TRAVELERS

TRAVELERS CASUALTY AND SURETY COMPANY OF EUROPE LIMITED

Solvency and Financial Condition Report 2017

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Business and Performance

Travelers Casualty and Surety Company of Europe Limited ("The Company") is a United Kingdom regulated entity authorised to carry out general insurance business. The ultimate parent company, The Travelers Companies, Inc. ("Travelers") is a leading provider of property and liability insurance based in the United States. The group has more than 30,000 employees and over 150 years' experience in the insurance industry. Travelers is traded on the New York Stock Exchange as "TRV", and is one of the 30 select companies that comprise the Dow Jones Industrial Average. As at 31 December 2017, Travelers reported total assets of US$ 103.5 billion (2016: $100.2 billion) and shareholders' equity of US$ 23.7 billion (2016: $23.2 billion). The Company was incorporated on 13 April 1992 and went through a series of name changes until April 2007, when it was renamed Travelers Casualty and Surety Company of Europe Limited. From 1997 to 2003 the Company traded as Gulf Insurance Company U.K. Limited. The Company was acquired by the Travelers Group in 2003.

Since October 2002, the Company has only written surety business. Commencing 1 January 2016 the Company ceased writing new surety business and is running off its existing portfolio. It also has a run-off portfolio of London Market specialty business that was previously underwritten by Gulf Insurance Company U.K. Limited. Both run-off portfolios are subject to 100% quota share reinsurance arrangements with affiliated group companies based in the United States. These quota shares benefit from any locally purchased facultative reinsurance. The Company is working on a Part VII transfer to transfer both its portfolio of surety business and its portfolio of London Market specialty business, which has been in run-off since 2002, to Travelers Insurance Company Limited. Once this Part VII transaction has completed the Company will become dormant. This transaction is expected to complete during 2018 and the Company will then be wound up. For this reason the Company's accounts for both UK GAAP and Solvency II purposes have not been prepared on a going concern basis. There has been no impact on the valuation of its underlying assets and liabilities from preparing the accounts on this basis as compared with preparing them on a going concern basis.

Travelers' European based operations offer cover through Travelers Insurance Company Limited, Travelers Syndicate Management Limited (the Managing Agent of Syndicate 5000 of Lloyd's) and Travelers Underwriting Agency Limited. The scope of this Solvency and Financial Condition Report ("SFCR") is Travelers Casualty and Surety Company of Europe Limited and business written by the Company only will be relevant to this document.

Performance

The Company produces its' financial statements in accordance with UK GAAP. On a UK GAAP basis the Company produced a post-tax profit of $766K as at 31 December 2017 (2016: Loss of $1,042K).

System of Governance

The Company's board comprises six directors The Company assesses the fitness and propriety of persons performing key functions on an ongoing basis. In addition, the Company has an annual performance assessment process which measures performance against minimum competencies required for those persons effectively running the company.

The Company's remuneration policy reflects the Company's commitment to achieve a consistent remuneration process and to promote effective risk management.

The Company's risk strategy is articulated in a risk management framework, as well as a number of policies, frameworks and processes, which operate across the three lines of defence.

The internal control system is designed to ensure that the Company achieves its objectives through operational effectiveness and efficiency, robust financial reporting and compliance with rules, regulations and policies. The tone for the control environment is set by the Company's parent and its board of directors, who are all committed to a culture of management integrity, transparency and honesty, and who attribute high importance to the establishment and maintenance of a strong system of internal controls. A key aspect of the internal control framework is a robust risk management framework that ensures strong processes exist for risk identification, risk measurement and risk monitoring, and that ensures appropriate risk mitigation strategies are in place. Internal controls are documented in the risk control policies and the accompanying policies and procedure documents.

Executive Summary *continued*

Risk Profile

Given that the Company's business is subject to 100% reinsurance arrangements Market Risk and Credit Risk are the major components of the Company's Solvency Capital Requirement ("SCR").

Market Risk is managed through a conservative investment risk appetite, and an investment strategy that is limited to high quality government fixed interest securities. The Company's reinsurance counterparty exposure is to two affiliate companies that are AA-rated by Standard & Poor's.

Valuation for Solvency purposes

The valuation of assets and liabilities on a Solvency II and UK GAAP basis is summarised opposite.

The excess of assets over liabilities is lower on a Solvency II basis, principally due to the risk margin applied on a SII basis

As at 31 December 2017	Solvency II	UK GAAP	Difference
	$'000	*$'000*	*$'000*
Assets	132,880	136,978	(4,098)
Gross Technical Provisions	111,561	114,010	(2,449)
Other Liabilities	1,343	2,571	(1,228)
Excess of Assets over Liabilities	19,976	20,397	(421)

Capital Management

The Company uses the Standard Formula to calculate its Minimum Capital Requirement ("MCR") and SCR. The amount of the Company's MCR and SCR as at 31 December 2017 was $4.3m (2016: $3.9m) and $3.5m (2016: $3.0m) respectively. As the Company's business is 100% reinsured it has a very low SCR and its MCR is calculated using a regulatory minimum figure. This regulatory minimum is higher than its SCR and thus becomes its regulatory capital requirement.

A. Business and Performance

A.1 Business

Name and legal form of the undertaking

Travelers Casualty and Surety Company of Europe Limited is a company limited by shares and is incorporated in England. Its registered office address is changed with effect from 1 May 2018 to 23 – 27 Alie Street, London E1 8DS. The previous registered office was Exchequer Court, 33 St Mary Axe, London, EC3A 8AG.

Organisational group structure

Travelers is a holding company principally engaged, through its subsidiaries, in providing a wide range of commercial and personal property and casualty insurance products and services to businesses, government units, associations and individuals. Travelers is incorporated as a general business corporation under the laws of the state of Minnesota and is one of the oldest insurance organizations in the United States, dating back to 1853. The principal executive offices of Travelers are located at 485 Lexington Avenue, New York, New York 10017. Travelers also maintains executive offices in Hartford, Connecticut, and St. Paul, Minnesota.

Travelers is the ultimate parent undertaking of the Company. Its immediate parent is The Travelers Indemnity Company, registered in Connecticut, and which provides 100% of its capital. Travelers is also the immediate and ultimate parent undertaking of Travelers' other regulated entities in Europe, Travelers Syndicate Management Limited, which manages a Lloyd's syndicate (Syndicate 5000), and Travelers Insurance Company Limited. The Syndicate's capital is provided by two corporate capital providers, F&G UK Underwriters Limited and Aprilgrange Limited. Travelers is the immediate and ultimate parent undertaking and controlling party of both capital providers.

Name and contact details of the supervisory authority responsible for the financial supervision of the undertaking and the group

The Prudential Regulatory Authority ("PRA") in the UK is responsible for the prudential supervision of the Company. The Financial Conduct Authority ("FCA") in the UK is responsible for the conduct supervision of the Company. The PRA can be contacted at Bank of England, Threadneedle St, London, EC2R 8AH United Kingdom, and the FCA at 25 The North Colonnade, London E14 5HS, United Kingdom.

The Company is a member of a group based in the United States of America, which is not an equivalent country for Solvency II group supervision. On 31 December 2015, the Company received a direction given by the PRA under section 138A of the Financial Services and Markets Act 2000 which took effect on 1 January 2016 and which ends on the earlier of: (i) the date the relevant rule is revoked or no longer applies to the firm (in whole or in part); or (ii) 31 December 2018. The direction modifies Rules 20.1 and 20.2 (Group Supervision) of the PRA Rulebook and requires that the Company provides the PRA with certain information.

The State of Connecticut Insurance Department ("Connecticut Insurance Department") is the designated group-wide supervisory authority for Travelers pursuant to the Connecticut Insurance Holding Company System Regulatory Act. The Connecticut Insurance Department can be contacted at 153 Market St, Hartford, CT 06103, USA.

Based on the amount of business Travelers conducts outside of the United States, the Connecticut Insurance Department considers Travelers to be an internationally active insurance group (IAIG). Approximately 96% of Travelers' consolidated group assets and statutory capital and surplus are held by U.S. domiciled insurance companies. The Connecticut Insurance Department directly regulates approximately 98% of the total U.S. domiciled insurer assets of Travelers. As part of its group-wide regulatory requirements, the Connecticut Insurance Department monitors the group's financial results and conducts financial analysis at both the group and legal entity level. Additionally, the Connecticut Insurance Department conducts financial examinations of the insurance subsidiaries over which it has direct regulatory authority. The Connecticut Insurance Department receives annual Holding Company filings at the group level, with extensive disclosure of Travelers group and subsidiary activities, and governance, including notice or approval of transactions with affiliates, depending on the materiality of such transactions. The Connecticut Insurance Department hosts and leads the supervisory college for Travelers and coordinates the participation of insurance supervisors from the jurisdictions where the group has insurance operations, including the PRA. As part of the Connecticut Insurance Department's requirements pertaining to enterprise risk management, the Department requires the annual filing of a group ORSA and conducts an analysis of the ORSA, including discussions with the group's management.

