Group Solvency and Financial Condition Report

TRAVELERS INSURANCE COMPANY LIMITED

Table of Contents

Contents

Executive Summary

Business and Performance

Travelers Insurance Company Limited (**The Company and "TICL"**) is a United Kingdom regulated entity authorised to carry out general insurance business. This SFCR is a combined Group and solo SFCR for TICL. The Group comprises TICL and its wholly owned subsidiary, Travelers Insurance Designated Activity Company ("TIDAC"). This is the first year a Group SFCR has been produced. There was no EEA Group during 2018. An EEA Group came into existence when TIDAC was authorised in January 2019. TIDAC has produced its own solo SFCR for 2019 which it has submitted to its regulator, the Central Bank of Ireland ("CBI").

The Group does not produce consolidated UK GAAP accounts that are publicly available as it is exempt by virtue of S401 of the Companies Act 2006 from the requirement to prepare group financial statements. The Company's results are included in the consolidated accounts of its parent, The Travelers Companies, Inc., whose accounts are publicly available.

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 2019 Travelers reported total assets of US$110.1 billion (2018: US$104.2 billion) and shareholders' equity of US$25.9 billion (2018: US$22.9 billion).

The Company was incorporated in 1971 as the St. Katherine Insurance Company Limited. In 1988, St. Katherine was acquired by The St. Paul Companies, Inc., and was gradually integrated into The St. Paul's existing UK-based insurance operations. In 2004, The St. Paul Companies, Inc. and Travelers Property Casualty Corp. merged to form The Travelers Companies, Inc. In 2007, the Company's name was changed to Travelers Insurance Company Limited.

In 2019 the Company wrote commercial lines insurance in the United Kingdom and, through its branch in Dublin, in Ireland, up until 1 April 2019. As of 1 April 2019, new business and renewals for the Company's branch in Ireland began to be written by the Company's wholly owned Irish subsidiary, TIDAC. On 1 October 2019 a Part VII transfer of the business of the Company's Ireland branch, and its run off branches in Holland, France and Germany, to TIDAC was completed. The Company writes an 80% whole account quota share of all business written by TIDAC and of the business subject to the Part VII transfer. The Company also covered risks located outside of the UK and Ireland, on a freedom of service basis (in the EEA), or by facultative reinsurance (outside of the EEA), generally in support of its UK and Irish based insureds.

On 28 February 2019 an insurance business transfer under Part VII of the Financial Services and Markets Act from Travelers Casualty and Surety Company of Europe Limited (**TCSCE**) was completed with the sanction of the UK High Court. Under this transfer £59.7M of gross technical reserves were transferred to the Company. All of the business transferred is reinsured 100% with affiliated TRV insurance companies in the US. TCSCE then became dormant and was dissolved in January 2020.

The Group is a provider of insurance solutions targeted at specific customer groups where it can add value with tailored insurance coverage or specific claims handling and risk management expertise. The Group's major target customer groups include technology, healthcare and automotive companies, local authorities, property owners, solicitors, financial institutions, and large corporate insureds.

Travelers' European based operations offer our customers a wide range of cover through the Company, TIDAC, 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 the Travelers Insurance Company Limited Group. Business written by the Group only will be relevant to this document.

Performance

The Group produces its consolidated financial statements in accordance with UK GAAP FRS 102. The Group reported a profit for the year of £4.2m. The Company reported a profit for the year of £4.0m (2018: £4.1m).

System of Governance

The Group and Company understands the importance of effective corporate governance, together with a system of internal control that provides relevant information to the Board of Directors.

The Company's Board comprises eight directors, three of whom are independent non-executive directors. The Board has two constitutional committees, the Audit Committee and the Risk and Remuneration Committee, the members of both of which are the independent non-executive Board directors.

TIDAC's Board comprises five directors, two of whom are independent non-executive directors. The Board has two constitutional committees, the Audit Committee and the Risk and Remuneration Committee, the members of both of which are the independent non-executive Board directors.

The Boards and each Committee have clear Terms of Reference which are reviewed by the relevant committee on an annual basis. The Group and Company's executive management is undertaken by the Senior Leadership Team (**SLT**), comprising the eleven senior managers who effectively run the Group and Company. The SLT reports to the Group and Company's Board on a quarterly basis.

Governance over other aspects of the Group and Company's activities is within the scope of the Executive Risk Committee, the Finance Committee, the Underwriting Committee, and certain panels which have specific terms of reference. Each committee and panel is governed by its own terms of reference. The Group and Company ensure that all persons who effectively run the Group and Company, or hold key functions, are fit and proper to undertake their roles. The Group and Company assesses the fitness and propriety of persons performing key functions on an ongoing basis. In addition, the Group and Company has an annual performance assessment process which measures performance against minimum competencies required for those persons effectively running the Group and Company.

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

The Group and 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 "three lines of defence" model aims to ensure that responsibilities for the risk strategy are operated effectively.

First Line of Defence – Business Management. Risk owners, embedded within business operations, make up the first line of defence and are responsible for the day to day management of risk on a continuous basis, as well as delivering this strategy and optimising performance according to a pre-agreed risk appetite.

Second Line of Defence – Oversight. The second line of defence primarily comprises the Risk Management, Actuarial and Compliance functions, which provide independent assurance to the Board with regard to the adequacy and effectiveness of risk management practices.

Third line of defence – Assurance. The third line of defence comprises internal audit, providing an independent and balanced view of the effectiveness of the first and second line functions. The third line of defence has direct access to the Board and is independent of management.

The internal control system is designed to ensure that the Group and 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 Shareholder, the Company and TIDAC's boards of directors and the Group and Company's SLT, 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. The operation of these internal controls and risk identification processes is monitored by the four control functions, namely the Compliance function, the Internal Audit function, the Actuarial function and the Risk Management function.

Risk Profile

Underwriting Risk is the major risk to which the Group and Company is exposed and is the major driver of its capital requirements. Underwriting risk is managed by the Underwriting Committee, comprising senior underwriting staff as well as members of the actuarial, reinsurance, and claims functions. The Committee ensures adherence to the Board determined appetite in terms of product, line of business, geographical exposure, line sizes and rating adequacy. The underwriting strategy includes limits on the Group and Company's total exposure to specific risks together with limits on geographical and industry exposures. The aim is to ensure a well-diversified book with no excessive exposure in any one industry, line of business or geographical region.

Market Risk is managed by a conservative investment risk appetite, and an investment strategy that is limited to high quality government and corporate fixed interest securities. Credit Risk is managed through the thoughtful analysis and selection of individual counterparties and the use of limits and managing exposures to individual counterparties. The Group and Company has no material liquidity risk exposures.

Operational risks are reviewed quarterly and linked to the Group and Company's ORSA through performance of the risk and control self-assessment process facilitated by the Risk Management function.

Following year end, a global pandemic was declared due to the spread of a coronavirus (**COVID-19**). COVID-19 has already caused significant investment market uncertainty and volatility, supply chain interruptions and has significantly disrupted the global economy. We currently do not expect that the Group or the Company will incur a material amount of direct insurance losses related to COVID-19. We have made an assessment of our potential insurance exposures. For the most part our policy wording only provides business interruption cover following a property damage event, so we anticipate that any direct losses will not be significant. However, the combination of direct insurance losses, the widening of credit spreads on fixed income investments and a lower discount rate used to discount technical provisions reduced the Group and Company's regulatory capital coverage by approximately 10 percentage points as at 31 March 2020 relative to the 2019 year end position. This situation has improved modestly subsequent to 31 March as credit spreads have narrowed. The Group and Company remain in compliance with their regulatory capital requirements and continue to monitor these changing conditions closely.

Valuation for Solvency purposes

The valuation of assets and liabilities for the Group on a Solvency II and UK GAAP basis as at 31 December 2019 is summarised below:

	Solvency II	UK GAAP	Difference
	£ 'm	£ 'm	£ 'm
Assets	1,346.2	1,474.0	(127.8)
Gross Technical Provisions	840.3	925.4	(85.1)
Other Liabilities	7.0	37.8	(30.8)
Excess of Assets over Liabilities	498.9	510.8	11.9

The valuation of assets and liabilities for the Company on a Solvency II and UK GAAP basis as at 31 December 2019 is summarised below:

	Solvency II	UK GAAP	Difference
	£ 'm	£ 'm	£ 'm
Assets	1,307.3	1,417.6	(110.3)
Gross Technical Provisions	802.9	872.2	(69.3)
Other Liabilities	5.5	31.5	(26.0)
Excess of Assets over Liabilities	498.9	513.9	15.0

In the case of both the Group and the Company the excess of assets over liabilities is lower on a Solvency II basis than under UK GAAP. This difference largely reflects the fact that the benefit of the release of the reserve margin carried under UK GAAP, and the recognition of profits on unearned and bound but not incepted premiums, does not offset the adverse impact of the adjustments required to put technical provisions onto an economic basis.

Capital Management

The Group and Company use the Solvency II Standard Formula to calculate their regulatory Solvency Capital Requirement (**SCR**). The Group and Company do not use any undertaking specific parameters. The amount of the Group SCR as at 31 December 2019 was £298.9m. The amount of the Company SCR at 31 December 2019 was £287.0m (2018: £278.8m). The Group and Company were both in compliance with their regulatory capital requirements throughout the year and through to the date of this report.

A. Business and Performance

A.1 Business

Name and legal form of the undertaking

Travelers Insurance Company Limited is a company limited by shares and is incorporated in England. Its registered office address is now 1 Creechurch Place, London. EC3A 5AF. Prior to 1 May 2020 the Company's registered office was 23–27 Alie Street, London E1 8DS. This is a Group SFCR covering the Company and its wholly owned subsidiary TIDAC. There was no EEA Group during 2018. An EEA Group came into existence when TIDAC was authorised in January 2019. Throughout this report no comparatives are presented for the Group for the 2018 financial year.

Organisational group structure

The Travelers Companies, Inc. (**TRV**) 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. TRV 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 TRV are located at 485 Lexington Avenue, New York, New York 10017. TRV also maintains executive offices in Hartford, Connecticut, and St. Paul, Minnesota.

TRV is both the immediate and ultimate parent undertaking and controlling party of the Group and provides 100% of its capital. TRV is also the immediate and ultimate parent undertaking of Travelers' Syndicate Management Limited, which manages Travelers Syndicate 5000 at Lloyd's. The Syndicate's capital is provided by two corporate capital providers, F&G UK Underwriters Limited and Aprilgrange Limited. TRV is the immediate and ultimate parent undertaking and controlling party of both capital providers.

Travelers Underwriting Agency Limited (**TUAL**) is an authorised intermediary based in the UK and a fellow subsidiary of TICL. TRV is the ultimate and immediate parent undertaking of TUAL which, as an intermediary, has no regulatory capital requirements.

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 and its EEA Group. 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 12 Endeavour Square, London E20 1JN, United Kingdom. The Central Bank of Ireland is responsible for the prudential and conduct supervision of the Company's subsidiary, TIDAC.

The Group is a member of The Travelers Companies, Inc., 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. This direction was extended by consent on 4 December 2018 and is now valid until 1 October 2021 unless revoked or any conditions in the modification cease to be fulfilled.

The State of Connecticut Insurance Department (**Connecticut Insurance Department**) is the designated group-wide supervisory authority for The Travelers Companies, Inc. 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.

Given the amount of business TRV conducts outside of the United States, the Connecticut Insurance Department hosts and leads a supervisory college of Travelers and coordinates the participation of insurance supervisors from the jurisdictions where the group has insurance operations, including the PRA. Approximately 96% of TRV's 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 TRV. 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. 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.

Material lines of business and geographical area

In 2019 the Company wrote commercial lines insurance in the United Kingdom and in Ireland, through its branch in Dublin, up until 1 April 2019. As of 1 April, new business and renewals for the Company's branch in Ireland began to be written by the Company's wholly owned Irish subsidiary, Travelers Insurance Designated Activity Company (**TIDAC**). On 1 October 2019 a Part VII transfer of the business of the Company's Ireland branch, and its run off branches in Holland, France and Germany to TIDAC was completed. The Company writes an 80% whole account quota share of all business written by TIDAC and of the business subject to the Part VII transfer. The Company also covered risks located outside of the UK and Ireland, on a freedom of service basis (in the EEA), or by facultative reinsurance (outside of the EEA), generally in support of its UK and Irish based insureds. The Group also has branches in the Netherlands, France and Germany that have been in run-off since 2001. Approximately 12% (2018: 14%) of the Group's 2019 gross premiums were written in Ireland.

The Group continues to be a provider of insurance solutions targeted at specific customer groups where it can add value with tailored insurance coverage or specific claims handling and risk management expertise. The Group's major target customer groups include technology, healthcare and automotive companies, local authorities, property owners, solicitors, financial institutions and large corporate insureds. There was no material change in the significant lines of business that the Group writes, nor in the countries in which it writes them, during the year.

Material events during the year

On 28 February 2019 an insurance business transfer under Part VII of the Financial Services and Markets Act from Travelers Casualty and Surety Company of Europe Limited (**TCSCE**) was completed with the sanction of the UK High Court. TCSCE's part 4A permission was subsequently withdrawn. Under this transfer £59.7m of gross technical reserves were transferred to the Company. All of the business transferred is reinsured 100% with affiliated TRV insurance companies in the US. The 2018 gross written premiums for TCSCE were £1.9m.

As part of the TRV's contingency plan for the effects of the UK's withdrawal from the European Union, The Travelers Companies, Inc. announced in December 2017 its intention to apply to the Central Bank of Ireland (**CBI**) for authorisation of a separately capitalised legal entity in Ireland to allow it to serve its insureds seamlessly following the UK's exit from the European Union and the EU single market. This legal entity, Travelers Insurance DAC (**TIDAC**), was authorised by the CBI on 28 January 2019. TIDAC is a wholly owned subsidiary of the Company. In December 2018 the Company provided £5.4m of capital to TIDAC in return for the issuance of new shares. In February 2019 it provided a further £26.5m of capital in return for the issuance of new shares. In September 2019 it contributed a further £26.9m by way of a capital contribution. TIDAC started to trade on 1 April 2019.

On 1 October 2019 the business written through the Company's branch in Ireland and its run-off branches in Holland, France and Germany were transferred to TIDAC by an insurance business transfer under Part VII of the Financial Services and Markets Act 2000.

