business	R0110	28,095	4,963	18,372	180	51,610
Gross - Proportional reinsurance accepted	R0120					
Gross - Non-proportional reinsurance accepted	R0130					
Reinsurers' share	R0140	5,786	2,934	8,049	30	16,798
Net	R0200	22,309	2,030	10,323	150	34,812
Premiums earned						
Gross - Direct Business	R0210	26,778	5,623	17,478	619	50,499
Gross - Proportional reinsurance accepted	R0220					
Gross - Non-proportional reinsurance accepted	R0230					
Reinsurers' share	R0240	5,063	4,390	8,056	284	17,794
Net	R0300	21,715	1,233	9,422	335	32,705
Claims incurred						
Gross - Direct Business	R0310	14,650	3,985	5,082	77	23,794
Gross - Proportional reinsurance accepted	R0320					
Gross - Non-proportional reinsurance accepted	R0330					
Reinsurers' share	R0340	4,872	3,028	2,182	97	10,179
Net	R0400	9,778	957	2,900	-21	13,615
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	0	0	0	0	
Expenses incurred	R0550	4,039	714	2,641	26	7,419
Other expenses	R1200					
Total expenses	R1300					7,419

S.17.01.02 - 01
Non-life Technical Provisions

		Direct business and accepted proportional reinsurance
		Medical expense insurance
		C0020
Technical provisions calculated as a whole	R0010	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	0
Technical provisions calculated as a sum of BE and RM		
Best estimate		
Premium provisions		
Gross	R0060	7,238
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0140	2,997
Net Best Estimate of Premium Provisions	R0150	4,241
Claims provisions		
Gross	R0160	5,277
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0240	1,723
Net Best Estimate of Claims Provisions	R0250	3,554
Total Best estimate - gross	R0260	12,515
Total Best estimate - net	R0270	7,796
Risk margin	R0280	624
Amount of the transitional on Technical Provisions		
Technical Provisions calculated as a whole	R0290	0
Best estimate	R0300	0
Risk margin	R0310	0

S.17.01.02 - 02
Non-life Technical Provisions

		Direct business and accepted proportional reinsurance
		Medical expense insurance
		C0020
Technical provisions - total		
Technical provisions - total	R0320	13,139
Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total	R0330	4,720
Technical provisions minus recoverables from reinsurance/SPV and Finite Re - total	R0340	8,420

S.17.01.02 - 03

Non-life Technical Provisions

		Direct business and accepted proportional reinsurance Assistance	Total Non-Life obligation
		C0120	C0180
Technical provisions calculated as a whole	R0010	0	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	0	0
Technical provisions calculated as a sum of BE and RM			
Best estimate			
Premium provisions			
Gross	R0060	2,182	9,420
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0140	816	3,813
Net Best Estimate of Premium Provisions	R0150	1,366	5,608
Claims provisions			
Gross	R0160	2,325	7,602
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0240	1,190	2,913
Net Best Estimate of Claims Provisions	R0250	1,135	4,689
Total Best estimate - gross	R0260	4,507	17,022
Total Best estimate - net	R0270	2,501	10,297
Risk margin	R0280	225	849
Amount of the transitional on Technical Provisions			
Technical Provisions calculated as a whole	R0290	0	0
Best estimate	R0300	0	0
Risk margin	R0310	0	0

S.17.01.02 - 04

Non-life Technical Provisions

		Direct business and accepted proportional reinsurance Assistance	Total Non-Life obligation
		C0120	C0180
Technical provisions - total			
Technical provisions - total	R0320	4,732	17,871
Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total	R0330	2,006	6,725
Technical provisions minus recoverables from reinsurance/SPV and Finite Re - total	R0340	2,726	11,145

S.19.01.21

Non-Life Insurance Claims Information

Accident year / Underwriting year	Z0010	2
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Gross Claims Paid (non-cumulative)

(absolute amount)

Year		Development year										
		0	1	2	3	4	5	6	7	8	9	10 & +
		C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110
Prior	R0100											0
N-9	R0160	0	0	0	0	0	0	0	0	0	0	
N-8	R0170	0	0	0	0	0	0	0	0	0		
N-7	R0180	0	0	0	0	0	0	0	0			
N-6	R0190	0	0	0	0	0	0	0				
N-5	R0200	0	0	0	0	0	0					
N-4	R0210	208	6,958	4,514	496	154						
N-3	R0220	342	6,644	14,983	-922							
N-2	R0230	181	9,584	10,859								
N-1	R0240	323	12,927									
N	R0250	576										