A. Business and Performance *continued*

Performance

The Company made a profit for the year of $766K (2016: loss of $1,042K). The year on year change in the result was driven by foreign exchange movements, with gains of $661k in 2017 and losses of $1,237k in 2016.

The Company incurred some significant gross losses from the default of one bond-holder during the year. These losses were 100% reinsured to an affiliate company.

Significant business or other events

Commencing 1 January 2016 the Company ceased writing new business. All new surety business is now written by Travelers Insurance Company Limited, an affiliated group company registered in the UK. The Company continues to write endorsements and extensions for existing bonds. The Company is working on a Part VII transfer to transfer both its portfolio of surety business and its portfolio of London Market specialty business which has been in run-off since 2002, to Travelers Insurance Company Limited. Once this Part VII transaction has completed the Company will become dormant.

Material related party transactions

The Company's surety business and its run off portfolio of London Market specialty business are both 100% reinsured with affiliated group companies, the surety business with The Travelers Surety Company of America and the London Market specialty portfolio with The Travelers Indemnity Company. All expenses and salary costs continue to be borne in the first instance by the group's UK management services company, Travelers Management Limited. The management of the investment portfolio is outsourced to an affiliated company, The Travelers Indemnity Company. No distribution has been made to the shareholder during the year, or is proposed as at the year end.

External auditor

The Company's external auditor is KPMG LLP.
The contact details of KPMG LLP are 15 Canada Square, Canary Wharf, London E14 5GL.

A.2 Underwriting performance

The Company's results for the year on a UK GAAP reporting basis were as follows:

	2017	2016	Change
	$'000	*$'000*	*$'000*
GWP	1,898	1,511	387
NWP	-	-	-
NEP	-	-	-
Incurred claims	-	-	-
Operating expenses	(32)	(70)	(38)
Underwriting Result	32	70	(38)
Loss Ratio	N/A	N/A	N/A
Expense Ratio	N/A	N/A	N/A
Combined Ratio	N/A	N/A	N/A

A. Business and Performance *continued*

A.3 Investment performance

During the year the Company continued to invest wholly in high quality government bonds. The total investment return for the year was down on 2016 due to increased unrealised investment losses. The investment return for the 12 months to 31 December was as follows:

	2017	2016	Change
	$'000	*$'000*	*$'000*
Investment income	272	224	48
Realised investment gains	53	24	29
Realised investment losses	(66)	(74)	8
Unrealised investment losses	(197)	(37)	(160)
Investment expenses (losses)	-	(1)	1
Total investment return	**62**	**136**	**(74)**

Unrealised investment losses were reported directly in equity on a UK GAAP basis. No investments in securitisation were made in either period. The investment portfolio does not include shares in any other Travelers group entity. Management of the investment portfolio is outsourced to an affiliated group undertaking, The Travelers Indemnity Company.

A.4 Performance of other activities

During the year the Company made a foreign exchange gain on its sterling denominated investments of $661K (2016: loss of $1,239K).

A.5 Any other information

During the year the Company produced a total comprehensive gain on a UK GAAP basis of $606K (2016: loss of $1,067K). Shareholders' funds increased to $20,397K (2016: $19,791K). Own Funds on a Solvency II basis increased to $19,976 (2016: $19,346k). The Company's capital position on a Solvency II basis is discussed further at Section E.

B. System of Governance

B.1 General information on the system of governance

B.1.1 Governance structure

Overall governance and oversight is provided by the Company's Board, which comprises as of 31 December 2017 two executive and four non-executive directors, all of whom are employees of the Travelers group. The Board met quarterly during the reporting period.

At an executive level, the Company is managed by the Chief Executive Officer who reports to the Board on a quarterly basis. The Company's financial matters are handled by the Chief Financial Officer who reports to the Board on a quarterly basis. Claims are overseen by the Chief Executive Officer with assistance and input from a specialist claims team within the Company's parent.

The system of governance is appropriate given the nature, scale and complexity of the Company's business.

There were no material changes to the governance structure during the year.

B.1.2 Remuneration Policy

The Company's staff, as employees of Travelers Management Limited, are subject to the Travelers Europe Remuneration Policy. The purpose of the Remuneration Policy is to define the minimum standards, and roles and responsibilities, relating to remuneration of employees within the Company. The policy reflects the Company's commitment to achieve a consistent remuneration process and to promote effective risk management. The Remuneration Policy states that the Company is committed to measuring both the actual performance and the underlying level of risk assumed to achieve that performance.

Compensation is delivered through a combination of base salary and incentive compensation consisting of an annual cash bonus and stock-based, long-term incentive awards, all of which are performance based.

Base salary. Base salaries are reviewed annually, and adjustments are made from time to time as management deems appropriate to recognise performance, changes in duties and/or changes in the competitive marketplace. Base salary will comprise a significant proportion of total compensation.

Performance-Based Annual Cash Bonus. Annual bonuses are always discretionary and are based upon the individual performance of each employee as well as that of the Company and Travelers as a whole. The following factors are used to determine the appropriate annual cash bonus that should be paid to an employee:

- the performance of the employee;
- compensation market practices as reflected by external vendor compensation surveys;
- performance of the Company relative to financial measures set in the business plan, prior year's performance and the performance of industry peers; and
- performance of Travelers relative to financial objectives.

Additional qualitative factors are also considered, such as:

- the effective management of risk; and
- the demonstration of individual or leadership competence, teamwork and innovation.

Performance-Based long term incentives. Certain employees are eligible for long-term incentives in the form of Travelers stock awards. Eligibility is determined by job criteria while award decisions are made with consideration of individual performance. These stock based awards are designed to ensure individuals have a continuing stake in the long term success of Travelers and the Company.

As employees acquire increasing responsibility more of their compensation is variable and tied to Travelers' performance. Higher levels of management will receive proportionally more of their award in the form of stock options and performance shares, in alignment with the impact they have on the direction of the Company which can inevitably impact Travelers stock price. Lower levels of management and individual contributors will receive most of their entire award in the form of restricted stock units.

B.1.3 Supplementary Pension Scheme or early retirement scheme for members of the administrative, management or supervisory body and other key function holders

The Company's remuneration policy does not include any supplementary pension on early retirement scheme for members of the Board or key function holders.

B. System of Governance *continued*

Details of the remuneration of the members of the Company's Board is disclosed in the Company's report and accounts, in accordance with the requirements of the applicable law and UK accounting standards (UK Generally Accepted Accounting Practice) including FRS102, the financial reporting standards applicable in the United Kingdom and the Republic of Ireland.

All executive directors and senior managers participate in the Company's group personal pension plan. Company contributions range from 9% to 12% depending on the individual's own contributions under a matching scheme. If pension contributions at this level would result in a punitive personal income tax charge, rather than a pension contribution an increase to the individual's salary is made in an amount such that there is no incremental cost to the Company.

B.1.4 Material Transactions during the reporting period with shareholders, with persons who exercise a significant influence on the undertaking, and with members of the administrative, management or supervisory body

There were none during the period.

B.2 Fit and proper requirements

The Company, as part of TRV's European group, is subject to the Fit and Proper Policy. The purpose of the Fit and Proper Policy is to:

(i) identify the key functions that are important to the sound and prudent management of the business, and

(ii) set out the policies and procedures for the fit and proper assessment of the individuals that perform key functions, including every person in respect of whom an application under section 59 of FSMA is made.

Fitness and propriety checks are made before an individual is appointed to a key function and periodically thereafter. The Company needs to ensure that key function holders are fit for their roles by having appropriate qualifications and experience, and proper by having a good reputation and appropriate integrity. These checks include the following:

(i) At least two interviews conducted by the hiring manager and at least one other permanent member of staff.

(ii) Background check process which will include, as a minimum:

   a. Criminal records check
   b. Credit check
   c. Verification of previous employment for the last seven years (unless the individual has been continuously employed by a Travelers group company during this period)
   d. Verification of educational and professional qualifications
   e. reasonable steps to obtain appropriate references from the person's current and previous employers

The Company will assess the fitness and propriety of persons performing key functions on an on-going basis.

The frequency of this assessment will be at least every three years, and sooner if a specific issue arises. Annually, the General Counsel will ask each person performing a key function to certify that there have been no changes to their criminal record status or credit status since the date of the last background check or annual certification, as applicable.