Post Balance Sheet Events

Following year end, a global pandemic was declared due to the spread of a coronavirus (**COVID-19**). COVID-19 has already caused significant investment market uncertainty and volatility, supply chain interruptions and has significantly disrupted the global economy. We currently do not expect that insured losses related to COVID-19 will have a material impact on the Group's financial condition and due to the nature of our investment portfolio we believe we are well placed to withstand any associated investment market volatility. The Board has undertaken an assessment to determine the potential impact of COVID-19 on the Group under moderate and severe scenarios. This assessment has included a review of potential insurance and investment exposures. This analysis has concluded that the impact from COVID-19 will not adversely affect the Group's ability to continue as a going concern or reduce its capital and solvency levels to below regulatory requirements. The estimated impact on the Group's capital and solvency is expected to be limited to an erosion of the buffer that it maintains over and above its Solvency Capital Requirement. However, the length and depth of the disruption to the economy is a concern and we will be monitoring developments closely. Economic downturns and financial disruptions in the past have resulted in, among other things, decreased business volumes, reduced valuations on the investment portfolio and heightened credit risk which can impact both the Group's investment portfolio and its insurance operations. In addition, declines in interest rates may lead to declines in fixed income yields, which would adversely impact the Group's net investment income from future investment activity. Also, the Group is subject to the risk of court cases and legislative or regulatory action interpreting or mandating coverage for business interruption claims which insurance policies do not currently cover. Our focus is the well-being of our staff and our ability to continue to provide service to our insureds. The Group is taking appropriate actions to safeguard employees and ensure it can continue to serve its insureds.

Performance

The UK and Ireland commercial lines marketplace remains very competitive. The Group reported a modestly improved combined ratio in 2019. The Group reported a combined ratio of 103.6% and a profit for the year after tax of £4.2m.

The Company reported a combined ratio of 103.7% (2018 : 106.4%) and a profit for the year after tax of £4.0m (2018 : £4.1m).

There are no differences between the scope of the Group used for the consolidated financial statements and the scope of the Group used for the consolidated data determined in accordance with Article 335 of the Delegated Regulation.

Material related party transactions

There were a number of new material related party transactions during the year.

On 1 October 2019 the business written through the Company's branch in Ireland and its run-off branches in the Netherlands, France and Germany were transferred to TIDAC by an insurance business transfer under Part VII of the Financial Services and Markets Act 2000.The Company writes an 80% whole account quota share of the business written by TIDAC and of the business that was subject to the Part VII transfer. Under the Part VII £137.3m of gross technical reserves were transferred to TIDAC and under the 80% whole account quota share £109.8m of these gross reserves were ceded back to the Company. The Company also provided capital support to TIDAC. In February 2019 it provided £26.5m of capital in return for the issuance of new shares. In September 2019 it contributed a further £26.9m by way of a capital contribution.

On 28 February 2019 an insurance business transfer under Part VII of the Financial Services and Markets Act 2000 from Travelers Casualty and Surety Company of Europe Limited (**TCSCE**) was completed with the sanction of the English High Court. Under this transfer £59.7m of gross technical reserves were transferred to the Company. All of the business transferred is reinsured 100% to affiliated TRV insurance companies in the US.

During the year the shareholder provided a capital injection to the Company of £34.2m to support the establishment of the Company's subsidiary in Ireland.

The Company has some investments on deposit with Lloyd's to support the underwriting capital requirements of Syndicate 5000, the capital providers of which are wholly owned affiliated group undertakings. The amount of such investments the Company had placed on deposit increased during the year to £130.5m (2018: £90m).

All expenses and salary costs continue to be borne in the first instance by the Group's management services company in the UK, Travelers Management Limited. Some services are provided by affiliated TRV group companies in the US to Travelers Management Limited for the benefit of the Group pursuant to an intercompany services agreement. Investment management is outsourced to The Travelers Indemnity Company, an affiliated TRV group company. No distribution has been made to the shareholder during the year or is proposed as at the year end.

External auditor

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

	2019
	£'m
Gross written premiums	326.9
Net written premiums	280.3
Net earned premiums	247.0
Incurred claims	(156.2)
Operating expenses	(99.9)
Underwriting Result	(9.1)
Loss Ratio	63.2%
Expense Ratio	40.4%
Combined Ratio	**103.6%**

The Group reported a £9.1m underwriting loss in 2019 and a 103.6% combined ratio. The drivers of performance are as set out below in the description of the Company's performance.

The two most material lines of business are General Liability and Property, which respectively comprised 58.6% and 29.7% of net earned premiums in 2019. The General Liability and Property combined ratios were 87.6% and 137.0% respectively. Further information on underwriting performance by material line of business and material geographical areas over the reporting period can be found at Form S.05.01.02 and Form S.05.02.01 respectively within the quantitative returns in the Appendix to this report.

The most material geographical area in which the Group writes business is the United Kingdom which, based on gross written premiums, comprised 88.2% of the group's business in 2019 (2018: 86.2%). The business written in the United Kingdom reported a combined ratio of 102.4%.

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

	2019	2018	Change
	£'m	£'m	£'m/% pts
Gross written premiums	306.8	269.6	37.2
Net written premiums	263.5	231.8	31.7
Net earned premiums	240.6	209.8	30.8
Incurred claims	(152.6)	(131.8)	(20.8)
Operating expenses	(96.9)	(91.5)	(5.4)
Underwriting Result	(8.9)	(13.5)	4.6
Loss Ratio	63.4%	62.8%	(0.6pts)
Expense Ratio	40.3%	43.6%	3.3.pts
Combined Ratio	**103.7%**	**106.4%**	**2.7 pts**

The Company reported a £8.9m underwriting loss in 2019 (2018: £13.5m underwriting loss) and a 103.7% combined ratio (2018: 106.4%). The improvement in the underwriting result reflects a significantly increased level of favourable prior year reserve development, with £20.7m of favourable prior year reserve development in 2019 (2018: £4.1m). This improvement is offset by a deterioration in the underlying result for the motor and property classes of business.

Gross written premiums increased by 13.7%, or £37.2m, to £306.8m (2018: £269.6m). Growth was strong both in the commercial middle market and the professional lines portfolios, the latter boosted by double digit rate increases. The growth included £18m of business previously written at TRV's syndicate at Lloyd's.

The expense ratio improved to 40.3% (2018: 43.6%).

The two most material lines of business are General Liability and Property, which respectively comprised 58.3% (2018: 54.9%) and 29.9% (2018: 30.6%) of net earned premiums in 2019. The General Liability combined ratios improved over the prior year at 87.3% (2018: 88.8%). The Property combined ratio deteriorated marginally to 137.8% (2018: 136.5%). Both years were impacted by a frequency and severity of large losses. The most material geographical area in which the Company writes business is the United Kingdom which, based on gross written premiums, comprised 87.9% of the group's business in 2019 (2018: 86.2%). The business written in the United Kingdom reported a combined ratio of 102.5%.

Further information on underwriting performance by material line of business and material geographical areas over the reporting period can be found at Form S.05.01.02 and Form S.05.02.01 respectively within the quantitative returns in the Appendix to this report.

A.3 Investment performance

During the year the Group and Company continued to invest wholly in high quality government and corporate bonds. These are considered as a single asset class and are managed together. The total investment return for the year for the Group was £23.1m. The composition of the Group's investment return was as follows:

	2019	2018	Change
	£'m	£'m	£'m
Investment income	27.3	28.0	(0.7)
Realised investment gains	1.0	0.9	0.1
Realised investment losses	(15.1)	(11.6)	(3.5)
Unrealised investment gains/losses	10.7	(15.5)	26.2
Investment expenses	(0.8)	(0.8)	-
Total investment return	23.1	1.0	22.1

The total investment return for the year for the Company was £23.1m. The composition of the investment return was as follows:

	2019	2018	Change
	£'m	£'m	£'m
Investment income	26.6	28.0	(1.4)
Realised investment gains	1.0	0.9	0.1
Realised investment losses	(14.7)	(11.6)	(3.1)
Unrealised investment gains/losses	11.2	(15.5)	26.7
Investment expenses	(0.8)	(0.8)	-
Total investment return	23.3	1.0	22.3

Realised investment losses arose as bonds bought above par value have subsequently matured. The portfolio showed significant unrealised gains during 2019 as market expectations of interest rate movements changed.

Unrealised investment gains/losses were reported directly in equity on a UK GAAP basis. No investments in securitisations were made in either period. The investment portfolio does not include any shares in any other Travelers group entity. Management of the investment portfolio is outsourced to an affiliated TRV group undertaking, The Travelers Indemnity Company. Investment portfolios are managed in accordance with the investment guidelines set out in the Company's Investment and Market Risk Policy, which is approved by the Company's Board. Investment reviews with the investment manager are conducted quarterly by the Company's and TIDAC' Finance Committees.

A.4 Performance of other activities

Other income for both the group and Company improved modestly to £1.9m during the year (2018: £1.6m). This reflects an increase in fee income on funds pledged to support the capital requirements of the TRV group's wholly aligned Lloyd's syndicate as the total of the funds so pledged increased year on year.

A.5 Any other information

During the year the Group produced a total comprehensive gain on a UK GAAP basis of £11.4m. The Company produced a total comprehensive gain on a UK GAAP basis of £14.5m (2018 loss of £9.3m). The improvement year on year is driven by favourable movements in the market value of the investment portfolio.

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 eight directors. Three of the directors are independent non-executive directors. Three directors are non-executive (including the Chair) and the remaining two directors are executive directors.

The responsibilities of the Board are set out in the "Matters Reserved for the Board" document and fall within the following headings:

- Strategy and Management
- Structure and capital
- Financial reporting and controls
- Oversight of Control Functions
- Contracts and Transactions
- Borrowings
- Board membership and other appointments
- Remuneration
- Delegation of Authority
- Corporate governance matters

The Board has two constitutional committees: the Audit Committee, and the Risk and Remuneration Committee. Each Board committee has three members, and the committee members are the independent non-executive directors.

The Board Audit Committee has the following broad responsibilities:

- Review, discuss, and challenge where necessary, with management and the external auditors, the annual financial statements before submission to the Board.
- Review actuarial and any internal or external auditor's reports on the Group's reserve position
- Consider and recommend the appointment of the external auditors
- In consultation with the external auditors, management and the internal auditors, review the integrity of the Group's financial reporting processes, as well as any audit problems or other difficulties encountered by the external auditors in the course of the audit process and management's responses to such matters
- Review the reports submitted and evaluate the adequacy of the work performed and the annual plan proposed by internal audit
- Review and discuss periodically, with relevant legal counsel, any legal matter that could have a significant impact on the Group's financial statements
- Consider the Group's procedures for handling allegations from whistleblowers.

The Board Risk and Remuneration Committee has the following broad responsibilities in respect of risk:

- Oversee the Group's enterprise risk management programme and ensure the establishment and maintenance of appropriate systems, procedures and controls, including the Group's risk appetite and strategy and the carrying out of the Own Risk and Solvency Assessments at appropriate times;
- Review the policies and procedures of the Group and review specific operational segments of the Group that may be posing unusual significant risks that could have a material impact on the risk profile of the Group.
- Monitor that all issues identified in the Risk Register, or through other reports, are being addressed.
- Receive external auditors' management letters, internal audit reports, reports from regulators or any other relevant source regarding weaknesses in internal procedures and controls and ensure that management addresses any issues that arise.

The Board Risk and Remuneration Committee has the following broad responsibilities in respect of remuneration:

- Review and approve the Group's general compensation philosophy and objectives and recommend to the Board the approval of Group compensation and benefit programmes determined by the Committee to be appropriate.
- Ensure that appropriate policies and procedures are in place to ensure that compensation plans are properly administered by the responsible individuals and management committees in accordance with the terms of the plans.
- Review the Group's regulatory compliance with respect to compensation matters, including ensuring that the Group's compensation philosophy, objectives and procedures are consistent with applicable regulatory aims concerning the avoidance or minimisation of undue risk and inappropriate staff behaviours.

At an executive level, the Group is managed by a Senior Leadership Team (**SLT**), comprising eleven senior managers who effectively run the Group. These are: Chief Executive Officer, Chief Financial Officer, Chief Operating Officer, Chief Risk and Administrative Officer, Head of HR, European Chief Actuary and TIDAC CEO, General Counsel, Head of Claims, Head of Business Insurance, Head of Bond and Specialty Insurance, and Head of the Group's Lloyd's Operation. The SLT meets two to three times each month for a total of at least eight hours and is chaired by the CEO. The SLT reports on a quarterly basis to the Board. In addition, the CEO is also a member of the Board and presents a CEO's report to the Board which includes details of matters discussed by the SLT. The SLT considers the following matters on a regular and continuous basis:

(i) ongoing management and review of progress against the Group's strategy as approved by the Board;

(ii) monitoring of the Group's trading results and financial position;

(iii) review of the Group's operations and functions;

(iv) review of the talent within the Group;

(v) management of special projects;

(vi) reporting to the Group's parent company.

Governance over the Group's financial risks is provided by the Finance Committee, chaired by the Chief Financial Officer, which meets on a quarterly basis. The Chief Financial Officer reports monthly to the SLT on financial performance and risks, and quarterly to the Board Audit Committee and the Board.

Governance over the Group's risk management is provided by the Executive Risk Committee (**ERC**), chaired by the Chief Risk and Administrative Officer, which meets bi-monthly as well as on an ad-hoc basis when required. The Chief Risk and Administrative Officer reports monthly to the SLT and quarterly to the Board Risk and Remuneration Committee and to the Board.

Customer challenge of high product risk insurance products is provided by the Product Oversight Group, chaired by the General Counsel and which meets on an ad hoc basis, but at least once per quarter. The Chief Actuary reports monthly to the SLT and quarterly to the Board.

Governance over underwriting matters is provided by the Underwriting Committee, chaired by one of the Chief Underwriting Officers (**CUO**), which meets monthly. Underwriting performance is reported monthly to the SLT and quarterly to the Board.

The governance structure includes various committees and panels relating to specific activities. Decisions relating to reinsurance activities are made by the Reinsurance Purchasing Panel which reports into the Underwriting Committee. Decisions relating to reserving are considered by the Finance Committee. The interrelationship of various committees and panels is set out on a governance structure chart. This system of governance is subject to regular internal review by the ERC.

The internal governance structure was expanded in 2019 to include TIDAC.

B.1.2 Remuneration Policy

The Group has adopted a Remuneration Policy which has been approved by the Board. The purpose of the Remuneration Policy is to define the minimum standards, and roles and responsibilities, relating to remuneration of employees within the Group. The policy reflects the Group's commitment to achieve a consistent remuneration process and to promote effective risk management. The Remuneration Policy states that the Group is committed to measuring both the actual performance and the underlying level of risk assumed to achieve that performance. As to risk mitigation, all planned individual compensation actions, including fixed and variable elements are reviewed in a robust and disciplined manner internally at several layers of management, in addition to a review with the Group's Risk and Remuneration Committee of the Board of Directors. This review is facilitated by the Head of Human Resources and seeks the Risk and Remuneration Committee's ratification of incentives and compensation for senior managers.