	In current year	Sum of years (cumulative)
	C0170	C0180
R0100	0	0
R0160	0	0
R0170	0	0
R0180	0	0
R0190	0	0
R0200	0	0
R0210	154	12,330
R0220	-922	21,047
R0230	10,859	20,634
R0240	12,927	13,249
R0250	576	576
Total R0260	23,594	67,835

Gross undiscounted Best Esitmate Claims Provisions

(absolute amount)

Year		Development year										
		0	1	2	3	4	5	6	7	8	9	10 & +
		C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110
Prior	R0100											0
N-9	R0160	0	0	0	0	0	0	0	0	0	0	
N-8	R0170	0	0	0	0	0	0	0	0	0		
N-7	R0180	0	0	0	0	0	0	0	0			
N-6	R0190	0	0	0	0	0	0	0				
N-5	R0200	0	0	0	0	0	0					
N-4	R0210	0	0	0	0	33						
N-3	R0220	0	0	0	361							
N-2	R0230	0	0	1,628								
N-1	R0240	0	4,510									
N	R0250	1,050										

	Year end (discount data)
	C0170
R0100	0
R0160	0
R0170	0
R0180	0
R0190	0
R0200	0
R0210	33
R0220	361
R0230	1,628
R0240	4,510
R0250	1,050
Total R0260	7,583

S.23.01.01 - 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	5,571	5,571			
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	21,571	21,571			
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	21,571	21,571			
Total available own funds to meet the MCR	R0510	21,571	21,571			
Total eligible own funds to meet the SCR	R0540	21,571	21,571	0	0	0
Total eligible own funds to meet the MCR	R0550	21,571	21,571	0	0	
SCR	R0580	10,583				
MCR	R0600	2,914				
Ratio of Eligible own funds to SCR	R0620	204%				
Ratio of Eligible own funds to MCR	R0640	740%				

S.23.01.01 - 02

Own Funds

		C0060
Reconciliation reserve		
Excess of assets over liabilities	R0700	21,571
Own shares (held directly and indirectly)	R0710	
Foreseeable dividends, distributions and charges	R0720	
Other basic own fund items	R0730	16,000
Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	R0740	
Reconciliation reserve	R0760	5,571
Expected profits		
Expected profits included in future premiums (EPIFP) - Life business	R0770	
Expected profits included in future premiums (EPIFP) - Non- life business	R0780	
Total Expected profits included in future premiums (EPIFP)	R0790	

S.25.01.21

Solvency Capital Requirement (for undertakings on Standard Formula)

		Gross solvency capital requirement	USP	Simplifications
		C0110	C0090	C0100
Market risk	R0010	1,190		
Counterparty default risk	R0020	4,213		
Life underwriting risk	R0030	0	0	
Health underwriting risk	R0040	4,409	0	
Non-life underwriting risk	R0050	3,506	None	
Diversification	R0060	-4,253		
Intangible asset risk	R0070	0		
Basic Solvency Capital Requirement	R0100	9,065		

Calculation of Solvency Capital Requirement		C0100
Operational risk	R0130	1,518
Loss-absorbing capacity of technical provisions	R0140	0
Loss-absorbing capacity of deferred taxes	R0150	0
Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC	R0160	0
Solvency capital requirement excluding capital add-on	R0200	10,583
Capital add-on already set	R0210	0
Solvency capital requirement	R0220	10,583
Other information on SCR		
Capital requirement for duration-based equity risk sub-module	R0400	0
Total amount of Notional Solvency Capital Requirement for remaining part	R0410	0
Total amount of Notional Solvency Capital Requirements for ring fenced funds	R0420	0
Total amount of Notional Solvency Capital Requirement for matching adjustment portfolios	R0430	0
Diversification effects due to RFF nSCR aggregation for article 304	R0440	0

S.28.01.01 - 01

Minimum Capital Requirement

(Only life or only non-life insurance or reinsurance activity)