The Company has an annual performance assessment process which sets out the minimum competencies required for those persons effectively running the Company. These minimum competencies against which performance is measured include Performance Management of others, Employee Engagement, Customer Outcomes, Governance, Compliance, and acting with integrity, due care, skill and diligence. The fitness and propriety assessment forms part of the individual's appraisal/performance review and involves consideration of the following:

- the person's role and responsibilities by reference to their job description (and, for approved persons only, the approved person competency set and scope of responsibilities document (as applicable));
- whether the individual has attended the necessary training (including risk and compliance training) in order to remain competent and capable to perform the role.
- the individual's business conduct; and
- whether the person has performed his or her key function in accordance with the relevant conduct standards (which apply to that individual).

B. System of Governance *continued*

B.3 Risk management system including the own risk and solvency assessment

B.3.1 Risk management system

The risk strategy is articulated in an overarching Risk Management Framework ("RMF") as well as a number of policies, frameworks and processes which operate across the three lines of defence. The Company's RMF assists Risk and Control Owners to identify, assess and manage significant, or potentially significant, internal and external risks to achieving the Company's plans and objectives, which includes maintaining targeted capital levels.

Risk management has a fundamental role in both the business planning process and monitoring progress against those plans. The Company's business planning process turns the strategy into a set of objectives and targets that are articulated and cascaded across the Company. Development of these plans and objectives/targets considers the risks to which the Company is exposed in its current run-off state.

B.3.2 Own Risk and Solvency Assessment (ORSA)

The ORSA is an annual output of the Company's Risk Management Framework, embedded in the first line of defence, and focuses on the Company's business model, the portfolio of its products and customers, its plans over the short to medium term, and capital management. The Company has not produced an ORSA in its current run-off state and given that no net underwriting risk is retained by the Company.

B.4 Internal Control System

The internal control system is designed to help assure that the Company achieves its objectives through operational effectiveness and efficiency, robust financial reporting and compliance with laws, regulations and policies.

The tone for the control environment is set by the Company's parent and the Company's Board of Directors who are committed to a culture of management integrity, transparency and honesty, and who attribute high importance to the establishment and maintenance of a strong system of internal controls. A key aspect of the internal control framework is a robust risk management framework that ensures strong processes exist for risk identification, risk measurement and risk monitoring and that ensures appropriate risk mitigation strategies are in place. Internal controls are documented in the risk control policies and the accompanying policy and procedure documents.

B.5 Internal Audit Function

The Travelers Europe legal entities have a discrete internal audit function based in London which reports into the Head of Internal Audit in the United States. The Company is subject to internal audit review on a 2-3 year cycle. An audit plan is prepared each year and approved by the Audit Committee and Board. Reports are issued following each audit and circulated to senior management, both locally and within the group in the United States. The resolution of issues identified are tracked to ensure they are addressed on a timely basis.

The audit plan gives consideration to the materiality of each area, to the results of prior years' audits and to the quantum of change being experienced across each area of the business. The current year's plan is therefore on a risk-based selection of areas to be addressed. The plan is sufficiently flexible to be changed mid-year if new circumstances arise. Any proposed changes in scope are agreed by the Audit Committee and Board before being implemented.

Internal Audit evaluates the adequacy and effectiveness of the internal controls in each areas it audits and structures its work around four key risk management objectives, namely:

- Financial statement integrity
- Operational effectiveness
- Compliance with local laws and regulations
- System and data integrity

B. System of Governance *continued*

B.6 Actuarial Function

Article 48 of the Solvency II Directive requires the Company to have an actuarial function and for that function to report to the Board formally on technical provisions, reinsurance arrangements and underwriting policy. The Company relies on an in-house team of actuaries in the UK to perform this role. The Actuarial group is also engaged in pricing, reserving and management information related activities. The department is structured in line with the functions the team needs to perform. This reduces the potential to create a conflict of interest.

B.7 Outsourcing

The Company is committed to complying fully with all applicable regulatory requirements relating to the outsourcing of a function, including the requirements of Solvency II, the FCA and the PRA. In line with the Travelers Europe Outsourcing Policy, the Company will:

- ensure that the outsourcing of a function does not impair the ability of the supervisory authorities to monitor the Company's compliance with its obligations
- monitor the compliance by the Company's employees with the Outsourcing Policy
- conduct each outsourcing arrangement that it enters into with appropriate care and diligence
- consider the interests and fair treatment of customers when assessing the outsourcing of a function;
- establish and maintain an effective system of governance that provides for the sound and prudent management of its business in respect of outsourcing arrangements
- include in its system of governance a process for monitoring and reviewing the quality of an outsourced function.
- ensure that the outsourcing of a function does not materially impair the quality of its system of governance.

The Company will undertake due diligence to assess whether a proposed service provider is suitable to carry out an outsourced function, which shall include an assessment of:

- its financial and technical ability;
- its capacity to perform the outsourcing;
- its risk management and control framework;
- whether there are any actual or potential conflicts of interest, and
- whether it has adequate systems and procedures in place to manage the risks posed by financial crime

The Company will enter into a written agreement with the service provider allocating the respective rights and obligations, and will establish and maintain effective systems and controls to supervise and monitor the performance of an outsourced function.

The Company uses several service providers to undertake operational functions or activities that can be considered critical or important, as set out in the table below.

Function or activity	**Jurisdiction of service provider**
Claim administration services- provided through intragroup services agreement	India
Facilities management and services	UK
IT support functions - provided through intragroup services agreement	USA
IT infrastructure and security - provided through intragroup services agreement	USA
Insurance policy administration services	India
Investment management - provided through intragroup services agreement	USA
Offsite data storage - provided through intragroup services agreement	USA
Payroll processing - provided through intragroup services agreement	USA

B.8 Any other information

This system of governance is considered by the Board to be appropriate for the nature, scale and complexity of the Company's business.

C. Risk Profile

C.1 Underwriting Risk

Underwriting risk as at 31 December 2017 comprises less than 1% (2016: less than 1%) of the undiversified basic SCR as its underwriting risk exposures are all 100% reinsured.

C.1.1 Material Risk Exposures

Underwriting Risk includes the following exposures:

- **Claims:** Inadequate management or control of claims events and inconsistent or inappropriate case reserving.
- **Large Loss Frequency and Severity:** Potential for the frequency and severity of claims payments to be different to that anticipated when pricing risks.
- **Portfolio Aggregation:** Inadequate or ineffective supervision of aggregate insurance appetite, or over reliance on methods of aggregation. Failure to accumulate insurance exposures in an accurate and timely manner, or to establish and monitor appropriate risk appetite levels.
- **Pricing and Selection:** Inadequate pricing or selection of risks that fails to appropriately assess the underlying risk exposures.
- **Reinsurance:** Failure to utilise reinsurance effectively as a tool to protect capital and profits and meet risk appetite guidelines.
- **Reserving:** Uncertainty of the timing of cash flows being different to that expected. Eventual claim payments are different to the reserves estimated for those liabilities.

There were no changes to the material underwriting risk exposures during the period, nor to the measures used to assess those material risk exposures.

C.1.2 Material Risk Concentrations

The major risk concentration is to the insolvency of a major insured counterparty in respect of whom the Company has issued a Surety bond.

C.1.3 Material Risk Mitigation

The underwriting strategy includes limits on the Company's total exposure to individual counterparties together with limits on geographical and industry exposures.

C.1.4 Risk Sensitivity and Sensitivity Analysis

Insolvency of the Company's major insured counterparty could result in a theoretical gross loss of $100m. The probable maximum loss would be materially less than this based on the completion status of the underlying projects concerned. Any gross loss is 100% reinsured with an affiliated group company.

C.2 Market Risk

C.2.1 Material Risk Exposures

Market risk as at 31 December 2017 comprised 54% (2016: 53%) of the undiversified basic SCR.

The Company's material market risk exposures are to interest rate risk and asset price risk on its fixed income investment portfolio and foreign currency risk through having unmatched foreign currency assets and liabilities.

As at 31 December 2017 the Company had an investment portfolio comprised wholly of government bonds with a market value of $17.6m (2016: $16.9m.) All investments are high quality, highly liquid and traded on a recognised investment exchange and as such comply with the prudent person principle embedded in the Solvency II directive. The Company has not utilised derivatives during the year.

There were no changes to the material market risk exposures during the period, nor to the measures used to assess those material risk exposures.

C. Risk Profile *continued*

C.2.2 Material Risk Concentrations

The Company's most material investment exposure is to the bonds of the US Government. At 31 December 2017 the market value of its holding in US government bonds was $11.7m, or 66.4%, (2016: $11.6m or 68.6%) of its investment portfolio.

C.2.3 Material Risk Mitigation

Management of the Company's investment portfolio is outsourced to an affiliated group company, The Travelers Indemnity Company. The investment strategy is agreed annually by the Company's Board. The Company has a conservative investment risk appetite and invests only in high quality government fixed interest securities. The term of the invested assets purchased are set to match the duration of the underlying insurance liabilities.