In addition, compensation of each employee is reviewed by their line manager, functional manager, CEO and the Head of HR, and the equivalent functional roles within the Group's parent company.

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 Group and The Travelers Companies, Inc. 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 Group relative to financial measures set in the business plan, prior year's performance and the performance of industry peers; and
- performance of The Travelers Companies, Inc. 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 The Travelers Companies, Inc. stock awards. Eligibility is determined by job criteria, while award decisions are made with consideration of individual performance. These performance-based awards are designed to ensure individuals have a continuing stake in the long-term success of The Travelers Companies, Inc., and the Group.

As employees acquire increasing responsibility more of their compensation is variable and tied to The Travelers Companies, Inc's 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 Group which can inevitably impact The Travelers Companies Inc. stock price. Lower levels of management and individual contributors will receive most of their entire award in the form of restricted stock units.

In addition, compensation of each employee is reviewed by their line manager, functional manager, CEO and the Head of HR.

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

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 one of the Group's pension plans. 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 Group.

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 two new material related party transactions during the year with the shareholder.

- The Company has some investments on deposit with Lloyd's to support the underwriting capital requirements of Syndicate 5000, the capital providers of which are wholly owned affiliated group undertakings. The amount of such investments the Company had placed on deposit increased during the year to £130.5m (2018: £90m).
- During the year the shareholder provided a capital injection of £34.2m in return for the issuance of 34.2 million £1 ordinary shares.

B.2 Fit and proper requirements

The Group has a Fit and Proper Policy which is approved by the Company's Board. 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 in accordance with the Senior Managers & Certification Regime for the fit and proper assessment of the individuals that perform key functions, including every person in respect of whom an application for approval is made.

Fitness and propriety checks are made before an individual is appointed to a key function and periodically thereafter. The Group 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 Group 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 Group has an annual performance assessment process which sets out the minimum competencies required for those persons effectively running the Group. 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.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 Group's RMF assists Risk and Control Owners to identify, assess and manage significant, or potentially significant, internal and external risks to achieving the Group'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 Group business planning process turns the strategy into a set of objectives and targets that are articulated and cascaded across the Group. Development of these plans and objectives/targets considers the risks to which the Group is exposed.

To manage risk across the business, the Group has adopted the "three lines of defence" model and has established four key control functions that operate per the requirements of the Solvency II Directive (Actuarial, Risk, Compliance and Internal Audit). These functions work across all of the three lines of defence to help manage the range of risks to which the Group is exposed. These key functions are responsible for providing oversight of, and challenge to, the business and to provide assurance to the Board in relation to the Group's internal control framework.

Responsibilities in the risk strategy are summarised as:

The First Line of Defence – Business Management
Risk Owners, embedded within business operations, make up the first line of defence and are responsible for the day to day management of risk on a continuous basis, as well as delivering the strategy and optimising performance according to pre-agreed risk appetite.

The Second Line of Defence – Oversight
The second line of defence primarily comprises the risk management, actuarial and compliance functions. The second line of defence provides independent assurance to the Board with regards to the adequacy and effectiveness of risk management.

The Third Line of Defence – Assurance
The third line of defence comprises internal audit, also referred to as the Company's assurance function. The third line of defence provides an independent and balanced view of the effectiveness of the first and second line functions, has direct access to the Board, and is independent of management.

The Group's RMF links to the parent's identification of significant risks. The RMF is implemented by the risk management function which monitors and review the risk profile and the effectiveness of risk management activities on a continuous basis. The Risk Management Function is led by the Chief Risk and Administrative Officer, who chairs the Executive Risk Committee and reports to the Company's Board and the Risk and Remuneration Committee.

Key risk management information, linked to the risk strategy, including specific risk appetite metrics and risk assessments, are employed across the entirety of the business to measure and monitor the level of risk taking actually occurring, and to provide a view of the Group's progress against its business plans. The Risk Management Function facilitates production and provides oversight of this key risk management information, through the risk register, which enables the Group effectively to identify, assess, measure and monitor individual and aggregated risks frequently. Risk register metrics and assessments also provide appropriate inputs into capital modelling and forecasting processes (e.g. the ORSA, and other internal requirements). The risk register and associated reporting is integrated into the organisational structure as Risk and Control Owners (the majority of who are in the first line of defence) frequently review the risks to which the Group is exposed with review and challenge by the Committees and the second line of defence.

B.3.2 Own Risk and Solvency Assessment (ORSA)

The ORSA process is an ongoing and forward-looking process of the Company's reflection and assessment of its own risks to ensure it holds enough capital for current and future solvency needs as well as assessment of non-solvency risks.

The Company's ORSA process is forward-looking and has the following objectives:

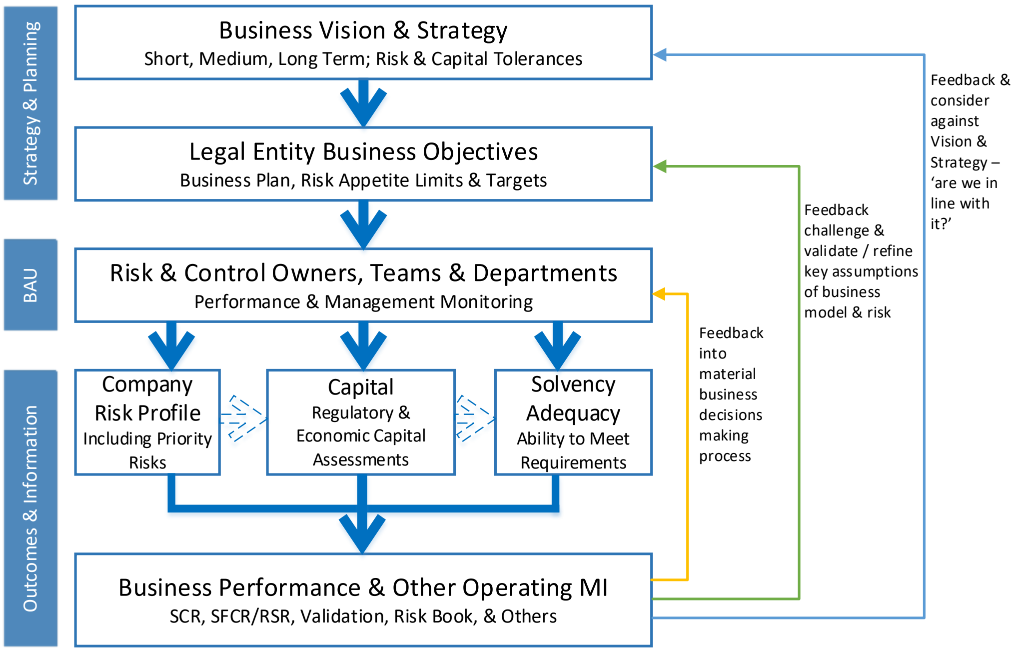
- To develop and embed an ongoing process enabling the assessment of the Company's own solvency needs that takes into account its specific risk profile, approved risk appetite limits, and its short and long-term business and capital strategies.
- To provide sufficient information that enables management to:
  - Ensure continuous compliance with regulatory capital requirements relating to Solvency Capital Requirements (SCR), Minimum Capital Requirements (MCR), and technical provisions.
  - Test, validate and challenge its short and long-term business and capital strategies, and understand the capital resources required to support them.

The ORSA process is embedded in the first line of defence, and focuses on the Company's business model, the portfolio of its products and customers, its risk profile, its plans over the short to medium term, and capital management. The outputs of the ORSA process are documented in the annual ORSA report.

In the ORSA report, the Company describes its risks, the capital it requires and the risk management work that assures policyholder benefits. Its production is governed by the Travelers Europe ORSA Policy which is owned by the Chief Risk and Administrative Officer and reviewed at least annually by the Board and the ERC. The ORSA is reviewed and approved by the Board and is expected to be submitted at least annually to the PRA, and contributes to securing an appropriate degree of protection for policy-holders. The Company's subsidiary TIDAC also produces an ORSA and submits this to the CBA in Ireland. In 2020 we will be producing a Group ORSA for the first time.

In order to achieve the Company's ORSA objectives and fulfil its obligations, the ORSA requires adequate and robust processes to assess, monitor and measure risks, including non-quantifiable risks such as reputational, strategic, and group risks alongside overall solvency needs. This is primarily achieved through the RMF which provides a structured process across the business that links business planning, execution of those plans, monitoring and assessment of the risk and capital profile that results, and the incorporation of insights and findings into business planning.

The high-level principles are presented below.



The ORSA considers both the regulatory and economic capital position of the Company. The regulatory capital position is calculated using the Standard Formula which is calibrated to a 1 in 200 risk of ruin on a one-year basis. Annually the Company assesses the appropriateness of the Standard Formula as the basis for calculating its regulatory capital requirement and documents this assessment within its ORSA. This assessment is performed by comparing the results under the Standard Formula to the results derived when using the Company's own capital model. For economic capital purposes the Company targets holding sufficient capital that over the three-year planning time horizon it holds sufficient capital to maintain its AM Best "A ++ (Superior)" rating. As set out in the ORSA, the Company uses its own capital model and assessment of its risk profile to determine its economic capital requirement.

The ORSA process is facilitated by the Company's Risk Management and Capital Modelling Functions in line with their requirements as documented in the RMF. These functions utilise the Company's risk register and internal model to assist management to identify, measure and monitor risks to the business plan and solvency.

B.3.3 Climate Related Financial Risks

Climate related financial risks are considered in the Risk Management Framework and ORSA process.
Further details of The Travelers Companies Inc. Climate Change Strategy can be found at
https://sustainability.travelers.com/drivers-of-sustained-value/climate-strategy/

B.4 Internal Control System

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

The tone for the control environment is set by the Group's parent, the Company's Board of Directors and the SLT 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. The operation of these internal controls and risk identification processes is monitored by the four control functions, namely the Compliance function, the Internal Audit function, the Actuarial function and the Risk Management function.

B.4.1 Delegation of Responsibilities

Delegation of responsibilities to senior management function holders, key function holders and their direct reports, as well as the relevant reporting lines, is set out in a Responsibilities Map. The Responsibilities Map is maintained by the General Counsel and is updated on a quarterly basis.

B.4.2 Compliance Function

Responsibilities of the Compliance Function are set out in a Compliance Charter and annual Compliance Plan, both of which are approved by the Company's Board and Executive Risk Committee on an annual basis. In addition, various internal control policies identify roles and responsibilities allocated to the Compliance Function. The Compliance Function is responsible for assisting the business in discharging its regulatory obligations. This involves helping the business in identifying, managing, monitoring and resolving compliance risks and issues, assisting with the implementation of controls around regulatory risk, encouraging the right culture across all levels of the firm and providing the Board and senior management with assurance that key regulatory risks are being appropriately managed. In particular, the Compliance Function will monitor how the business has discharged its regulatory obligations using a combination of targeted monitoring reviews and continuous monitoring and reporting, as set out in the annual Compliance Plan.

The escalation procedure for a possible non-compliant issue is via the Compliance Report to the Executive Risk Committee and the Company's Board, or through more immediate escalation to the individual Board member or relevant key function if a matter is material and requires more urgent action. In the unlikely event that appropriate remedial action is not taken following escalation of a material issue, the Compliance function will notify the appropriate regulatory authorities of the matter. All members of the compliance function are based in London.

The General Counsel and the Compliance Manager monitor the team's resources on a continuous basis throughout the year. Their objective is to ensure that the available resources are sufficient to complete the annual Compliance Plan within the stated timeframe and to provide the expected level of assurance.

Compliance is owned by the Company's Board, with due attention given on Board and Risk Committee agendas.

The Compliance Function reports:

- Quarterly to the Board;
- Quarterly to the Risk and Remuneration Committee;
- Quarterly to the Executive Risk Committee;
- Monthly to the Underwriting Committee (on complaints);
- As required to the Product Oversight Group;
- Following completion of a Compliance Review, Specific Project or Continuous Monitoring to Board members, senior management and all stakeholders, and
- Monthly to SLT: (i) by means of the Compliance dashboard; and (ii) monthly tracker of progress on reviews.

B.5 Internal Audit Function

The Group has a discrete internal audit local function based in London which reports into the Head of Internal Audit in the United States. In addition, the Head of Internal Audit has a direct reporting line to the Chair of the Audit Committee and meets each year with the Audit Committee without executive management in attendance.

Each Business Unit and function within the Company and TIDAC is subject to internal audit review on a two to three 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 considers 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 determined 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 area 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

The Internal Audit Function is managed by the Head of Internal Audit, who is an employee of the Company but has a direct reporting line to the Travelers Group's Head of Internal Audit based in Hartford, United States. The Head of Internal Audit has no other role within the Company and has no additional responsibilities

The Internal Audit Function reports:

- Quarterly to the Board;
- Quarterly to the Audit Committee;
- Quarterly to the Executive Risk Committee;

B.6 Actuarial Function

Article 48 of the Solvency II Directive requires each 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 Group has an in-house team of actuaries that perform this role. The Actuarial Function 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 and has a separate pricing and reserving team. This reduces the potential to create a conflict of interest.

The European Chief Actuary reports to the CEO of the Company to ensure that the Actuarial Function is not unduly influenced by the underwriting function.

The Actuarial Function Reports and the Opinions on Underwriting Policy and the Reinsurance Arrangements are produced annually and presented to the Board by the European Chief Actuary, having first been reviewed by the Executive Risk Committee. The Board exercises appropriate additional oversight over the reserving process by receiving quarterly reports from the Company's actuarial team which are presented by the

European Chief Actuary. Detailed review of the quarterly reserve reports is delegated to the Finance Committee and on an annual basis the Audit Committee meets with the European Chief Actuary and the External Auditors to receive reserve reports and to discuss reserving issues. Controls over the Board and Group's senior management having an undue influence on the activities of the Actuarial Function arise from the maintenance of professional standards of conduct by the in-house actuarial team, oversight from external auditors and peer reviews by other actuaries within the wider Travelers organisation.

B.7 Outsourcing

The Group's Outsourcing Policy sets out the minimum standards, and roles and responsibilities, relating to the outsourcing of a process, a service or an activity by or on behalf of the Group, and ensures compliance by the Group with all applicable regulations when entering into outsourcing arrangements.

The Policy applies to all types of outsourcing arrangements entered into by the Group, including intra-group outsourcing, where another company within the Travelers group performs a function on behalf of the Group.

The Group is committed to complying fully with all applicable regulatory requirements relating to the outsourcing of a function, including the requirements of Solvency II and the requirements of the FCA and the PRA. In particular, the Outsourcing Policy provides that the Group will:

- ensure that each outsourcing arrangement that it enters into is conducted in a sound and prudent manner
- ensure that the outsourcing of a function does not impair the ability of the supervisory authorities to monitor the Group's compliance with its obligations
- monitor the compliance by the Group'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;
- consider how its customers might be impacted by 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.