MCRNL Result	R0010	2,914
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		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	7,796	22,889
Income protection insurance and proportional reinsurance	R0030	0	0
Workers' compensation insurance and proportional reinsurance	R0040	0	0
Motor vehicle liability insurance and proportional reinsurance	R0050	0	0
Other motor insurance and proportional reinsurance	R0060	0	0
Marine, aviation and transport insurance and proportional reinsurance	R0070	0	0
Fire and other damage to property insurance and proportional reinsurance	R0080	0	0
General liability insurance and proportional reinsurance	R0090	0	0
Credit and suretyship insurance and proportional reinsurance	R0100	0	0
Legal expenses insurance and proportional reinsurance	R0110	0	0
Assistance and proportional reinsurance	R0120	2,501	11,846
Miscellaneous financial loss insurance and proportional reinsurance	R0130	0	0
Non-proportional health reinsurance	R0140	0	0
Non-proportional casualty reinsurance	R0150	0	0
Non-proportional marine, aviation and transport reinsurance	R0160	0	0
Non-proportional property reinsurance	R0170	0	0

Overall MCR calculation

		C0070
Linear MCR	R0300	2,914
SCR	R0310	10,583
MCR cap	R0320	4,762
MCR floor	R0330	2,646
Combined MCR	R0340	2,914
Absolute floor of the MCR	R0350	2,144
		C0070
Minimum Capital Requirement	R0400	2,914

Glossary

GLOSSARY

AFR	Actuarial Function Report
AIHL	Astrenska Insurance Holdings Limited
AIL	Astrenska Insurance Limited
AOF	Ancillary Own Funds
AP	Approved Persons
AR's	Appointed Representatives
ARCC	Audit, Risk and Compliance Committee
BBNI	Bound but not incepted business
BEL	Best Estimate Liabilities
Board	AIL / AIHL Board
BOF	Basic Own Funds
CF	Controlled Function
CFO	Chief Financial Officer
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
EIOPA	European Insurance Occupational Pensions Authority
ENID's	Events not in data
EU	European Union
FCA	Financial Conduct Authority
FIC	Finance and Investments Committee
FLOD	First Line of Defence
FRS	Financial Reporting Standards
FY16	Financial Year 2016 – covering the period 1 May 2015 to 30 April 2016
FY17	Financial Year 2017 – covering the period 1 May 2016 to 30 April 2017
GAAP	General Accepted Accounting Principles
GWP	Gross Written Premium

I&A	Insurance and Assistance Division (of the Collinson Group)
MCR	Minimum Capital Requirement
MI	Management Information
NED	Non-Executive Director
ORSA	Own Risk and Solvency Assessment
PCB	Projects Change Board
PGC	Product Governance Committee
PRA	Prudential Regulation Authority
PTI	PTI Insurance Company Limited
QRT	Quantitative Reporting Template
RBS	Royal Bank of Scotland
SCR	Solvency Capital Requirement
SII	Solvency II Directive
SIMF	Senior Insurance Manager Function
SLOD	Second Line of Defence
SPV	Special Purpose Vehicle
The Company	Astrenska Insurance Limited
The Group	Astrenska Insurance Holdings Limited and Astrenska Insurance Limited
TP's	Technical Provisions
UEPR	Unearned Premium
UK	United Kingdom
USP	Undertaking Specific Parameters
WARA	Whole Account Reinsurance Agreement
WTW	Willis Towers Watson

COLLINSON GROUP

Collinson Group is a global leader in shaping and influencing customer behaviour to drive revenue and value for clients. The group offers a unique blend of industry and sector specialists who together provide market-leading experience in delivering products and services across four core capabilities: Loyalty, Lifestyle Benefits, Insurance and Assistance.

The group provides unrivalled insight and expertise around affluent consumers and frequent travellers, creating and delivering products and services that increase engagement, loyalty and value for customers.

We have more than 25 years' experience, with 26 global locations, servicing over 800 clients in 170 countries, employing 2,000 staff, and managing over 20 million end customers. We have been bringing innovation to the market since inception – from launching the first independent global VIP lounge access programme, Priority Pass™ to being the first to sell direct travel insurance in the UK through Columbus Direct and creating the first loyalty agency of its kind in the travel sector with ICLP. Today we still invest heavily in innovation to ensure that we continue to deliver superior customer experiences.

OUR LOCATIONS



BEIJING • CAPE TOWN • DALLAS • DUBAI • GIBRALTAR
HONG KONG • KUALA LUMPUR • LONDON • MUMBAI
NAVAN • NEW YORK • PALMA • PARIS • SAN FRANCISCO
SÃO PAULO • SHANGHAI SINGAPORE • ST PETERSBURG
SYDNEY • TOKYO • WARSAW