C.2.4 Risk Sensitivity

There were no major market risk sensitivities that exposed the Company's regulatory capital position.

C.2.5 Sensitivity Analysis

Not applicable

C.3 Credit Risk

C.3.1 Material Risk Exposures

Credit risk as at 31 December 2017 comprised 46% (2016: 46%) of the undiversified basic SCR.

The Company's material credit risk exposures are to investment counterparties, through its fixed income investment portfolio, and to reinsurers, through its insurance underwriting activities.

There were no changes to the material credit risk exposures during the period, nor to the measures used to assess those material risk exposures.

C.3.2 Material Risk Concentrations

The biggest investment counterparty is the US Government to whom the exposure at 31 December 2017 was $11.7m (2016: $11.6m).

The reinsurance counterparty exposure is wholly with two 100% owned affiliates of its parent company, The Travelers Companies, Inc..

C.3.3 Material Risk Mitigation

The Company invests only in high quality government securities that are traded on recognised investment exchanges.

The Company's business is 100% reinsured with affiliated group companies that are AA- rated with Standard & Poor's.

C.3.4 Risk Sensitivity

The key risk sensitivities for credit risk are to the failure of the affiliated group companies that are the reinsurance counterparties.

C.3.5 Sensitivity Analysis

The Company is wholly exposed to the continued financial security of The Travelers Companies, Inc.

C.4 Liquidity Risk

C.4.1 Material Risk Exposures

The Company has no material liquidity exposures. The Company has no external debt, it is well capitalised and it has a highly liquid investment portfolio whose duration is set to match the duration of its insurance liabilities. It also has the backing of a financially strong parent company, The Travelers Companies, Inc.

There were no changes to the material liquidity risk exposures during the period, nor to the measures used to assess those material risk exposures.

C. Risk Profile *continued*

C.4.2 Material Risk Concentrations

The Company has no material liquidity risk concentrations.

C.4.3 Material Risk Mitigation

The Company has a highly liquid investment portfolio and a strong capital position. Cash-flow forecasts are prepared on a weekly basis and a buffer of liquidity retained to manage unexpected cash requirements.

C.4.4 Risk Sensitivity

The Company has no particular sensitivities to liquidity risk.

C.5 Operational Risk

C.5.1 Material Risk Exposures

Operational Risk is 23% (2016: 23%) of the Company's SCR calculation as at 31 December 2017.
The operational risk profile includes risks from processes, people, systems and external events. Six categories have been identified by the Board as being the most material operational risk areas:

- Compliance, Legal and Third Parties
- Conduct
- Data Management and Reporting
- Employee and Employment Practices
- Financial Crime
- IT Infrastructure, Security and Change

There were no changes to the material operational risk exposures during the period, nor to the measures used to assess those material risk exposures.

C.5.2 Material Risk Concentrations.

The Company has no particular operational risk concentrations.

C.5.3 Material Risk Mitigation

Operational risk is mitigated through documented policies and procedures and through a strong set of internal controls.

C.5.4 Sensitivity Analysis

The Company does not perform any sensitivity analysis in respect of operational risk.

C.6 Other material risks

None.

C.7 Any other information

None.

D. Valuation for Solvency Purposes

D.1 Assets

The Company's assets on a Solvency II and UK GAAP basis as at 31 December 2017 were as set out below:

As at 31 December 2017	Solvency II basis	UK GAAP basis	Difference
	$'000	*$'000*	*$'000*
Deferred acquisition costs	-	162	(162)
Deferred tax asset	57	57	-
Investments	17,746	17,639	107
Reinsurance recoverables	111,140	114,010	(2,870)
Insurance and intermediaries receivables	7	1,073	(1,066)
Reinsurance receivables	469	469	-
Receivables (trade, not insurance)	15	15	-
Cash and cash equivalents	3,446	3,446	-
Any other assets, not elsewhere shown	-	107	(107)
Total Assets	**132,880**	**136,978**	**(4,098)**

As at 31 December 2016	Solvency II basis	UK GAAP basis	Difference
	$'000	*$'000*	*$'000*
Deferred acquisition costs	-	251	(251)
Deferred tax asset	104	12	92
Investments	16,925	16,857	68
Reinsurance recoverables	69,391	70,085	(694)
Insurance and intermediaries receivables	-	442	(442)
Reinsurance receivables	1,127	1,127	-
Receivables (trade, not insurance)	136	136	-
Cash and cash equivalents	2,416	2,416	-
Any other assets, not elsewhere shown	-	68	(68)
Total Assets	**90,099**	**91,394**	**(1,295)**

The Company's assets are recognised and valued using the following principles:

Deferred acquisition costs
Deferred acquisition costs relate to that element of brokers' commissions that is unearned at the balance sheet date. The concept of deferred acquisition costs does not exist on a Solvency II basis.

Deferred tax asset
The deferred tax asset relates to tax loss carry forwards and is calculated using the latest tax rate which has received Royal Assent and which might reasonably be expected to apply when the timing differences reverse.

The recoverability of the deferred tax asset depends on the availability of future profits. Projected profits of the Company over the three year business planning cycle has been used as the basis for determining the recoverability of this asset, together with the indefinite tax loss carry forwards available in the UK. The Company has made taxable profit in the year of $1m (2016: loss of $1m).

Investments
The Company classifies its investments as "available for sale" and carries those investments at fair value with unrealised gains and losses being reported through Other Comprehensive Income on a UK GAAP FRS 102 basis. Fair value for securities quoted in active markets is the bid price exclusive of transaction costs. For assets where no active market exists, fair value is determined by referring to quoted prices in active markets for similar assets. The difference in the Solvency II valuation basis compared to UK GAAP is that on a Solvency II basis the value of investments includes accrued interest.

D. Valuation for Solvency Purposes *continued*

Reinsurance recoverables

Reinsurance recoverables on a Solvency II basis relate to all expected future cash inflows and outflows from reinsurers in respect of contracts bound as at the balance sheet date. These cash-flows are discounted to have them valued on an economic basis. The major difference between the UK GAAP and Solvency II basis valuation is that on a Solvency II basis Reinsurance recoverables are stated net of cash outflows in respect of premiums or reinstatement premiums. On a UK GAAP basis these cash outflows are presented separately as liabilities. In addition, the UK GAAP reserves are not discounted, and UK GAAP includes an unearned premium reserve for that period of a reinsurance contract's term that is unexpired as at the balance sheet date. Solvency II does not recognise the concept of unearned premium, but instead recognises expected reinsurance cash inflows and outflows up until the expiry of the underlying reinsurance contract. These cash flows are also discounted.

Insurance and intermediaries receivables

On a Solvency II basis only insurance premiums that are outstanding past their credit terms are shown as a separate asset on the balance sheet. All other insurance premiums receivable are reported as a component of technical provisions. This explains the difference in valuation to the UK GAAP basis. Insurance premium receivables are stated net of an impairment provision and are recorded at book value as a reasonable proxy for economic value as all amounts are expected to be received within six months.

Reinsurance receivables

There is no difference in the valuation of reinsurance receivables on a UK GAAP and Solvency II basis. Reinsurance receivables are stated net of an impairment provision and are recorded at book value as a reasonable proxy for economic value as all amounts are expected to be received within six months.

Reinsurance receivables/Receivables (trade, not insurance)

Receivables include a number of small other debtors such as intercompany receivables and tax. As all such amounts are recoverable within twelve months they have been valued at book value as a proxy for market value. There is no difference in valuation basis between Solvency II and UK GAAP.

Cash and cash equivalents

All cash balances are held in accounts which are not subject to any time restriction and can be withdrawn without penalties. Cash is held at book value as a proxy for market value and a consistent valuation basis is used for Solvency II and UK GAAP reporting.

Any other assets, not elsewhere shown

Other assets comprise wholly of accrued interest which is valued at book value for both Solvency II and UK GAAP purposes. As all amounts accrued fall due for payment within six months this is deemed a reasonable proxy for market value. For Solvency II purposes accrued interest is classified as part of Investments.

D.2 Technical Provisions

Gross technical provisions as at 31 December 2017 were as set out below:

	2017	2016
	$'000	*$'000*
Best estimate	111,107	69,692
Risk margin	454	568
Total gross technical provisions	**111,561**	**70,260**

Technical provisions by Solvency II class of business are reported in the accompanying quantitative templates.

The gross technical provisions best estimate represents the Company's estimate of the ultimate cost of settling claims that will arise from all contracts written as at the balance sheet date, including those that are bound but not yet incepted.