The Group 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 Group 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 Outsourcing Policy and Outsourcing Process has been approved by the SLT and the Company's Board.

The Group 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	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, the SLT and the ERC to be appropriate for the nature, scale and complexity of the Groups business.

C. Risk Profile

C.1 Underwriting Risk

Underwriting risk as at 31 December 2019 comprised 82.5% for the Group, and for the Company 80.8% (2018 : 88.0%) of the undiversified basic SCR.

C.1.1 Material Risk Exposures

The Group and Company have an Insurance Risk Policy (which covers underwriting risk) which is reviewed and approved annually by the ERC and the Board. Underwriting risk includes the following exposures:

- **Claims**: Inadequate management of claims 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 exposure, or over reliance on methods of aggregation. Failure to accumulate insurance exposures in an accurate and timely manner, or within established 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 as to the timing or amount of claims cash flows. Eventual claim payments are different to the reserves estimated for those liabilities.
- **Underwriting portfolio management**: Failure to predict the effect of industry, economic or market trends on individual classes of business profitability, leading to an inappropriate underwriting strategy.

There were no changes to the material underwriting risk exposures of either the Group or the Company during the period, nor to the measures used to assess those material risk exposures.

Life underwriting risk in the Standard Formula and the quantitative templates relates to exposures in respect of claims settled by the award of periodic payment orders.

C.1.2 Material Risk Concentrations

Geographically the major risk concentrations are to the UK and Ireland and by peril the largest exposure is to a large windstorm event with consequent storm surge. The underwriting portfolio with the largest exposure concentration is the professional indemnity coverage provided to UK solicitors.

Whilst reserve risk diversifies across lines of business, it is dominated by our long-tail classes and is exposed to systemic risks such as claims inflation, legal rulings or changes in settlements such as the Ogden discount rate change.

We do not anticipate any significant changes to our material risk concentration during the business planning time period.

C.1.3 Material Risk Mitigation

The Underwriting Committee oversees the management of underwriting risk and in particular ensures adherence to the Board determined risk appetite in terms of product, line of business, geographical exposure, line sizes, and rating adequacy. The underwriting strategy includes limits on the Group's total exposure to specific risks, together with limits on geographical and industry exposures. The aim is to ensure a well-diversified book is maintained with no over exposure in any one industry, line of business or geographical region. The Underwriting Committee meets monthly and will address new product ideas, emerging claims issues, product and line of business profitability issues, as well as monitoring the overall portfolio performance.

Contracts can contain a number of features which help to manage the underwriting risk such as the use of deductibles, limits and aggregate caps. The Group uses sophisticated modelling tools to monitor and manage the concentration of exposure from weather events and to ensure they remain within the Board's risk appetite. Authority limits are accorded to individual underwriters based on their experience. The Group also makes use of reinsurance to mitigate the risk of incurring significant losses linked to any one risk or any one event, principally risk excess of loss and property catastrophe reinsurance. Where an individual exposure is in excess of Group's appetite additional facultative reinsurance is also purchased.

On a monthly basis performance reviews are conducted to monitor premium production, business mix, rating adequacy and claims activity relative to targets set out in the Group's annual business plan. On an annual basis each portfolio is subjected to a detailed review to identify actions to be taken to improve performance where necessary and opportunities to further develop the portfolio.

The Finance Committee oversees the management of reserving risk. The Group's in-house actuaries perform a reserving analysis on a quarterly basis liaising closely with underwriters and claims handlers. The use of proprietary and standardised modelling techniques, internal and external benchmarking, and the review of claims development patterns are all instrumental in mitigating reserving risk. The aim of the quarterly reserving analysis is to produce a probability-weighted average of the expected future cash outflows arising from the settlement of incurred claims. These projections include an analysis of claims development compared to the previous 'best estimate' projections.

The Finance Committee performs a comprehensive review of the projections, both gross and net of reinsurance and following this review makes recommendations to the Company's Board of Directors of the appropriate claims provisions to be established. In arriving at the level of claims provisions carried a margin is applied over and above the actuarial best estimate so no adverse run-off deviation is envisaged.

C.1.4 Risk Sensitivity and Sensitivity Analysis

The major underwriting risk sensitivities are to the adequacy of reserves established at 31 December 2019 and to the projected loss ratio at which business will be written in the next twelve months. Should the net reserves established at 31 December 2019 deteriorate by 5% the impact on shareholders' funds post tax will be to reduce them by £28.8m for the Group and £24.3m for the Company (2018: reduce by £24.4m). Should the loss ratio projected for the 2020 year deteriorate by 5 points, the impact on shareholders' funds post tax for the Group would be a deterioration of £10.9m and for the Company a deterioration of £10.4m (2018: deterioration of £10.0m).

C.2 Market Risk

C.2.1 Material Risk Exposures

Market risk as at 31 December 2019 comprised 14.4% for the Group and 16.5% for the Company (2018: 8.7%), of the undiversified basic SCR. The increase in market risk for the Group and the Company is driven primarily by increased currency risk to the Euro due to the investment in its subsidiary TIDAC.

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

As at 31 December 2019 the Group had an investment portfolio comprised of government and corporate bonds with a market value of £1,152.6m. The Company's investment portfolio was valued at £1,073.2m (2018: £1,095.6m). 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. Neither the Group nor the Company uses derivatives other than to mitigate risk and has not utilised derivatives during 2019 or the prior year.

The Group and Company's only foreign currency exposures are to the Euro, through its subsidiary in Ireland, and to the US dollar through business written denominated in US dollars and through transactions with affiliated group companies based in the United States.

The Group and company also has a contingent exposure to a defined benefit pension scheme based in the UK in the event the sponsoring employer, an affiliated group company, is unable to meet its liabilities as they fall due.

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.2.2 Material Risk Concentrations

The Group's and Company's most material investment exposure is to the bonds of the UK Government. At 31 December 2019 the market value of its holding in UK government bonds was £271.5m (2018: £286.4m) or 24% (2018: 26%) of its investment portfolio. The Group and Company's single largest holding in a corporate bond was £22.6m (2018: £22.5m) or 2% (2018: 2%) of its investment portfolio.

The Group's and the Company's only material foreign currency exposure as at 31 December 2019 and 31 December 2018 was to the Euro due to its investment in its subsidiary Travelers Insurance DAC.

C.2.3 Material Risk Mitigation

Management of the Group and 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 and performance against this strategy is reviewed quarterly in meetings between the investment manager and the Finance Committee. The Group and Company has a conservative investment risk appetite and invests only in high quality government and corporate fixed interest securities. Limits are in place to manage exposures to particular industries and individual counterparties. The term of the invested assets purchased are set to approximate the duration of the underlying insurance liabilities.

The Group and Company aim to match foreign currency assets and liabilities by currency, with any surplus being held in sterling. Any foreign currency surpluses or deficiencies are actively managed, on at least a quarterly basis, by selling or buying currency assets to resolve the situation.

The Finance Committee monitors market risk and foreign currency exposures and adherence to the Group and Company's risk appetite.

C.2.4 Risk Sensitivity

The major market risk sensitivities are to a significant change in interest rate expectations, the financial impairment of an individual investment counterparty or a significant movement in foreign currency rates.

C.2.5 Sensitivity Analysis

The investment portfolio typically has a relatively short duration approximating the term of the insurance liabilities. If interest rates had risen by 100 basis points as at 31 December 2019, shareholder's equity for the Group and the Company would have reduced by £30.6m (2018: for Company reduced by £23.7m).

The failure of its largest corporate investment counterparty as at 31 December 2019 would cost the Group and the Company £22.6m, or approximately 4% of their net assets. (2018: £22.5m, or approximately 5% of the Company's net assets).

The impact of a 10% movement in the exchange rate for the largest currency exposure impacts the Group and Company's net assets by approximately £5m as at 31 December 2019 (2018: Company's net assets by less than £1m).

C.3 Credit Risk

C.3.1 Material Risk Exposures

Credit risk as at 31 December 2019 comprised 3.0% for the Group and 2.6% (2018: 3.3%) for the Company of the undiversified basic SCR.

The Group and Company's material credit risk exposures are to investment counterparties, through their fixed income investment portfolio, and to reinsurers, brokers and policyholders through their 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 Group and Company's 's biggest investment counterparty is the UK Government, to whom the exposure at 31 December 2019 was £271.4m (2018: £286.4m). The single biggest corporate bond exposure at 31 December 2019 was £22.6m (2018: £22.5m) or 2% of the value of the investment portfolio in 2019 (2018: 2%).

The single biggest reinsurer exposure as at 31 December 2019 for the Group and the Company was £20.9m (2018: £13.3m). There was no material exposure to any individual policyholder.

C.3.2 Material Risk Mitigation

Credit exposures are managed through the thoughtful analysis and selection of individual counterparties and the use of limits to manage exposures to individual counterparties.

Investment analysts within the Travelers Group provide reports on industry sectors and individual investment counterparties. The Group invests only in high quality and highly liquid assets that are traded on recognised investment exchanges and are rated “A-” or higher with Standard & Poor’s.

The Group and Company’s policy is to purchase reinsurance only from those reinsurers who meet the Travelers Group’s security standards. Reinsurance counterparties are subject to a rigorous internal assessment process by reviewing ratings provided by rating agencies and other publicly available information. The Group and Company utilises resources from the Travelers group in managing this risk. Some insurance policies underwritten by the Group and Company provide for a significant individual loss deductible, and/or aggregate deductible, in respect of the compulsory insurance classes of Motor or Employer’s Liability. In these cases, the insolvency of the insured would result in a credit exposure for the Group and the Company. This type of exposure is managed by requiring the insured to provide collateral, typically in the form of a Letter of Credit. Proactive credit control procedures are in place to limit outstanding balances owed by reinsurers, brokers and policyholders.

The Finance Committee monitors credit risk and the Group and Company’s adherence to its appetite for credit risk.

1.1.1 Risk Sensitivity

The key risk sensitivities for credit risk are to the failure of an individual counterparty, or to a market wide event, such as an economic recession or large insured Catastrophe loss, that impairs the financial security of a number of counterparties at the same time.

1.1.2 Sensitivity Analysis

Failure of the largest corporate bond counterparty and reinsurer counterparty at the same time as at 31 December 2019 would cost the Group and Company an amount representing approximately 9% (2018: 8%) of their net assets on a UK GAAP basis.

C.4 Liquidity Risk

C.4.1 Material Risk Exposures

The Group and Company have no material liquidity exposures. The Group and Company have no external debt, are well capitalised, and have highly liquid investment portfolios whose duration is set to match the duration of its insurance liabilities. The Company is the subsidiary 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.4.2 Material Risk Concentrations

The Group and Company have no material liquidity risk concentrations.

C.4.3 Material Risk Mitigation

The Group and Company have 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. The Finance Committee oversees the management of liquidity risk.

C.4.4 Risk Sensitivity

The Group and the Company have no particular sensitivities to liquidity risk.

C.4.5 Expected Profit in future Premiums

The expected profit in future premiums reported in form S.23.01 for the Group is £12.1m and for the Company is £7.6m (2018: £6.4m)

C.5 Operational Risk

C.5.1 Material Risk Exposures

Operational Risk is 7.9% of the Group's final SCR as at 31 December 2019 and 7.9% of the Company's final SCR (2018 : 7.8%).

The Group and company have an Operational Risk Policy which is reviewed and approved annually by the ERC and the Board. 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 and defined in the risk register:

- Compliance, Legal and Third Parties: Unintentional or negligent failure of professional, regulatory or legal obligations, including contractual disputes raised by, or against, business partners
- Conduct: Failure to pay due regard to the interests of customers and treat them fairly.
- Data Management and Reporting: Flaws relating to capture, maintenance/storage, transmission or reporting of information
- Employee and Employment Practices: Acts inconsistent with HR, employment, or health and safety legislation/policy.
- Financial Crime: Unlawful acts attempted for financial gain
- IT Infrastructure, Security and Change: Risk from systems or transformation initiatives, or disruption of business.

Operational risks are reviewed quarterly and linked to the ORSA through performance of the Risk and Control Self-Assessment (**RCSA**) process facilitated by the Risk Management Function. Qualitative risk concentration and sensitivity tests linked to the operational risk profile were analysed in the ORSA some of which were:

- Data and Infrastructure Security
- Business Continuity / Disaster Recovery
- Financial Crime

These tests are facilitated by the Risk Management Function linked to emerging risks and they provide early warning to the Board and senior management of extreme but plausible events that could impact the business and enables the Group and Company to formulate plans to manage the business in the event of such extreme shock.

Other key operational risks with the corresponding mitigating actions are summarised in the table below:

Process Risks	Mitigating Activities / Tools
	• Documented controls and procedures

Process Risks	Mitigating Activities / Tools
Business Operation and Process Failures	• Statistical reporting
	• Business Continuity arrangements
Governance Failures	• Documented controls and procedures
	• Corporate Governance Structure
Health & Safety Procedural Failures	• Documented controls and procedures
	• Review and enhancement of risk control activities
Change Management Failures	• Periodic review of projects and activities
	• Compliance with Travelers Group Change Management Processes and Procedures

People Risks	Mitigating Activities / Tools
Fraud	• Documented controls and procedures
	• Anti-fraud administration procedures
	• Authorisation limits and segregation of duties
	• Employee screening
Human Resources	• Documented controls and procedures
	• HR Policies and monitoring
	• Training programme for Management and Staff
Finance and Accounting Errors	• Documented controls and procedures
	• Accounting Policy
	• Authority Limits
	• Oversight by Internal Audit
Compliance and Legal	• Documented controls and procedures
	• Compliance Plan
	• Risk Committee oversight and reporting
	• Approval limits
	• Contracts approval procedure

Systems Risks	Mitigating Activities / Tools
Technology	• Documented controls and procedures
	• Fall-back suppliers/Service Providers for persistent failed delivery

Systems Risks	Mitigating Activities / Tools
	• Disaster Review/Recovery Processes
Systems and information Security	• Information Security policies and monitoring
	• Business Continuity Plan

External Risks	Mitigating Activities / Tools
External Party-induced BCP Failure	• Systems Security Checks
	• Rigorous Business Continuity/Disaster Recovery Plan
	• Office Premises Security Checks
Failure of Outsourcing Arrangements	• Service-level agreements
	• Outsourcing approval and monitoring procedures
Loss of key distribution relationships	• Proactive management of Third-party relationship issues
	• Proactive sourcing of alternative distribution relationships
Changes in Regulatory Framework	• Legal and Compliance monitoring procedures
	• Regular review of regulatory environment

In addition, regular risk monitoring and reporting using the risk register provides management and the Board with ongoing assurance that established operational controls to manage these operational risks are functioning properly. Recommendations and actions arising from this review are documented in the risk register and tracked to facilitate a discussion about the plan, its risks, and potential management actions to enhance the Group's resilience and deliver the plan's objectives.

Through the General Counsel's attendance at the Executive Risk Committee there is challenge over whether regulatory elements are considered appropriately within these risks. Similarly, notable regulatory developments and breaches are disseminated through Compliance reporting linked to the Risk Management Framework.

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

C.5.2 Material Risk Concentrations.

The Group and Company have no particular operational risk concentrations

C.5.3 Material Risk Mitigation

See table above

C.5.4 Sensitivity Analysis

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

C.5.5 Other Material Risks

None

C.6 Any other information

There are no significant risk concentrations for the Group or the Company.

The sensitivity analysis performed above has not specifically taken into consideration the impact of COVID-19. The Board has stress tested the potential impact of COVID-19 on the Group under a number of scenarios as part of their annual going concern assessment. Refer to Section D.5 'Going Concern' for details.

C.7 Stress and Scenario Testing

Stress and scenario testing are facilitated at least annually by the Risk Management Function and contemplates risks to which the business may become exposed to in the future. Stress and scenario testing involves projection of the plan, under extreme but plausible risk conditions, to identify potential management actions and inform the business strategy. Investigation of different scenarios identifies how perceived risks are likely to impact the strategy and supports proactive risk management.

Stress and scenario testing identifies how, with the business model under stress, policyholder security is assured and encourages continuous improvement, to evolve financial and operational resilience, in view of emerging risks. Analysis of external and internal events to develop/inform scenarios for analysis are identified by the Risk and Control Owners, SLT, ERC, Board and Risk Management Function amongst others.

Stress testing is used to evaluate the potential forward-looking effects of a set of specified changes in risk factors, corresponding to an exceptional but plausible targeted event. It is used to test business capability against challenging industry or macroeconomic events, or during periods of expansion/growth when innovation leads to new products for which limited, or no historical experience is available.

Scenario testing is typically used to assess (forward-looking) the simultaneous impact of a set of events. Stress and scenario analysis maintains a close relationship with the capital model. Well-functioning scenario analysis requires a robust model and methodology to perform the analysis, at the same time, the results of Stress and Scenario testing can inform refinements to the model and/or stress and scenario methodology.

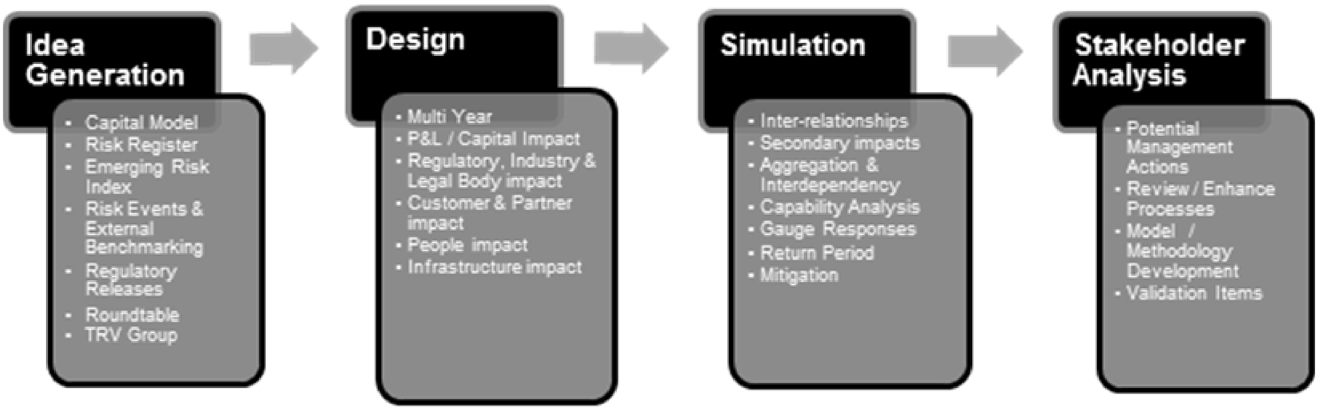


Figure A: Overview of the Stress and Scenario Methodology

Specific objectives relating to stress and scenario testing are to:

- explore the potential causes of total business model failure i.e., reverse stress testing;
- further understand the types of scenario and the extent of stress required to result in a breach of capital requirements;
- awareness of the impact on capital requirements and the position against risk tolerance and/or appetite under various stressed conditions;
- understand the impact on the ability to meet key targets under various stressed conditions; and
- analyse ORSA outputs, particularly in relation to the capital and solvency position under stressed conditions.

The Risk Management function facilitates Stress and Scenario testing and challenges potential management actions in response to these tests so that they are realistic, credible, consistent with regulatory expectations, and achievable; and consider triggers for potential activity.

Overview of the Methodology

Stress and scenario testing is made up of four main components:

I. Scenarios where Risk Appetite is exceeded;
II. Scenarios where capital limits (risk tolerance) is exceeded;
III. Reverse Scenarios that cause business failure (reverse stress tests); and
IV. Stressing of capital modelling parameters.

Appetite and Capital Scenario Analysis

The Risk Strategy defines the Risk Appetite and reflects the level and nature of risks that the Board considers acceptable for it to seek, accept or transfer in pursuit of strategic objectives. The Risk Appetite sets specific thresholds that are in the Company's tolerance level and this is monitored on an ongoing basis. The list of stress and scenario tests are reviewed frequently to identify new scenarios or stresses required and how to recalculate historic scenarios.

This work is led by the Capital Modelling function. The existing list of stress and scenario tests are reviewed frequently to identify new scenarios or stresses required and how to recalculate historic scenarios. This considers any new information that may have come to light through internal or external sources as presented in Figure A above.

The factors that drive the biggest losses are selected and scenarios are developed that target key controls, or that could cause material loss (for example, underwriting risks are most damaging when reinsurance protection is invalidated through operational risks or due to a large number of sideways risks leading to net retentions).

Once scenarios have been generated to consider each top risk category, the ERM functions, and specialist owners, identify which risks could have a common cause or are likely to occur simultaneously in order to develop an aggregate view.

Generally, stress and scenario tests are accumulated until the overall capital figure or the local appetite is exceeded. The combination of events required to exceed this capital figure is seen as a good test of suitability of the capital amount and modelling.

<u>Quantitative Assessment</u>

- Review the average drivers of capital loss that would take TICL below its Economic Capital Requirement (**ECR**); or cause a one notch downgrade on standalone basis or erode all capital.
- Rank the largest drivers of capital erosion and report on the correlation between these to sense check whether events could occur that accumulate these losses.
- Attach a likelihood to some of the scenario tests.

<u>Qualitative Assessment</u>

Continually progress thinking on risks to capital, considering emerging risks and inherent risk scenarios, for example: Tests on Group/Operational risks; Pension fund liabilities/assets where appropriate; and Invalidation of reinsurance assets.

D Valuation for Solvency Purposes

D.1 Assets

The Group assets on a Solvency II and UK GAAP basis as at 31 December 2019 were as set out below:

31 December 2019	Solvency II basis	UK GAAP basis	Difference
	£'m	£'m	£'m
Deferred tax asset	23.3	21.3	2.0
Financial investments	1,152.6	1,141.5	11.1
Reinsurance recoverables	109.3	134.8	(25.5)
Insurance and intermediaries receivables	10.9	92.8	(81.9)
Reinsurance receivables	6.1	7.9	(1.8)
Receivables (trade, not insurance)	2.7	2.7	-
Cash and cash equivalents	41.3	41.3	-
Accrued interest	-	11.1	(11.1)
Deferred acquisition costs	-	20.6	(20.6)
Total Assets	**1,346.2**	**1,474.0**	**(127.8)**

The Company's assets on a Solvency II and UK GAAP basis as at 31 December 2019 and 31 December 2018 were as set out below:

31 December 2019	Solvency II basis	UK GAAP basis	Difference
	£'m	£'m	£'m
Deferred Tax Asset	23.3	21.3	2.0
Other Financial Investments	1,083.8	1,073.2	10.6
Investment in subsidiary	54.7	58.8	(4.1)
Reinsurance recoverables	98.2	118.4	(20.2)
Insurance and intermediaries receivables	8.5	75.4	(66.9)
Reinsurance receivables	2.8	4.6	(1.8)
Receivables (trade, not insurance)	4.7	4.7	-
Cash and cash equivalents	31.3	31.3	-
Accrued interest	-	10.7	(10.7)
Deferred acquisition costs	-	19.2	(19.2)
Total Assets	**1,307.3**	**1,417.6**	**(110.3)**

31 December 2018	Solvency II basis	UK GAAP basis	Difference
	£'m	£'m	£'m
Deferred Tax Asset	23.1	23.7	(0.6)
Other Financial Investments	1,107.7	1,095.6	12.1
Investment in subsidiary	5.5	5.5	-
Reinsurance recoverables	75.5	95.5	(20.0)
Insurance and intermediaries receivables	6.9	54.2	(47.3)
Reinsurance receivables	1.5	1.5	-
Receivables (trade, not insurance)	1.6	1.6	-
Cash and cash equivalents	19.7	19.7	-
Accrued interest	-	12.1	(12.1)
Deferred acquisition costs	-	15.7	(15.7)
Total Assets	**1,241.5**	**1,325.0**	**(83.5)**

The starting point for the valuation of assets and liabilities is UK GAAP. There are no material differences between UK GAAP and IFRS for the assets and liabilities held by the Group and the Company.

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

Deferred acquisition costs
Deferred acquisition costs comprise brokerage and commission incurred on contracts written during the financial year, but that fall to be earned in future financial years on a UK GAAP basis. Deferred acquisition costs are removed under Solvency II principles.

Deferred tax asset
The deferred tax asset relates to carry forward tax losses and is valued using an estimate of future profits by financial year and then applying the latest tax rate which has received Royal Assent and which might reasonably be expected to apply when the timing differences reverse. There are no unprovided deferred tax assets or liabilities.

The valuation method for deferred tax balances is the same under IFRS and SII. The difference in the valuation between Solvency II and UK GAAP relates to the application of deferred tax to valuation differences that apply between net assets on a UK GAAP and a Solvency II basis.

The recoverability of the deferred tax asset depends on the availability of future profits. Projected profits 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 forward available in the UK. The Group made taxable profits in 2019 of £5.1m and the Company made taxable profits of £5.1m (2018: £4.7m)

Other Financial Investments
The Group and Company classify their financial 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. For assets where no active market exists, fair value is determined by referring to quoted prices in active markets for similar assets. All of the Group's and Company's investments fall into this category. 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.

Investment in subsidiary

On a UK GAAP basis the investment in subsidiary is carried at cost. On a Solvency II basis it is carried at net asset value.

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 the 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 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/Receivables (trade, not insurance)

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.

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.

Accrued Interest

Accrued interest 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 for the Group as at 31 December 2019 were as set out below:

	2019
	£ 'm
Best estimate	794.2
Risk margin	49.7
Total gross technical provisions	**843.9**

The most material class is General Liability which comprises 69% of the total best estimate as follows:

General Liability	2019
	£'m
Gross best estimate	550.6
Risk margin	35.0
Total gross technical provisions	**585.6**
Reinsurance best estimate	**(56.1)**
Total net technical provisions	**529.5**

Gross technical provisions for the Company as at 31 December 2019 and 2018 were as set out below:

	2019	2018
	£ 'm	£ 'm
Best estimate	756.3	728.5
Risk margin	46.6	45.4
Total gross technical provisions	**802.9**	**773.9**

The most material class is General Liability which comprises 65% (2018: 76%) of the total best estimate as follows:

General Liability	2019	2018
	£'m	£'m
Gross best estimate	515.8	522.0
Risk margin	32.3	34.1
Total gross technical provisions	**548.1**	**556.1**
Reinsurance best estimate	**(43.8)**	**(29.9)**
Total net technical provisions	**504.3**	**526.2**

The gross technical provisions best estimate represents the best 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 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 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 Group and the Company have 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 the underlying policies of insurance.

- A variety of different statistical techniques are used by thein-house actuaries to determine the appropriate level of provision to carry. These methods include the following:

- Chain ladder development of paid and incurred claims, where claims to date for each accident year are extrapolated based upon the historical development patterns of earlier years;
- 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 country, product, line of business and accident year. Gross and ceded data is projected separately. Large claims are identified and reserved for separately. Where possible, the Group 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 product and 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 an addition to the best estimate liabilities. The risk margin is an estimate of the cost of providing the capital necessary to support the run off to expiry of the underlying insurance liabilities. We use the full calculation as the basis for calculating the risk margin. This involves taking the Standard Formula SCR and projecting it:

- For 30 years into the future;
- Restricted to the policies legally obliged on the balance sheet date;
- Assuming market risk is nil;
- Using the gross and ceded, premium, claims and expense cashflows from the technical provisions;
- Making various expert judgments used in respect of the risk prevailing at each future projection point.

This is then discounted and multiplied by the prescribed cost of capital rate of 6%. There has been no change to the basis of computing the risk margin relative to that used in the prior year.

To allow for business that is contractually bound but not incepted at the balance sheet date we use assumptions as to binding date, together with data from the latest business plan. For reinsurance we assume a future management action will be to purchase reinsurance cover, similar to the protection offered by current reinsurance treaties, to provide ongoing protection for any unexpired gross exposures. An additional expense provision is calculated to cover the cost of administering the policies and settling the claims in respect of unearned premiums and bound but not incepted policies. For Events Not in Data we use an assumption-based approach which has been benchmarked against the market. There has been no change to the basis of calculating technical provisions in 2019 relative to the prior year.

This calculation approach is applied to all Solvency II classes. The same basis of calculation is used by all group companies.