In addition to the inherent uncertainty of having to forecast the ultimate costs of those claims that have occurred but not yet been advised to the Company as at the balance sheet date and the eventual final costs of the claims that have been reported by the balance sheet date but which remain unsettled, there is the considerable uncertainty of forecasting those claims that will arise on exposures written that extend beyond the balance sheet date. As a consequence of these uncertainties the Company has to apply sophisticated estimation techniques to determine the appropriate level of claims provisions. In overview, claims provisions are determined based upon prior claims experience, knowledge of market conditions and trends, and the terms and conditions of

D. Valuation for Solvency Purposes *continued*

the underlying policies of insurance. A variety of different statistical techniques are used by the Company's in-house actuaries to determine the appropriate level of provision to carry. These methods include the following:

- Estimates based upon the projection of claims' numbers and average costs;
- Expected loss ratios;
- Bornhuetter Ferguson method, which combines use of expected loss ratios, for the more recent and underdeveloped accident years, and the chain ladder projection of incurred claims data for earlier years.

All projections are carried out separately for each line of business and accident year. Gross and ceded data is projected separately. Large claims are identified and reserved for separately. Where possible, the Company adopts multiple techniques to estimate the required level of provision. This assists in giving a greater understanding of the trends inherent in the data being projected and setting the range of possible outcomes. The most appropriate estimation technique is then selected taking into account the characteristics of the business class under consideration. These cash-flows are then discounted using the relevant EIOPA yield curves. The data is then aggregated to Solvency II class of business for reporting purposes.

Establishing an appropriate level of claims provision is inherently uncertain. The degree of uncertainty will vary by line of business according to the characteristics of the insured risk. The level of uncertainty is also influenced by a number of factors such as claims cost inflation, judicial trends and legislative changes. As a consequence of this uncertainty the eventual cost of settling outstanding claims can vary substantially from the initial estimates. It is not unlikely that the ultimate cost is greater, or lower, than the initial reserves by 5%.

The risk margin is calculated using the cost of capital approach, prescribed by EIOPA. The cost of capital is set at 6%.

To allow for business that is contractually bound but not incepted at the balance sheet date the Company uses assumptions as to binding date together with data from the latest business plan. For reinsurance the Company assumes a future management action will be to renew the existing 100% quota share reinsurance to provide ongoing protection for any unexpired gross exposures.

This calculation approach is applied to all classes. On a Solvency II basis, gross technical provisions as at 31 December 2017 were $111.6m (2016: $70.3m). On a UK GAAP basis gross technical provisions were $114.0m (2016: 70.1m) A reconciliation of the UK GAAP reserves to the Solvency II reserves on a gross and net basis, itemising the key items in reconciliation, is set out below:

As at 31 December 2017	Gross	RI	Net
	$'m	*$'m*	*$'m*
UK GAAP reserves	**114.0**	**114.0**	**-**
Removal of UPR reserve	(1.4)	(1.4)	-
Future Premium	(1.1)	(1.1)	-
Discounting	(4.7)	(4.7)	-
Claims on unearned/un-incepted business	0.4	0.4	-
Risk Margin	0.5	-	0.5
Events not in data	3.9	3.9	-
Solvency II Technical Provisions	**111.6**	**111.1**	**0.5**

As at 31 December 2016	Gross	RI	Net
	$'m	*$'m*	*$'m*
UK GAAP reserves	**70.1**	**70.1**	**-**
Removal of UPR reserve	(1.9)	(1.9)	-
Future Premium	(0.5)	(0.8)	0.3
Discounting	(0.6)	(0.6)	-
Claims on unearned/un-incepted business	0.2	0.2	-
Risk Margin	0.6	-	0.6
Events not in data	2.4	2.4	-
Solvency II Technical Provisions	**70.3**	**69.4**	**0.9**

D. Valuation for Solvency Purposes *continued*

Solvency II does not recognise the concept of earned premium and earned reserves. Instead reserves are established based on all contracts written at the balance sheet date, including those where the Company is contractually bound but the contract has not yet incepted. Thus the unearned premium reserve held on a UK GAAP basis is released and replaced by future cash outflows in respect of claims for all contracts to which the Company is contractually bound at the balance sheet date. Solvency II technical provisions also include the premium cash inflows in respect of these contracts. On a Solvency II basis the Company is required to carry a reserve for Events Not in Data ("ENIDs"). Then to put the provisions held onto an economic basis, a risk margin is added to reflect the margin a willing buyer on an arms-length basis would require to assume these liabilities, and the reserves are discounted to reflect the time value of money.

The Company has not applied the matching adjustment referred to in Article 77b of Directive 2009/138/EC, nor has it used the volatility adjustment referred to in Article 77d of Directive 2009/138/EC, nor the transitional risk-free interest rate term structure referred to in Article 308c of Directive 2009/138/EC, nor the transitional deduction referred to in Article 308d of Directive 2009/138/EC.

Reinsurance recoverables as at 31 December 2017 were $111.1m (2016: $69.4m). Reinsurance recoverables relate to current and expected future claims recoveries from reinsurers in respect of all contracts written, including those bound but not incepted at the balance sheet date, offset by payments due to reinsurers re premiums and reinstatement premiums. Reinsurance recoverables arise principally on the two 100% quota share reinsurances with affiliated companies.

There have been no material changes in the relevant assumptions made in the calculation of technical provisions compared to the previous reporting period.

D.3 Other Liabilities

The Company's other liabilities as at 31 December 2017 on a Solvency II and UK GAAP basis were as follows:

As at 31 December 2017	Solvency II basis	UK GAAP Basis	Difference
	$'000	*$'000*	*$'000*
Insurance and intermediaries payables	16	16	-
Reinsurance payables	383	1,449	(1,066)
Payables (trade, not insurance)	944	944	-
Any other liabilities, not elsewhere shown	-	162	(162)
Total Other Liabilities	**1,343**	**2,571**	**(1,228)**

As at 31 December 2016	Solvency II basis	UK GAAP Basis	Difference
	$'000	*$'000*	*$'000*
Insurance and intermediaries payables	7	7	-
Reinsurance payables	124	898	(774)
Payables (trade, not insurance)	362	352	-
Any other liabilities, not elsewhere shown	-	250	(250)
Total Other Liabilities	**493**	**1,517**	**(1,024)**

The Company's other liabilities are recognised and valued using the following principles:

Insurance and Intermediaries payables
These amounts are recognised and valued consistently on a UK GAAP and a Solvency II basis. As amounts are payable within six months they are carried at book value for Solvency II purposes, which is deemed a reasonable proxy for economic value.

Reinsurance payables
On a Solvency II basis cash outflows to reinsurers are a component of reinsurance technical provisions, other than amounts that are overdue past credit terms which are shown as a liability.

D. Valuation for Solvency Purposes *continued*

Payables (trade, not insurance)

These amounts relate to payables from fellow group companies and are valued consistently on a UK GAAP and Solvency II basis. As amounts are payable within six months they are carried at book value for Solvency II purposes, which is deemed a reasonable proxy for economic value.

Any other liabilities, not elsewhere shown

Any other liabilities not elsewhere shown comprise reinsurer's share of deferred acquisition costs. Deferred acquisition costs as a principle does not exist under Solvency II. This explains the difference between the Solvency II valuation and UK GAAP.

D.4 Alternative methods for valuation

None.

D.5 Any Other information

None.

E. Capital Management

E.1 Own Funds

The Company's primary objectives when managing its capital position are as follows:

- to protect its ability to continue as a going concern and thus to protects its policyholders;
- to enable an appropriate return to the group's shareholders by allocating appropriate amounts of capital to its products commensurate with the risks taken and measuring the return on this capital;
- to comply with its regulatory capital requirements;
- to maintain a financial strength rating of S&P AA-;

The Company's position relative to its regulatory capital requirements is monitored on a quarterly basis by the Board.

The Company uses a three year business plan time horizon and ensures it has enough capital to meet its reasonably anticipated needs through this period.

The Company's Own Funds are comprised principally of tier one capital, which in turn is composed of share capital and a reconciliation reserve. The reconciliation reserve is comprised of the excess of assets over liabilities less share capital and the deferred tax asset. There are no anticipated dividends over the foreseeable future. The amount of Basic Own Funds by tier as at 31 December was:

As at 31 December 2017	Tier 1	Tier 2	Tier 3	Total
	$'000	*$'000*	*$'000*	*$'000*
Share capital	19,926	-	-	19,926
Reconciliation reserve	(7)	-	-	(7)
Deferred tax asset	-	-	57	57
Total Basic Own Funds	19,919	-	57	19,976

As at 31 December 2016	Tier 1	Tier 2	Tier 3	Total
	$'000	*$'000*	*$'000*	*$'000*
Share capital	19,926	-	-	19,926
Reconciliation reserve	(684)	-	-	(684)
Deferred tax asset	-	-	104	104
Total Basic Own Funds	19,242	-	104	19,346

There is no restriction in the amount of Own Funds that is eligible to meet the Company's SCR. All Tier 1 Own Funds are eligible to cover the Company's MCR. The Tier 3 Own Funds relate to the deferred tax asset.