On a Solvency II basis the Group's gross technical provisions as at 31 December 2019 were £840.39m. On a UK GAAP basis gross technical provisions were £925.4.0m. A reconciliation of the UK GAAP reserves to the Solvency II reserves for the Group on a gross and net basis, itemising the key items in reconciliation, for 2019 is set out below:

As at 31 December 2019	Gross	RI	Net
	£'m	£'m	£'m
UK GAAP reserves	925.4	134.8	790.6
Removal of margin	(21.3)	-	(21.3)
Removal of UPR reserve	(187.3)	(19.6)	(167.7)
Future Premium	(98.2)	(23.1)	(75.1)
Discounting	(16.3)	(3.5)	(12.8)
Claims on unearned/un-incepted business	117.7	19.1	98.6
Commissions on un-incepted business	2.7	-	2.7
Risk Margin	49.7	-	49.7
Additional expenses	39.8	-	39.8
Reinsurance bad debt	-	(2.4)	2.4
Events not in data	31.7	4.0	27.7
Solvency II Technical Provisions	**843.9**	**109.3**	**734.6**

On a Solvency II basis the Company's gross technical provisions as at 31 December 2019 were £843.9m (2018: £773.9m). On a UK GAAP basis gross technical provisions were £925.4.0m (2018: £831.6m). A reconciliation of the UK GAAP reserves to the Solvency II reserves for the Company on a gross and net basis, itemising the key items in reconciliation, for both 2019 and 2018 is set out below:

As at 31 December 2019	Gross	RI	Net
	£'m	£'m	£'m
UK GAAP reserves	872.2	118.4	753.8
Removal of margin	(20.4)	-	(20.4)
Removal of UPR reserve	(171.3)	(16.5)	(154.8)
Future Premium	(83.2)	(16.8)	(66.4)
Discounting	(16.2)	(3.5)	(12.7)
Claims on unearned/un-incepted business	107.3	14.5	92.8
Commissions on un-incepted business	1.8	-	1.8
Risk Margin	46.5	-	46.5
Additional expenses	36.3	-	36.3
Reinsurance bad debt	-	(1.3)	1.3
Events not in data	29.9	3.4	26.5
Solvency II Technical Provisions	**802.9**	**98.2**	**704.7**

As at 31 December 2018	Gross	RI	Net
	£'m	£'m	£'m
UK GAAP reserves	831.6	95.5	736.1
Removal of margin	(22.0)	-	(22.0)
Removal of UPR reserve	(147.9)	(15.5)	(132.4)
Future Premium	(62.3)	(16.3)	(46.0)
Discounting	(19.3)	(1.6)	(17.7)
Claims on unearned/un-incepted business	88.9	11.5	77.4
Commissions on un-incepted business	1.6	-	1.6
Risk Margin	45.4	-	45.4
Additional expenses	29.5	-	29.5
Reinsurance bad debt	-	(1.3)	1.3
Events not in data	28.4	3.2	25.2
Solvency II Technical Provisions	**773.9**	**75.5**	**698.4**

On a Solvency II basis reserves are carried on a best estimate basis so any reserve margin held under UK GAAP is released. 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 Group/Company is contractually bound but the contract has not yet incepted. In this way, 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 Group and Company are 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 it is necessary to carry a reserve for Events Not in Data ("ENIDS"). In addition, the Group and Company provide for the additional expenses that will be incurred in servicing all contracts to which the Group and Company are contractually bound at the balance sheet date to their expiry. 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 assuming these liabilities, and the reserves are discounted to reflect the time value of money.

Neither the Group nor the Company have applied the matching adjustment referred to in Article 77b of Directive 2009/138/EC, nor have they 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 2019 for the Group were £109.3m. Reinsurance recoverables for the Company were £98.2m (2018: £75.5m). Reinsurance recoverables relate to current and expected 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.

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 Group's other liabilities as at 31 December 2019 on a Solvency II and UK GAAP basis were as follows:

31 December 2019	Solvency II basis	UK GAAP Basis	Difference
	£'m	£'m	£'m
Insurance and intermediaries payables	0.1	3.2	(2.11)
Reinsurance payables	0.3	14.3	(14.0)
Payables (trade, not insurance)	3.1	3.1	-
Any other liabilities, not elsewhere shown	-	17.2	(17.2)
Total Other Liabilities	**3.5**	**37.8**	**(34.3)**

The Company's other liabilities as at 31 December 2019 and 31 December 2018 on a Solvency II and UK GAAP basis were as follows:

31 December 2019	Solvency II basis	UK GAAP Basis	Difference
	£'m	£'m	£'m
Insurance and intermediaries payables	-	2.8	(2.8)
Reinsurance payables	0.3	12.0	(11.7)
Payables, (trade not insurance)	5.3	5.3	-
Any other liabilities, not elsewhere shown	-	11.4	(11.4)
Total Other Liabilities	**5.6**	**31.5**	**(25.9)**

31 December 2018	Solvency II basis	UK GAAP Basis	Difference
	£'m	£'m	£'m
Insurance and intermediaries payables	-	3.7	(3.7)
Reinsurance payables	-	10.7	(10.7)
Any other liabilities, not elsewhere shown	0.8	13.8	(13.0)
Total Other Liabilities	**0.8**	**28.2**	**(27.4)**

The amounts disclosed by the Group as Any Other Liabilities, Not Elsewhere Shown, can be further broken down as follows:

31 December 2019	Solvency II basis	UK GAAP basis	Difference
	£'m	£'m	£'m
Insurance premium tax	-	11.8	(11.8)
Other insurance liabilities	-	-	-
Reinsurers' share of deferred acquisition costs	-	2.2	(2.2)
Accruals	-	3.2	(3.2)
Total	**-**	**17.2**	**(17.2)**

The amounts disclosed by the Company Any Other Liabilities, Not Elsewhere Shown, can be further broken down as follows:

31 December 2019	Solvency II basis	UK GAAP basis	Difference
	£'m	£'m	£'m
Insurance premium tax	-	6.6	(6.6)
Other insurance liabilities	-	-	-
Reinsurers' share of deferred acquisition costs	-	2.2	(2.2)
Accruals	-	2.6	(2.6)
Total	**-**	**11.4**	**(11.4)**
31 December 2018	**Solvency II basis**	**UK GAAP basis**	**Difference**
	£'m	£'m	£'m
Insurance premium tax	-	9.0	(9.0)
Other insurance liabilities	0.2	0.2	-
Reinsurers' share of deferred acquisition costs	-	1.9	(1.9)
Accruals	0.6	2.7	(2.1)
Total	**0.8**	**13.8**	**(13.0)**

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

Insurance and Intermediaries payables
On a Solvency II basis amounts payable to intermediaries that are not overdue are classified within technical provisions.

Reinsurance payables
On a Solvency II basis cash outflows to reinsurers are a component of reinsurance technical provisions. The only element reported as a liability on the balance sheet is the amount outstanding past credit terms, if any.

Payables (trade, not insurance)
Payables comprise amounts payable to other group entities and corporation tax payable. There is no difference in the valuation of payables (trade, not insurance) on a UK GAAP and Solvency II basis. They are recorded at book value as a reasonable proxy for economic value, as all amounts are expected to be paid within six months.

Insurance premium tax
The differences in valuation between UK GAAP and Solvency II is attributable to the amounts being included within technical provisions on a Solvency II basis.

Reinsurers' share of deferred acquisition costs
The reinsurer's share of deferred acquisition costs under UK GAAP relates to that element of commissions receivable from reinsurers that falls to be earned after the balance sheet date. Deferred acquisition costs as a principle does not exist under Solvency II.

Accruals
The difference in valuation between UK GAAP and Solvency II is attributable to the fees payable to the Motor Insurance Bureau, the FSCS and ELTO, which are reclassified as Technical Provisions for Solvency II purposes.

D.4 Alternative methods for valuation

None

D.5 Going Concern

The Directors have prepared the Solvency and Financial Condition Report on the going concern basis. The Directors confirm that they are satisfied that the Group has adequate resources to continue in operation and meet its liabilities as they fall due for a period of at least 12 months from the date that the Solvency and Financial Condition Report is approved. In arriving at this conclusion, the Directors have undertaken an assessment to determine the impact of COVID-19 on the Group and its future viability, taking into account the likely impact on the Group's insured loss exposures, investments and solvency capital position under moderate and severe scenarios, and the associated sensitivities where relevant. The analysis performed, including the monitoring of the solvency and capital position post year end, and taking into consideration the Group is a subsidiary of a financially strong parent company, demonstrates that the Group remains solvent and retains sufficient headroom above regulatory capital requirements under moderate and severe scenarios.

E Capital Management

E.1 Own Funds

This SFCR is a Group SFCR for TICL and its wholly owned subsidiary, Travelers Insurance Designated Activity Company ("TIDAC"). There was no EEA Group during 2018. An EEA Group came into existence when TIDAC was authorised in January 2019.

The Group and the Company's primary objectives when managing their capital position are as follows:

- to protect their ability to continue as a going concern and thus to protect theirs policyholders;
- to enable an appropriate return to the shareholder by allocating appropriate amounts of capital to their products commensurate with the risks taken, and measuring the return on this capital;
- to comply with their regulatory capital requirements;
- to maintain financial strength ratings of AM Best A++ (superior) and S&P AA.

The Group and Company's Capital Management Policy is owned by the Finance Committee and is approved by the Board on an annual basis. The Group and Company's position relative to their regulatory capital requirements and internal targets are monitored on a quarterly basis by the Finance Committee and reported to the Board.

The Group and Company use a three-year business plan time horizon and ensure they have enough capital to meet all reasonably anticipated needs through this period. There have been no material changes to the Group and the Company's objectives and approach in this area during the year.

The Group and Company's Own Funds are comprised principally of Tier 1 capital, which in turn is composed of share capital, share premium and a reconciliation reserve. There are no anticipated dividends over the foreseeable future. There is a small element of tier 3 capital that relates wholly to a deferred tax asset in respect of tax loss carry forwards. The Group's Basic Own Funds by type and tier as at 31 December 2019 were:

31 December 2019	Tier 1	Tier 2	Tier 3	Total
	£'m	£'m	£'m	£'m
Share capital	267.0	-	-	267.0
Share premium	0.7	-	-	0.7
Deferred tax asset	-	-	23.3	23.3
Reconciliation reserve	82.8	-	-	82.8
Total Basic Own Funds	**350.5**	**-**	**23.3**	**373.8**

The Company's Basic Own Funds by type and tier at 31 December 2019 and 31 December 2018 were:

31 December 2019	Tier 1	Tier 2	Tier 3	Total
	£'m	£'m	£'m	£'m
Share capital	267.0	-	-	267.0
Share premium	0.7	-	-	0.7
Deferred tax asset	-	-	23.3	23.3
Reconciliation reserve	82.8	-	-	82.8
Total Basic Own Funds	**350.5**	**-**	**23.3**	**373.8**

31 December 2018	Tier 1	Tier 2	Tier 3	Total
	£'m	£'m	£'m	£'m
Share capital	232.8	-	-	232.8
Share premium	0.7	-	-	0.7
Deferred tax asset	-	-	23.1	23.1
Reconciliation reserve	210.2	-	-	210.2
Total Basic Own Funds	**443.7**	**-**	**23.1**	**466.8**

There is no restriction in the amount of Own Funds in either tier that is eligible to meet the Group and Company's SCR. All Tier 1 Own Funds are eligible to cover the Group's and the Company's MCR.

A comparison of the excess of assets over liabilities as calculated for Solvency II purposes and equity as shown in the Group's UK GAAP financial statements as at 31 December is set out below:

	31 December 2019
	£'m
Equity on a UK GAAP basis	510.8
Equity on a Solvency II basis	498.9
Difference	11.9

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 as at 31 December 2019 and 2018 is set out below:

	31 December 2019	31 December 2018
	£'m	**£'m**
Equity on a UK GAAP basis	513.9	465.2
Equity on a Solvency II basis	498.9	466.8
Difference	15.0	(1.6)

In 2019 Shareholders' funds on a UK GAAP basis are higher than the excess of assets over liabilities on a Solvency II basis. This is because the benefit under Solvency II of releasing margin, discounting and recognising profit on unearned premiums is less than the incremental costs of the additional provisions carried under Solvency II for the risk margin, future expenses and events not in data. The opposite was the case in 2018. A detailed reconciliation is set out below for the Group:

	31 December 2019
	£'m
Equity per UK GAAP	**510.8**
Reserve margin release	21.3
Discounting	12.8
Events not in data	(27.7)
Additional expenses	(22.2)
Risk Margin	(49.7)
Profit recognised on unearned premiums	51.6
Deferred tax on UK GAAP to SII adjustments	2.0
Excess of assets over liabilities in Solvency II	**498.9**

A detailed reconciliation as at 31 December 2019 and 2018 is set out below for the Company:

	31 December 2019	31 December 2018
	£'m	**£'m**
Equity per UK GAAP	**513.9**	**465.2**
Reserve margin release	20.4	22.0
Discounting	12.7	17.7
Events not in data	(26.5)	(25.2)
Additional expenses	(20.5)	(16.0)
Risk Margin	(46.5)	(45.4)
Profit recognised on unearned premiums	43.4	49.2
Deferred tax on UK GAAP to SII adjustments	2.0	(0.7)
Excess of assets over liabilities in Solvency II	**498.9**	**466.8**

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

£131.6m of Own Funds in both the Group and the Company as at 31 December 2019 (2018: £90.2m) are pledged as collateral to Lloyd's to support the capital requirements of the Travelers Group's wholly aligned Lloyd's syndicate, Syndicate 5000. At the 2019 year end the Group and the Company have concluded that it is not appropriate to disclose this amount within Own Funds on a Solvency II basis as it is a restricted ring-fenced fund. An amount of £125.1 m has thus been deducted from their respective Own Funds which is the amount of assets pledged to support the Group's wholly aligned Lloyd's Syndicate, net of an SCR in respect of these assets of £6.5m. At 31 December 2018 the equivalent amount, £90.2m, was included within Own Funds for the Company. This change in treatment has no impact from the perspective of the internal monitoring of the Group and Company's SCR coverage ratio, as for internal monitoring purposes these assets were always disallowed.

The Company also has £110.5m of assets that are pledged as collateral to its subsidiary TIDAC in the context of the Whole Account Quota Share Reinsurance arrangement. These are reported as investments on the Group and the Company's balance sheet and treated as a ring-fenced fund from a Solvency II reporting perspective. No restriction is made to the Group or Company's Eligible Own Funds for these assets as they are match by a corresponding amount of insurance liabilities.

E.2 Solvency Capital Requirement and Minimum Capital Requirement

The Group and the Company uses the Standard Formula to calculate their Solvency Capital Requirement (**SCR**) and Minimum Capital Requirement (**MCR**). The Group and the Company do not use any Undertaking Specific Parameters. The amount of the Group's MCR and SCR as at 31 December 2019 were £99.9m and £298.9m respectively. The SCR by risk module as at 31 December 2019 and 2018 was as set out below:

SCR Component	31 December 2019
	£'m
Non-Life Underwriting	251.8
Life Underwriting	0.8
Market Risk	44.2
Counterparty Default Risk	9.2
Undiversified Basic SCR	306.0
Diversification credit	(34.8)
Basic SCR	271.2
Operational risk	23.7
Adjustment due to RFF aggregation	4.0
Solvency Capital Requirement	**298.9**

The amount of the Company's MCR and SCR as at 31 December 2019 were £94.9m and £287.0m respectively. The SCR by risk module as at 31 December 2019 and 2018 was as set out below:

SCR Component	31 December 2019	31 December 2018
	£'m	**£'m**
Non-Life Underwriting	239.5	244.9
Life Underwriting	0.8	1.5
Market Risk	49.3	24.3
Counterparty Default Risk	7.8	9.3
Undiversified Basic SCR	297.4	280.0
Diversification credit	(36.9)	(23.0)
Basic SCR	260.5	256.9
Operational risk	22.7	21.8
Adjustment due to RFF aggregation	3.8	-
Solvency Capital Requirement	**287.0**	**278.8**

The increase in market risk for the Company is driven primarily by increased currency risk to the Euro due to its investment in its subsidiary TIDAC.

Neither the Group nor the Company has been required to use any Undertaking Specific Parameters or to make any capital add-on by the supervisory authority. In calculating the SCR using the Standard Formula, the Group and the Company have used simplified calculations for the Non-Life Underwriting risk, Market risk and Counterparty Default Risk modules, and within Market risk for the Spread risk and Interest Rate risk sub-modules.

The MCR is calculated by reference to the net technical provisions by class as at 31 December 2019 and by the net written premiums by class written over the last twelve months. The result of the calculation is then subject to a floor and a cap of 25% and 45% of the SCR respectively. As at 31 December 2019 the MCR for the Group has been set at £99.9m and for the Company has been set at £94.9m (2018: £90.4m).

The SCR and MCR are subject to supervisory assessment by the PRA.

The Group SCR is calculated using the consolidation method and is attributed wholly to the consolidation of the two group entities TICL and TIDAC. The Group MCR is the sum of the MCR for the two solo entities TICL and TIDAC.

The increase in the SCR and the MCR during the year for both the Group and the Company is largely driven by the increased premium volumes written and the increase in technical provisions year on year.

The Group SCR at £298.9m is £10.2m lower than the sum of the SCRs for the two group entities, TICL and TIDAC on a solo basis. This is the benefit of Group diversification and is largely driven by diversification of underwriting risk.

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

The Group and the Company hold no equities and as such do 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.5 Non-Compliance with the Minimum Capital Requirement and non-compliance with the Solvency Capital Requirement

The Group and Company have both remained in compliance with their MCR and SCR throughout the year and through the period since the end of the financial year.

The Group's position relative to its capital requirements as at 31 December 2019 was as set out below:

31 December 2019	MCR	SCR
	£'m	£'m
Capital Requirement	99.9	298.9
Eligible Own Funds	350.5	373.8
Surplus	250.6	74.9
Coverage	**350.9%**	**125.1%**

The Company's position relative to its capital requirements as at 31 December 2019 and 31 December 2018 was as set out below:

31 December 2019	MCR	SCR
	£'m	£'m
Capital Requirement	94.9	287.0
Eligible Own Funds	350.6	373.8
Surplus	255.7	86.8
Coverage	**369.4%**	**130.2%**

31 December 2018	MCR	SCR
	£'m	£'m
Capital Requirement	90.4	278.8
Eligible Own Funds	443.7	466.8
Surplus	353.3	188.0
Coverage	**490.8%**	**167.4%**

The reduction in the Company's own funds between 2018 and 2019 is impacted by the change in treatment of the funds pledged at Lloyd's to support the capital requirements of the Travelers Group's Lloyd's Syndicate as set out in Section 5.1. A table summarising the movements is set out below:

	£'m
Eligible Own Funds ("EOF") as at 31 December 2018	466.8
Reduction in Eligible Own Funds re revised treatment of assets supporting Lloyd's Syndicate at 31 December 2018	(90.5)
Share capital injection in 2019	34.2
Increase in assets pledged to support Lloyd's Syndicate	(34.6)
Other movements	(2.1)
Eligible Own Funds at 31 December 2019	373.8

E.6 Any other information

None

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

Travelers Insurance Company Limited

Financial Year ending 31 December 2019

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.

Matthew Wilson
Director and Chief Executive Officer

5 June 2020

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

Report on the Audit of the Relevant Elements of the Group Solvency and Financial Condition Report

Opinion

Except as stated below, we have audited the following documents prepared by the Group and the Company as at 31 December 2019:

- The 'Valuation for solvency purposes' and 'Capital Management' sections of the Group Solvency and Financial Condition Report of the Group and the Company as at 31 December 2019, ('**the Narrative Disclosures subject to audit**'); and

- Group templates S02.01.02, S23.01.22, S25.01.22 and S32.01.22 and Company templates S.02.01.02, S12.01.02, S.17.01.02, S.23.01.01, 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 Group Solvency and Financial Condition Report'**.

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

- The 'Business and performance', 'System of governance' and 'Risk profile' sections of the Group Solvency and Financial Condition Report;

- Group templates S05.01.02, S05.02.01;

- Company templates S.05.01.02, S.05.02.01, S.19.01.21;

- Information calculated in accordance with the previous regime used in the calculation of the transitional measure on technical provisions, and as a consequence all information relating to the transitional measures on technical provisions as set out in the Appendix to this report;

- The written acknowledgement by the Directors of their responsibilities, including for the preparation of the Group Solvency and Financial Condition Report ('**the Responsibility Statement**');

- Information which pertains to an undertaking that is not a Solvency II undertaking and has been prepared in accordance with PRA rules other than those implementing the Solvency II Directive or in accordance with an EU instrument other than the Solvency II regulations.

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

In our opinion, the information subject to audit in the Relevant Elements of the Group Solvency and Financial Condition Report of Travelers Insurance Company Limited as at 31 December 2019 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 Group Solvency and Financial Condition Report* section of our report. We are independent of the Group and the Company in accordance with the ethical requirements that are relevant to our audit of the Group Solvency and Financial Condition Report in the UK, including the FRC's Ethical Standard as applied to public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter – special purpose basis of accounting

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

Going concern

The Directors have prepared the Group Solvency and Financial Condition Report on the going concern basis as they do not intend to liquidate the Company or the Group or to cease their operations, and as they have concluded that the Company's and the Group's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the Group Solvency and Financial Condition Report ("the going concern period").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the Group Solvency and Financial Condition Report. In our evaluation of the Directors' conclusions, we considered the inherent risks to the Company's and Group's business model, including the impact of COVID-19, and analysed how those risks might affect the Company's and Group's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the Company or Group will continue in operation.

Other Information

The Directors are responsible for the Other Information.

Our opinion on the Relevant Elements of the Group 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 Group 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 Group 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 Group 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 Group Solvency and Financial Condition Report

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

It is our responsibility to form an independent opinion as to whether the Relevant Elements of the Group Solvency and Financial Condition Report are prepared, in all material respects, with financial reporting provisions of the PRA Rules and Solvency II regulations on which it they 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 Group Solvency and Financial Condition Report are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but it is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decision making or the judgement of the users taken on the basis of the Relevant Elements of the Group 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.

Sectoral Information

In our opinion, in accordance with Rule 4.2 of the External Audit Part of the PRA Rulebook for Solvency II firms, the **sectoral information** has been properly compiled in accordance with the PRA rules and EU instruments relating to that undertaking from information provided by members of the group and the relevant insurance group undertaking.

Other Information

In accordance with Rule 4.1 (3) of the External Audit Part of the PRA Rulebook for Solvency II firms we are also required to consider whether the Other Information is materially inconsistent with our knowledge obtained in the audit of Travelers Insurance Company 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 for Solvency II firms 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 for Solvency II firms 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.

Umar Jamil for and on behalf of KPMG LLP

15 Canada Square, E14 5GL

5 June 2020

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

Group standard formula

The relevant elements of the Group 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.23.01.22
  - Rows R0410 to R0440 – Own funds of other financial sectors
- The following elements of template S.25.01.22
  - Rows R0500 to R0530 – Capital requirement for other financial sectors (Non-insurance capital requirements)
- Elements of the Narrative Disclosures subject to audit identified as 'unaudited'.

Appendix A: Quantitative Reporting Templates

General information

Participating undertaking name	Travelers Insurance Company Limited Group
Group identification code	5493008G0BNFHVUJ0Q27
Type of code of group	LEI
Country of the group supervisor	GB
Language of reporting	en
Reporting reference date	31 December 2019
Currency used for reporting	GBP
Accounting standards	Local GAAP
Method of Calculation of the group SCR	Standard formula
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 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.05.01.02 - Premiums, claims and expenses by line of business
S.05.02.01 - Premiums, claims and expenses by country
S.05.02.01 - Premiums, claims and expenses by country
S.23.01.22 - Own Funds
S.25.01.22 - Solvency Capital Requirement - for groups on Standard Formula
S.32.01.22 - Undertakings in the scope of the group

S.02.01.02

Balance sheet

		Solvency II value
	Assets	C0010
R0030	Intangible assets	0
R0040	Deferred tax assets	23,278
R0050	Pension benefit surplus	0
R0060	Property, plant & equipment held for own use	0
R0070	Investments (other than assets held for index-linked and unit-linked contracts)	1,152,656
R0080	*Property (other than for own use)*	0
R0090	*Holdings in related undertakings, including participations*	0
R0100	*Equities*	0
R0110	*Equities - listed*	0
R0120	*Equities - unlisted*	0
R0130	*Bonds*	1,152,656
R0140	*Government Bonds*	587,480
R0150	*Corporate Bonds*	565,176
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:	109,283
R0280	*Non-life and health similar to non-life*	109,283
R0290	*Non-life excluding health*	109,283
R0300	*Health similar to non-life*	
R0310	*Life and health similar to life, excluding index-linked and unit-linked*	0
R0320	*Health similar to life*	
R0330	*Life excluding health and index-linked and unit-linked*	
R0340	*Life index-linked and unit-linked*	
R0350	Deposits to cedants	0
R0360	Insurance and intermediaries receivables	10,915
R0370	Reinsurance receivables	6,086
R0380	Receivables (trade, not insurance)	2,683
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	41,341
R0420	Any other assets, not elsewhere shown	0
R0500	**Total assets**	1,346,242

S.02.01.02

Balance sheet

		Solvency II value
	Liabilities	C0010
R0510	Technical provisions - non-life	840,328
R0520	*Technical provisions - non-life (excluding health)*	840,328
R0530	*TP calculated as a whole*	0
R0540	*Best Estimate*	790,951
R0550	*Risk margin*	49,377
R0560	*Technical provisions - health (similar to non-life)*	0
R0570	*TP calculated as a whole*	
R0580	*Best Estimate*	
R0590	*Risk margin*	
R0600	Technical provisions - life (excluding index-linked and unit-linked)	3,545
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)*	3,545
R0660	*TP calculated as a whole*	0
R0670	*Best Estimate*	3,269
R0680	*Risk margin*	276
R0690	Technical provisions - index-linked and unit-linked	0
R0700	*TP calculated as a whole*	
R0710	*Best Estimate*	
R0720	*Risk margin*	
R0740	Contingent liabilities	0
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	0
R0820	Insurance & intermediaries payables	111
R0830	Reinsurance payables	261
R0840	Payables (trade, not insurance)	3,080
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**	847,325
R1000	**Excess of assets over liabilities**	498,917

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				15,149	8,215	16,485	114,813	166,971	4,485	0	0	878					326,996
R0120	Gross - Proportional reinsurance accepted				93	44	0	2,197	2,514	0	0	0	0					4,848
R0130	Gross - Non-proportional reinsurance accepted																	0
R0140	Reinsurers' share				2,059	8	980	34,948	6,412	4,485	0	0	1					48,893
R0200	Net				13,183	8,251	15,505	82,062	163,073	0	0	0	877	0	0	0	0	282,951
	Premiums earned																	
R0210	Gross - Direct Business				14,828	8,329	7,710	102,643	148,156	3,730	0	0	1,040					286,436
R0220	Gross - Proportional reinsurance accepted				102	45	0	2,275	2,411	0	0	0	0					4,833
R0230	Gross - Non-proportional reinsurance accepted																	0
R0240	Reinsurers' share				1,957	1	1,128	31,605	5,787	3,730	0	0	61					44,269
R0300	Net				12,973	8,373	6,582	73,313	144,780	0	0	0	979	0	0	0	0	247,000
	Claims incurred																	
R0310	Gross - Direct Business				4,752	5,970	2,795	71,724	82,535	-4,160	0	0	2,597					166,213
R0320	Gross - Proportional reinsurance accepted				49	0	0	381	-311	0	0	0	0					119
R0330	Gross - Non-proportional reinsurance accepted																	0
R0340	Reinsurers' share				-951	-44	204	16,420	4,505	-4,219	0	0	1,220					17,135
R0400	Net				5,752	6,014	2,591	55,685	77,719	59	0	0	1,377	0	0	0	0	149,197
	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	0	0	0	0	0	0	0
R0550	**Expenses incurred**				5,289	3,452	4,733	44,778	49,093	-3	1	0	345	0	0	0	0	107,688
R1200	**Other expenses**																	
R1300	**Total expenses**																	107,688

S.05.01.02

Premiums, claims and expenses by line of business

Life

		Line of Business for: life insurance obligations						Life reinsurance obligations		
		Health insurance	Insurance with profit participation	Index-linked and unit-linked insurance	Other life insurance	Annuities stemming from non-life insurance contracts and relating to health insurance obligations	Annuities stemming from non-life insurance contracts and relating to insurance obligations other than health insurance obligations	Health reinsurance	Life reinsurance	Total
		C0210	C0220	C0230	C0240	C0250	C0260	C0270	C0280	C0300
	Premiums written									
R1410	Gross									0
R1420	Reinsurers' share									0
R1500	Net						0		0	0
	Premiums earned									
R1510	Gross									0
R1520	Reinsurers' share									0
R1600	Net						0		0	0
	Claims incurred									
R1610	Gross									0
R1620	Reinsurers' share									0
R1700	Net						0		0	0
	Changes in other technical provisions									
R1710	Gross									0
R1720	Reinsurers' share									0
R1800	Net						0		0	0
R1900	**Expenses incurred**						0		0	0
R2500	**Other expenses**									
R2600	**Total expenses**									0

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			Top 5 countries (by amount of gross premiums written) - non-life obligations		Total Top 5 and home country
R0010			IE					
		C0080	C0090	C0100	C0110	C0120	C0130	C0140
	Premiums written							
R0110	Gross - Direct Business	288,529	38,467					326,996
R0120	Gross - Proportional reinsurance accepted	4,685	163					4,848
R0130	Gross - Non-proportional reinsurance accepted							0
R0140	Reinsurers' share	43,395	5,498					48,893
R0200	Net	249,819	33,132					282,951
	Premiums earned							
R0210	Gross - Direct Business	249,683	36,753					286,436
R0220	Gross - Proportional reinsurance accepted	4,678	155					4,833
R0230	Gross - Non-proportional reinsurance accepted							0
R0240	Reinsurers' share	39,031	5,238					44,269
R0300	Net	215,330	31,670					247,000
	Claims incurred							
R0310	Gross - Direct Business	140,066	23,514					163,580
R0320	Gross - Proportional reinsurance accepted	119						119
R0330	Gross - Non-proportional reinsurance accepted							0
R0340	Reinsurers' share	10,800	6,594					17,394
R0400	Net	129,385	16,920					146,305
	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**	91,144	16,137					107,281
R1200	**Other expenses**							
R1300	**Total expenses**							107,281