A comparison of the excess of assets over liabilities as calculated for Solvency II purposes and equity as shown in the Company's UK GAAP financial statements is set out below:-

	Equity on UK GAAP	Equity on Solvency II	Difference
	$'000	*$'000*	*$'000*
Equity as at 31 December 2017	20,397	19,976	421
Equity as at 31 December 2016	19,791	19,346	445

E. Capital Management *continued*

Shareholders' funds on a UK GAAP basis is higher than the excess of assets over liabilities on a Solvency II basis. This is because the additional provisions carried under Solvency II for the risk margin, future expenses and events not in data, are greater than the benefit under Solvency II of releasing the reserve margin, discounting and recognising profit on future premiums. A reconciliation of Equity on UK GAAP to the Excess of assets over liabilities under Solvency II is set out below:

	2017 $'000	2016 $'000
Equity under UK GAAP	**20,397**	**19,791**
Risk Margin	(454)	(568)
Deferred tax on UK GAAP to SII adjustments	-	92
Profit on un-incepted business	33	31
Excess of assets over liabilities in Solvency II	**19,976**	**19,346**

No Own Funds item is subject to the transitional arrangements referred to in Articles 308b (9) and 308b (10) of the Directive. The Company has no ancillary own funds.

E.2 Solvency Capital Requirement and Minimum Capital Requirement

The Company uses the Standard Formula to calculate its SCR and MCR. The Company does not use any Undertaking Specific Parameters. The amount of the Company's MCR and SCR as at 31 December 2017 were $4.3m (2016: $3.9m) and $3.5m (2016: $3.0m) respectively.

The SCR by risk module as at 31 December 2017 as calculated by the Standard Formula was as set out below:

SCR Component	**2017**	**2016**
	$ '000	*$ '000*
Non-Life Underwriting	-	29
Market Risk	1,724	1,575
Counterparty Default Risk	1,700	1,347
Undiversified Basic SCR	3,424	2,951
Diversification credit	(718)	(623)
Basic SCR after diversification credits	2,706	2,328
Operational risk	812	698
Final SCR	**3,518**	**3,026**

The Company has not been required to use any Undertaking Specific Parameters or to make any capital add-on by the supervisory authority.

As the Company's business is 100% reinsured with affiliate group companies, it has no net technical provisions or net written premiums. Its MCR is calculated using the absolute floor. As at 31 December 2017 the MCR was set at $4.3m (2016: $3.9m). In calculating the SCR using the Standard Formula, the Company used simplified calculations for the Non-Life Underwriting risk, Market risk and Credit risk modules, and within Market risk for the Spread risk and Interest Rate risk sub-modules

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

The Company holds no equities and as such does not use the equity risk sub-module of the standard formula.

E.4 Differences between the Standard Formula and any Internal Models Used

Not Applicable.

E. Capital Management *continued*

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

The Company has remained in compliance with the MCR and SCR throughout the year and through the period since the end of the financial year. The Company's position relative to its capital requirements as at 31 December 2017 and 2016 was as set out below:

31 December 2017	MCR	SCR
	$'000	*$'000*
Capital Requirement	4,306	3,518
Eligible Own Funds	19,919	19,976
Surplus	15,613	16,458
Coverage	**463%**	**568%**

31 December 2016	MCR	SCR
	$'000	*$'000*
Capital Requirement	3,896	3,026
Eligible Own Funds	19,242	19,346
Surplus	15,346	16,320
Coverage	**494%**	**639%**

E.6 Any other information

None.

Approval by the Board of Directors of the SFCR and Quantitative Reporting Templates

Travelers Casualty and Surety Company of Europe Limited

Financial Year ending 31 December 2017

We acknowledge our responsibility for preparing the SFCR in all material respects in accordance with the PRA rules and the Solvency II Regulations.

We are satisfied that:

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

b) it is reasonable to believe that the insurer has continued so to comply subsequently and will continue so to comply in the future.

We note that it is our intention to effect a Part VII transfer of the Company's assets and liabilities to Travelers Insurance Company Limited during 2018. At that point the Company will cease to trade and will then be wound up. For this reason the Company's accounts have not been prepared on the going concern basis.

Michael Gent

Director and Chief Financial Officer

1 May 2018

Report of the External Independent Auditor

Report of the external independent auditor to the Directors of Travelers Casualty and Surety Company of Europe 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 Solvency and Financial Condition Report

Opinion
Except as stated below, we have audited the following documents prepared by Travelers Casualty and Surety Company of Europe Limited as at 31 December 2017:

- The 'Valuation for solvency purposes' and 'Capital Management' sections of the Solvency and Financial Condition Report of Travelers Insurance Company Limited as at 31 December 2017, ('**the Narrative Disclosures subject to audit**'); and
- Company templates S02.01.02, S12.01.02, S17.01.02, S23.01.01, S25.01.21, S28.01.01 ('**the Templates subject to audit**').

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

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

- The 'Business and performance', 'System of governance' and 'Risk profile' elements of the Solvency and Financial Condition Report;
- Company templates S05.01.02, S05.02.01, S19.01.21;
- the written acknowledgement by management of their responsibilities, including for the preparation of the Solvency and Financial Condition Report **('the Responsibility Statement')**.

In our opinion, the information subject to audit in the Relevant Elements of the Solvency and Financial Condition Report of Travelers Casualty and Surety Company of Europe Limited as at 31 December 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 Solvency and Financial Condition Report section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the Solvency and Financial Condition Report in the UK, including the FRC's 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.

Emphasis of Matter – non-going concern basis of preparation
We draw attention to the disclosure made in the executive summary on page 3 which explains that the SFCR has not been prepared on the going concern basis for the reason set out in that section. 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 Solvency and Financial Condition Report does not cover the Other Information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the Solvency and Financial Condition Report, our responsibility is to read the Other Information and, in doing so, consider whether the Other Information is materially inconsistent with the Relevant Elements of the Solvency and Financial Condition Report, or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we

Report of the External Independent Auditor *continued*

identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the Relevant Elements of the Solvency and Financial Condition Report or a material misstatement of the Other Information. If, based on the work we have performed, we conclude that there is a material misstatement of this Other Information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Directors for the Solvency and Financial Condition Report
The Directors are responsible for the preparation of the Solvency and Financial Condition Report in accordance with the financial reporting provisions of the PRA rules and Solvency II regulations which have been modified by the approval(s) and modifications granted by the PRA under The Solvency 2 Regulations 2015 and section 138A of FSMA respectively.

The Directors are also responsible for such internal control as they determine is necessary to enable the preparation of a Solvency and Financial Condition Report that is free from material misstatement, whether due to fraud or error; assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Relevant Elements of the Solvency and Financial Condition Report
It is our responsibility to form an independent opinion as to whether the Relevant Elements of the Solvency and Financial Condition Report are prepared, in all material respects, with financial reporting provisions of the PRA Rules and Solvency II regulations on which they are based, as modified by relevant supervisory modifications, and as supplemented by supervisory approvals and determinations.

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities.

Report on Other Legal and Regulatory Requirements
In accordance with Rule 4.1 (3) of the External Audit Chapter of the PRA Rulebook we are required to consider whether the Other Information is materially inconsistent with our knowledge obtained in the audit of Travelers Casualty and Surety Company of Europe 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.

The purpose of our audit work and to whom we owe our responsibilities
This report of the external auditor is made solely to the company's directors, as its governing body, in accordance with the requirement in Rule 4.1(2) of the External Audit Part of the PRA Rulebook and the terms of our engagement. We acknowledge that the directors are required to submit the report to the PRA, to enable the PRA to verify that an auditor's report has been commissioned by the company's directors and issued in accordance with the requirement set out in Rule 4.1(2) of the External Audit Part of the PRA Rulebook and to facilitate the discharge by the PRA of its regulatory functions in respect of the company, conferred on the PRA by or under the Financial Services and Markets Act 2000.

Our audit has been undertaken so that we might state to the company's directors those matters we are required to state to them in an auditor's report issued pursuant to Rule 4.1(2) 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 through its governing body, for our audit, for this report, or for the opinions we have formed.

Report of the External Independent Auditor *continued*

Salim Tharani for and on behalf of KPMG LLP

KPMG LLP

15 Canada Square
London E14 5GL

2 May 2018

- The maintenance and integrity of Travelers Casualty and Surety Company of Europe Limited's 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 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 Solvency and Financial Condition Report that are not subject to audit

Solo standard formula

The Relevant Elements of the Solvency and Financial Condition Report that are not subject to audit comprise:

- The following elements of template S.12.01.02
  - Rows R0110 to R0130 – Amount of transitional measure on technical provisions
- The following elements of template S.17.01.02
  - Rows R0290 to R0310 – Amount of transitional measure on technical provisions
- The following elements of template S.22.01.21
  - Column C0030 – Impact of transitional measure on technical provisions
- Elements of the Narrative Disclosures subject to audit identified as 'unaudited'

Appendix A Quantitative Reporting Templates

General information

Undertaking name	Travelers Casualty and Surety Company of Europe Limited
Undertaking identification code	5493009A30XLSNZ2U736
Type of code of undertaking	LEI
Type of undertaking	Non-life undertakings
Country of authorisation	GB
Language of reporting	en
Reporting reference date	31 December 2017
Currency used for reporting	USD
Accounting standards	Local GAAP
Method of Calculation of the SCR	Standard formula
Matching adjustment	No use of matching adjustment
Volatility adjustment	No use of volatility adjustment
Transitional measure on the risk-free interest rate	No use of transitional measure on the risk-free interest rate
Transitional measure on technical provisions	No use of transitional measure on technical provisions

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 - Solvency Capital Requirement - for undertakings on Standard Formula
S.28.01.01 - Minimum Capital Requirement - Only life or only non-life insurance or reinsurance activity

Appendix A *continued*

S.02.01.02 **Balance sheet**

		Solvency II value
	Assets	C0010
R0030	Intangible assets	
R0040	Deferred tax assets	57
R0050	Pension benefit surplus	
R0060	Property, plant & equipment held for own use	0
R0070	Investments (other than assets held for index-linked and unit-linked contracts)	17,746
R0080	*Property (other than for own use)*	0
R0090	*Holdings in related undertakings, including participations*	0
R0100	*Equities*	0
R0110	*Equities - listed*	
R0120	*Equities - unlisted*	
R0130	*Bonds*	17,746
R0140	*Government Bonds*	17,746
R0150	*Corporate Bonds*	0
R0160	*Structured notes*	0
R0170	*Collateralised securities*	0
R0180	*Collective Investments Undertakings*	0
R0190	*Derivatives*	
R0200	*Deposits other than cash equivalents*	0
R0210	*Other investments*	0
R0220	Assets held for index-linked and unit-linked contracts	
R0230	Loans and mortgages	0
R0240	*Loans on policies*	0
R0250	*Loans and mortgages to individuals*	
R0260	*Other loans and mortgages*	
R0270	Reinsurance recoverables from:	111,140
R0280	*Non-life and health similar to non-life*	111,140
R0290	*Non-life excluding health*	111,140
R0300	*Health similar to non-life*	0
R0310	*Life and health similar to life, excluding index-linked and unit-linked*	0
R0320	*Health similar to life*	0
R0330	*Life excluding health and index-linked and unit-linked*	0
R0340	*Life index-linked and unit-linked*	0
R0350	Deposits to cedants	0
R0360	Insurance and intermediaries receivables	7
R0370	Reinsurance receivables	469
R0380	Receivables (trade, not insurance)	15
R0390	Own shares (held directly)	0
R0400	Amounts due in respect of own fund items or initial fund called up but not yet paid in	0
R0410	Cash and cash equivalents	3,446
R0420	Any other assets, not elsewhere shown	0
R0500	**Total assets**	132,880

Appendix A *continued*

S.02.01.02 **Balance sheet**

		Solvency II value
	Liabilities	C0010
R0510	Technical provisions - non-life	111,561
R0520	*Technical provisions - non-life (excluding health)*	111,561
R0530	*TP calculated as a whole*	0
R0540	*Best Estimate*	111,107
R0550	*Risk margin*	454
R0560	*Technical provisions - health (similar to non-life)*	0
R0570	*TP calculated as a whole*	0
R0580	*Best Estimate*	0
R0590	*Risk margin*	0
R0600	Technical provisions - life (excluding index-linked and unit-linked)	0
R0610	*Technical provisions - health (similar to life)*	0
R0620	*TP calculated as a whole*	
R0630	*Best Estimate*	
R0640	*Risk margin*	
R0650	*Technical provisions - life (excluding health and index-linked and unit-linked)*	0
R0660	*TP calculated as a whole*	
R0670	*Best Estimate*	
R0680	*Risk margin*	
R0690	Technical provisions - index-linked and unit-linked	0
R0700	*TP calculated as a whole*	
R0710	*Best Estimate*	
R0720	*Risk margin*	
R0740	Contingent liabilities	
R0750	Provisions other than technical provisions	
R0760	Pension benefit obligations	
R0770	Deposits from reinsurers	
R0780	Deferred tax liabilities	
R0790	Derivatives	
R0800	Debts owed to credit institutions	
R0810	Financial liabilities other than debts owed to credit institutions	
R0820	Insurance & intermediaries payables	16
R0830	Reinsurance payables	383
R0840	Payables (trade, not insurance)	944
R0850	Subordinated liabilities	0
R0860	*Subordinated liabilities not in BOF*	
R0870	*Subordinated liabilities in BOF*	0
R0880	Any other liabilities, not elsewhere shown	0
R0900	**Total liabilities**	112,976
R1000	**Excess of assets over liabilities**	19,976

Appendix A *continued*

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

Non-life

		Line of Business for: non-life insurance and reinsurance obligations (direct business and accepted proportional reinsurance)												Line of business for: accepted non-proportional reinsurance				Total
		Medical expense insurance	Income protection insurance	Workers' compensation insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance	Legal expenses insurance	Assistance	Misc. financial loss	Health	Casualty	Marine aviation and transport	Property	
		C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0120	C0130	C0140	C0150	C0160	C0200
	Premiums written																	
R0110	Gross - Direct Business									1,898								1,898
R0120	Gross - Proportional reinsurance accepted																	0
R0130	Gross - Non-proportional reinsurance accepted																	0
R0140	Reinsurers' share									1,898								1,898
R0200	Net								0	0								0
	Premiums earned																	
R0210	Gross - Direct Business									2,587								2,587
R0220	Gross - Proportional reinsurance accepted																	0
R0230	Gross - Non-proportional reinsurance accepted																	0
R0240	Reinsurers' share									2,587								2,587
R0300	Net								0	0								0
	Claims incurred																	
R0310	Gross - Direct Business									42,122								42,122
R0320	Gross - Proportional reinsurance accepted								0	0								0
R0330	Gross - Non-proportional reinsurance accepted																	0
R0340	Reinsurers' share									42,122								42,122
R0400	Net																	0
	Changes in other technical provisions																	
R0410	Gross - Direct Business																	0
R0420	Gross - Proportional reinsurance accepted																	0
R0430	Gross - Non-proportional reinsurance accepted																	0
R0440	Reinsurers' share																	0
R0500	Net								0	0								0
R0550	**Expenses incurred**								0	-31								-31
R1200	**Other expenses**																	
R1300	**Total expenses**																	-31

Appendix A *continued*

S.05.02.01 Premiums, claims and expenses by country

Non-life

		C0010	C0020	C0030	C0040	C0050	C0060	C0070
		Home Country	Top 5 countries (by amount of gross premiums written) - non-life obligations					Total Top 5 and home country
R0010								
		C0080	C0090	C0100	C0110	C0120	C0130	C0140
	Premiums written							
R0110	Gross - Direct Business	1,898						1,898
R0120	Gross - Proportional reinsurance accepted							0
R0130	Gross - Non-proportional reinsurance accepted							0
R0140	Reinsurers' share	1,898						1,898
R0200	Net	0	0	0	0	0	0	0
	Premiums earned							
R0210	Gross - Direct Business	2,587						2,587
R0220	Gross - Proportional reinsurance accepted							0
R0230	Gross - Non-proportional reinsurance accepted							0
R0240	Reinsurers' share	2,587						2,587
R0300	Net	0	0	0	0	0	0	0
	Claims incurred							
R0310	Gross - Direct Business	42,122						42,122
R0320	Gross - Proportional reinsurance accepted							0
R0330	Gross - Non-proportional reinsurance accepted							0
R0340	Reinsurers' share	42,122						42,122
R0400	Net	0	0	0	0	0	0	0
	Changes in other technical provisions							
R0410	Gross - Direct Business							0
R0420	Gross - Proportional reinsurance accepted							0
R0430	Gross - Non-proportional reinsurance accepted							0
R0440	Reinsurers' share							0
R0500	Net	0	0	0	0	0	0	0
R0550	**Expenses incurred**	-31						-31
R1200	**Other expenses**							
R1300	**Total expenses**							-31

Appendix A *continued*

S.17.01.02 Non-Life Technical Provisions

		Direct business and accepted proportional reinsurance												Accepted non-proportional reinsurance				
		Medical expense insurance	**Income protection insurance**	**Workers' compensation insurance**	**Motor vehicle liability insurance**	**Other motor insurance**	**Marine, aviation and transport insurance**	**Fire and other damage to property insurance**	**General liability insurance**	**Credit and suretyship insurance**	**Legal expenses insurance**	**Assistance**	**Miscellaneous financial loss**	**Non-proportional health reinsurance**	**Non-proportional casualty reinsurance**	**Non-proportional marine, aviation and transport reinsurance**	**Non-proportional property reinsurance**	**Total Non-Life obligation**
		C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0020	C0110	C0120	C0130	C0140	C0150	C0160	C0170
R0010	**Technical provisions calculated as a whole**								0	0								0
R0050	Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP calculated as a whole																	0
	Technical provisions calculated as a sum of BE and RM																	
	Best estimate																	
	Premium provisions																	
R0060	Gross								0	-587								-587
R0140	Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default								0	-560								-560
R0150	**Net Best Estimate of Premium Provisions**								0	-27								-27
	Claims provisions																	
R0160	Gross								41,604	70,090								111,694
R0240	Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default								41,604	70,090								111,699
R0250	**Net Best Estimate of Claims Provisions**								0	-5								-5
R0260	**Total best estimate - gross**								41,604	69,503								111,107
R0270	**Total best estimate - net**								0	-32								-32
R0280	**Risk margin**								151	303								454
	Amount of the transitional on Technical Provisions																	
R0290	Technical Provisions calculated as a whole																	0
R0300	Best estimate																	0
R0310	Risk margin																	0
R0320	**Technical provisions - total**								41,755	69,806								111,561
R0330	**Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total**								41,604	69,536								111,140
R0340	**Technical provisions minus recoverables from reinsurance/ SPV and Finite Re - total**								151	270								422

Appendix A *continued*

S.19.01.21 Non-life Insurance claims

Total Non-life business *Accident Year*

Gross Claims Paid (non-cumulative)
(absolute amount)

		C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0170	C0180
	Year	Development year											In Current year	Sum of years (cumulative)
		0	1	2	3	4	5	6	7	8	9	10 & +		
R0100	Prior											78	78	78
R0160	2008	0	0	0	0	0	0	0	0	0	0		0	0
R0170	2009	0	0	0	0	0	0	0	0	0			0	0
R0180	2010	0	0	0	0	0	0	0	0				0	0
R0190	2011	0	0	3,141	-228	0	0	0					0	2,914
R0200	2012	0	0	0	0	0	0						0	0
R0210	2013	0	0	0	0	0							0	0
R0220	2014	0	0	0	0								0	0
R0230	2015	0	129	0									78	207
R0240	2016	0	0										0	0
R0250	2017	0											0	0
R0260												Total	156	3,199

Gross undiscounted Best Estimate Claims Provisions
(absolute amount)

		C0200	C0210	C0220	C0230	C0240	C0250	C0260	C0270	C0280	C0290	C0300	C0360
	Year	Development year											Year end (discounted data)
		0	1	2	3	4	5	6	7	8	9	10 & +	
R0100	Prior											45,886	41,604
R0160	2008	0	0	0	0	0	0	0	0	0	0		0
R0170	2009	0	0	0	0	0	0	0	0	0			0
R0180	2010	0	0	0	0	0	0	0	0				0
R0190	2011	0	0	0	0	0	0	0					0
R0200	2012	0	0	0	0	35	0						0
R0210	2013	0	0	0	105	0							0
R0220	2014	0	0	150	0								0
R0230	2015	0	23,452	25,232									25,083
R0240	2016	669	0										0
R0250	2017	45,275											45,007
R0260												Total	111,694

Appendix A *continued*

S.23.01.01 **Own Funds**

Basic own funds before deduction for participations in other financial sector as foreseen in article 68 of Delegated Regulation 2015/35

		Total	Tier 1 unrestricted	Tier 1 restricted	Tier 2	Tier 3
		C0010	C0020	C0030	C0040	C0050
R0010	Ordinary share capital (gross of own shares)	19,926	19,926		0	
R0030	Share premium account related to ordinary share capital	0	0		0	
R0040	Initial funds, members' contributions or the equivalent basic own-fund item for mutual and mutual-type undertakings	0	0		0	
R0050	Subordinated mutual member accounts	0		0	0	0
R0070	Surplus funds	0	0			
R0090	Preference shares	0		0	0	0
R0110	Share premium account related to preference shares	0		0	0	0
R0130	Reconciliation reserve	-7	-7			
R0140	Subordinated liabilities	0		0	0	0
R0160	An amount equal to the value of net deferred tax assets	57				57
R0180	Other own fund items approved by the supervisory authority as basic own funds not specified above	0	0	0	0	0
R0220	**Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds**	0				
	Deductions					
R0230	Deductions for participations in financial and credit institutions	0	0	0	0	
R0290	**Total basic own funds after deductions**	19,976	19,919	0	0	57
	Ancillary own funds					
	Unpaid and uncalled ordinary share capital callable on demand	0				
R0300	Unpaid and uncalled initial funds, members' contributions or the equivalent basic own fund item for mutual and mutual - type undertakings, callable on demand	0				
R0310	Unpaid and uncalled preference shares callable on demand	0				
R0320	A legally binding commitment to subscribe and pay for subordinated liabilities on demand	0				
R0330	Letters of credit and guarantees under Article 96(2) of the Directive 2009/138/EC	0				
R0340	Letters of credit and guarantees other than under Article 96(2) of the Directive 2009/138/EC	0				
R0350	Supplementary members calls under first subparagraph of Article 96(3) of the Directive 2009/138/EC	0				
R0360	Supplementary members calls - other than under first subparagraph of Article 96(3) of the Directive 2009/138/EC	0				
R0370	Other ancillary own funds	0				
R0390	Total ancillary own funds	0			0	0
R0400						
	Available and eligible own funds					
	Total available own funds to meet the SCR	19,976	19,919	0	0	57
R0500	Total available own funds to meet the MCR	19,919	19,919	0	0	
R0510	Total eligible own funds to meet the SCR	19,976	19,919	0	0	57
R0540	Total eligible own funds to meet the MCR	19,919	19,919	0	0	
R0550						
	SCR	3,518				
R0580	**MCR**	4,306				
R0600	**Ratio of Eligible own funds to SCR**	567.79%				
R0620	**Ratio of Eligible own funds to MCR**	462.58%				
R0640						
	Reconciliation reserve	C0060				
	Excess of assets over liabilities	19,976				
R0700	Own shares (held directly and indirectly)	0				
R0710	Foreseeable dividends, distributions and charges					
R0720	Other basic own fund items	19,983				
R0730	Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	0				
R0740	**Reconciliation reserve**	-7				
R0760						
	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)**	0				
R0790						

Appendix A *continued*

S.25.01.21 Solvency Capital Requirement - for undertakings on Standard Formula

		Gross solvency capital requirement	USP	Simplifications
		C0110	C0090	C0120
R0010	Market risk	1,724		
R0020	Counterparty default risk	1,700		
R0030	Life underwriting risk	0		
R0040	Health underwriting risk	0		
R0050	Non-life underwriting risk	0		
R0060	Diversification	-718		
R0070	Intangible asset risk	0		
R0100	**Basic Solvency Capital Requirement**	2,706		

	Calculation of Solvency Capital Requirement	C0100
R0130	Operational risk	812
R0140	Loss-absorbing capacity of technical provisions	0
R0150	Loss-absorbing capacity of deferred taxes	0
R0160	Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC	0
R0200	**Solvency Capital Requirement excluding capital add-on**	3,518
R0210	Capital add-ons already set	0
R0220	**Solvency capital requirement**	3,518
	Other information on SCR	
R0400	Capital requirement for duration-based equity risk sub-module	0
R0410	Total amount of Notional Solvency Capital Requirements for remaining part	0
R0420	Total amount of Notional Solvency Capital Requirements for ring fenced funds	0
R0430	Total amount of Notional Solvency Capital Requirements for matching adjustment portfolios	0
R0440	Diversification effects due to RFF nSCR aggregation for article 304	0

S.28.01.01 Minimum Capital Requirement - Only life or only non-life insurance or reinsurance activity

	Linear formula component for non-life insurance and reinsurance obligations	C0010
R0010	MCRNL Result	0

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

	Linear formula component for life insurance and reinsurance obligations	C0040
R0200	MCRL Result	0

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

	Overall MCR calculation	C0070
R0300	Linear MCR	0
R0310	SCR	3,518
R0320	MCR cap	1,583
R0330	MCR floor	880
R0340	Combined MCR	880
R0350	Absolute floor of the MCR	4,306
R0400	**Minimum Capital Requirement**	4,306

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