S.05.02.01

Premiums, claims and expenses by country

Life

		C0150	C0160	C0170	C0180	C0190	C0200	C0210
		Home Country	Top 5 countries (by amount of gross premiums written) - life obligations			Top 5 countries (by amount of gross premiums written) - life obligations		Total Top 5 and home country
R1400								
		C0220	C0230	C0240	C0250	C0260	C0270	C0280
	Premiums written							
R1410	Gross							0
R1420	Reinsurers' share							0
R1500	Net	0						0
	Premiums earned							
R1510	Gross							0
R1520	Reinsurers' share							0
R1600	Net	0						0
	Claims incurred							
R1610	Gross							0
R1620	Reinsurers' share							0
R1700	Net	0						0
	Changes in other technical provisions							
R1710	Gross							0
R1720	Reinsurers' share							0
R1800	Net	0						0
R1900	**Expenses incurred**							0
R2500	**Other expenses**							
R2600	**Total expenses**							0

S.23.01.22

Own Funds

	Basic own funds before deduction for participations in other financial sector	Total	Tier 1 unrestricted	Tier 1 restricted	Tier 2	Tier 3
		C0010	C0020	C0030	C0040	C0050
R0010	Ordinary share capital (gross of own shares)	267,055	267,055		0	
R0020	*Non-available called but not paid in ordinary share capital at group level*	0				
R0030	Share premium account related to ordinary share capital	699	699		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
R0060	*Non-available subordinated mutual member accounts at group level*	0				
R0070	Surplus funds	0	0			
R0080	*Non-available surplus funds at group level*	0	0			
R0090	Preference shares	0		0	0	0
R0100	*Non-available preference shares at group level*	0				
R0110	Share premium account related to preference shares	0		0	0	0
R0120	*Non-available share premium account related to preference shares at group level*	0				
R0130	Reconciliation reserve	82,812	82,812			
R0140	Subordinated liabilities	0		0	0	0
R0150	*Non-available subordinated liabilities at group level*	0				
R0160	An amount equal to the value of net deferred tax assets	23,278				23,278
R0170	*The amount equal to the value of net deferred tax assets not available at the group level*	0				0
R0180	Other items approved by supervisory authority as basic own funds not specified above	0	0	0	0	0
R0190	*Non available own funds related to other own funds items approved by supervisory authority*	0				
R0200	Minority interests (if not reported as part of a specific own fund item)	0				
R0210	*Non-available minority interests at group level*	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**					
R0230	**Deductions for participations in other financial undertakings, including non-regulated undertakings carrying out financial activities**	0				
R0240	*whereof deducted according to art 228 of the Directive 2009/138/EC*	0				
R0250	Deductions for participations where there is non-availability of information (Article 229)	0				
R0260	Deduction for participations included by using D&A when a combination of methods is used	0				
R0270	**Total of non-available own fund items**	0	0	0	0	0
R0280	**Total deductions**	0	0	0	0	0
R0290	**Total basic own funds after deductions**	373,844	350,566	0	0	23,278
	Ancillary own funds					
R0300	Unpaid and uncalled ordinary share capital callable on demand	0				
R0310	Unpaid and uncalled initial funds, members' contributions or the equivalent basic own fund item for mutual and mutual - type undertakings, callable on demand	0				
R0320	Unpaid and uncalled preference shares callable on demand	0				
R0330	A legally binding commitment to subscribe and pay for subordinated liabilities on demand	0				
R0340	Letters of credit and guarantees under Article 96(2) of the Directive 2009/138/EC	0				
R0350	Letters of credit and guarantees other than under Article 96(2) of the Directive 2009/138/EC	0				
R0360	Supplementary members calls under first subparagraph of Article 96(3) of the Directive 2009/138/EC	0				
R0370	Supplementary members calls - other than under first subparagraph of Article 96(3) of the Directive 2009/138/EC	0				
R0380	Non available ancillary own funds at group level	0				
R0390	Other ancillary own funds	0				
R0400	**Total ancillary own funds**	0			0	0
	Own funds of other financial sectors					
R0410	Credit Institutions, investment firms, financial institutions, alternative investment fund managers, UCITS management companies	0				
R0420	Institutions for occupational retirement provision	0				
R0430	Non regulated entities carrying out financial activities	0				
R0440	**Total own funds of other financial sectors**	0	0	0	0	0

S.23.01.22

Own Funds

		Total	Tier 1 unrestricted	Tier 1 restricted	Tier 2	Tier 3
	Basic own funds before deduction for participations in other financial sector	C0010	C0020	C0030	C0040	C0050
	Own funds when using the D&A, exclusively or in combination of method 1					
R0450	Own funds aggregated when using the D&A and combination of method	0				
R0460	Own funds aggregated when using the D&A and combination of method net of IGT	0				
R0520	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)	373,844	350,566	0	0	23,278
R0530	Total available own funds to meet the minimum consolidated group SCR	350,566	350,566	0	0	
R0560	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)	373,844	350,566	0	0	23,278
R0570	Total eligible own funds to meet the minimum consolidated group SCR (group)	350,566	350,566	0	0	
R0610	**Minimum consolidated Group SCR**	99,862				
R0650	**Ratio of Eligible own funds to Minimum Consolidated Group SCR**	351.05%				
R0660	**Total eligible own funds to meet the group SCR (including own funds from other financial sector and from the undertakings included via D&A)**	373,844	350,566	0	0	23,278
R0680	**Group SCR**	298,923				
R0690	**Ratio of Eligible own funds to group SCR including other financial sectors and the undertakings included via D&A**	125.06%				

		C0060
	Reconcilliation reserve	
R0700	Excess of assets over liabilities	498,917
R0710	Own shares (held directly and indirectly)	
R0720	Forseeable dividends, distributions and charges	
R0730	Other basic own fund items	291,032
R0740	Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	125,073
R0750	Other non available own funds	
R0760	**Reconciliation reserve**	82,812
	Expected profits	
R0770	Expected profits included in future premiums (EPIFP) - Life business	
R0780	Expected profits included in future premiums (EPIFP) - Non- life business	12,258
R0790	**Total Expected profits included in future premiums (EPIFP)**	12,258

S.25.01.22

Solvency Capital Requirement - for groups on Standard Formula

		Gross solvency capital requirement	USP	Simplifications
		C0110	C0090	C0120
R0010	Market risk	44,809		
R0020	Counterparty default risk	9,314		
R0030	Life underwriting risk	810		
R0040	Health underwriting risk	0		
R0050	Non-life underwriting risk	255,531		
R0060	Diversification	-35,279		
R0070	Intangible asset risk	0		
R0100	**Basic Solvency Capital Requirement**	275,185		

	Calculation of Solvency Capital Requirement	C0100
R0130	Operational risk	23,738
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**	298,923
R0210	Capital add-ons already set	0
R0220	**Solvency capital requirement for undertakings under consolidated method**	298,923
	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	292,373
R0420	Total amount of Notional Solvency Capital Requirements for ring fenced funds	6,550
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
R0470	Minimum consolidated group solvency capital requirement	99,862
	Information on other entities	
R0500	Capital requirement for other financial sectors (Non-insurance capital requirements)	0
R0510	*Credit institutions, investment firms and financial institutions, alternative investment funds managers, UCITS management companies*	0
R0520	*Institutions for occupational retirement provisions*	0
R0530	*Capital requirement for non- regulated entities carrying out financial activities*	0
R0540	Capital requirement for non-controlled participation requirements	0
R0550	Capital requirement for residual undertakings	0
	Overall SCR	
R0560	SCR for undertakings included via D&A	0
R0570	**Solvency capital requirement**	298,923

USP Key

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

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

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

S.32.01.22

Undertakings in the scope of the group

	Country	Identification code of the undertaking	Type of code of the ID of the undertaking	Legal Name of the undertaking	Type of undertaking	Legal form	Category (mutual/non mutual)	Supervisory Authority
Row	C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080
1	IE	54930061WB0LWBC0QW96	LEI	Travelers Insurance Designated Activity Company	Non life insurance undertaking	Limited by shares	Non-mutual	Central Bank of Ireland
2	GB	5493008G0BNFHVUJ0Q27	LEI	Travelers Insurance Company Limited	Non life insurance undertaking	Limited by shares	Non-mutual	Prudential Regulation Authority

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	Type of code of the ID of the undertaking	% 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
Row	C0010	C0020	C0030	C0180	C0190	C0200	C0210	C0220	C0230	C0240	C0250	C0260
1	IE	54930061WB0LWBC0QW96	LEI	100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Full consolidation
2	GB	5493008G0BNFHVUJ0Q27	LEI							Included in the scope		Method 1: Full consolidation

General information

Undertaking name	Travelers Insurance Company Limited
Undertaking identification code	5493008G0BNFHVUJ0Q27
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 2019
Currency used for reporting	GBP
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.05.01.02 - Premiums, claims and expenses by line of business
S.05.02.01 - Premiums, claims and expenses by country
S.05.02.01 - Premiums, claims and expenses by country
S.12.01.02 - Life and Health SLT Technical Provisions
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

S.02.01.02

Balance sheet

		Solvency II value
	Assets	C0010
R0030	Intangible assets	
R0040	Deferred tax assets	23,278
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)	1,138,523
R0080	*Property (other than for own use)*	0
R0090	*Holdings in related undertakings, including participations*	54,679
R0100	*Equities*	0
R0110	*Equities - listed*	
R0120	*Equities - unlisted*	
R0130	*Bonds*	1,083,844
R0140	*Government Bonds*	568,841
R0150	*Corporate Bonds*	515,003
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:	98,193
R0280	*Non-life and health similar to non-life*	98,193
R0290	*Non-life excluding health*	98,193
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	8,455
R0370	Reinsurance receivables	2,757
R0380	Receivables (trade, not insurance)	4,755
R0390	Own shares (held directly)	
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	31,362
R0420	Any other assets, not elsewhere shown	
R0500	**Total assets**	1,307,323

S.02.01.02

Balance sheet

		Solvency II value
	Liabilities	C0010
R0510	Technical provisions - non-life	799,360
R0520	*Technical provisions - non-life (excluding health)*	799,360
R0530	*TP calculated as a whole*	0
R0540	*Best Estimate*	753,112
R0550	*Risk margin*	46,248
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)	3,545
R0610	*Technical provisions - health (similar to life)*	0
R0620	*TP calculated as a whole*	0
R0630	*Best Estimate*	0
R0640	*Risk margin*	0
R0650	*Technical provisions - life (excluding health and index-linked and unit-linked)*	3,545
R0660	*TP calculated as a whole*	0
R0670	*Best Estimate*	3,269
R0680	*Risk margin*	276
R0690	Technical provisions - index-linked and unit-linked	0
R0700	*TP calculated as a whole*	0
R0710	*Best Estimate*	0
R0720	*Risk margin*	0
R0740	Contingent liabilities	0
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	
R0830	Reinsurance payables	261
R0840	Payables (trade, not insurance)	5,232
R0850	Subordinated liabilities	0
R0860	*Subordinated liabilities not in BOF*	
R0870	*Subordinated liabilities in BOF*	0
R0880	Any other liabilities, not elsewhere shown	
R0900	**Total liabilities**	808,398
R1000	**Excess of assets over liabilities**	498,925

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				10,651	5,752	16,413	95,297	105,242	4,386	0	0	878					238,619
R0120	Gross - Proportional reinsurance accepted				3,314	2,000	3	14,302	48,540	0	0	0	0					68,159
R0130	Gross - Non-proportional reinsurance accepted																	0
R0140	Reinsurers' share				1,590	8	912	31,987	4,438	4,386	0	0	1					43,322
R0200	Net				12,375	7,744	15,504	77,612	149,344	0	0	0	877	0	0	0	0	263,456
	Premiums earned																	
R0210	Gross - Direct Business				12,858	7,252	7,671	94,523	125,468	3,679	0	0	1,040					252,491
R0220	Gross - Proportional reinsurance accepted				1,513	906	2	7,495	19,920	0	0	0	0					29,836
R0230	Gross - Non-proportional reinsurance accepted																	0
R0240	Reinsurers' share				1,752	1	1,091	30,096	5,068	3,679	0	0	62					41,749
R0300	Net				12,619	8,157	6,582	71,922	140,320	0	0	0	978	0	0	0	0	240,578
	Claims incurred																	
R0310	Gross - Direct Business				4,016	5,443	2,767	69,885	68,743	-4,160	0	0	2,597					149,291
R0320	Gross - Proportional reinsurance accepted				670	444	15	1,686	10,664	0	0	0	0					13,479
R0330	Gross - Non-proportional reinsurance accepted																	0
R0340	Reinsurers' share				-911	-16	196	16,245	4,430	-4,219	0	0	1,220					16,945
R0400	Net				5,597	5,903	2,586	55,326	74,977	59	0	0	1,377	0	0	0	0	145,825
	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	0	0	0	0	0	0	0
R0550	**Expenses incurred**				2,872	5,456	4,732	43,769	47,585	-339	0	0	344	0	0	0	0	104,419
R1200	**Other expenses**																	
R1300	**Total expenses**																	104,419

S.05.01.02

Premiums, claims and expenses by line of business

Life

		Line of Business for: life insurance obligations						Life reinsurance obligations		
		Health insurance	Insurance with profit participation	Index-linked and unit-linked insurance	Other life insurance	Annuities stemming from non-life insurance contracts and relating to health insurance obligations	Annuities stemming from non-life insurance contracts and relating to insurance obligations other than health insurance obligations	Health reinsurance	Life reinsurance	Total
		C0210	C0220	C0230	C0240	C0250	C0260	C0270	C0280	C0300
	Premiums written									
R1410	Gross									0
R1420	Reinsurers' share									0
R1500	Net						0		0	0
	Premiums earned									
R1510	Gross									0
R1520	Reinsurers' share									0
R1600	Net						0		0	0
	Claims incurred									
R1610	Gross									0
R1620	Reinsurers' share									0
R1700	Net						0		0	0
	Changes in other technical provisions									
R1710	Gross									0
R1720	Reinsurers' share									0
R1800	Net						0		0	0
R1900	**Expenses incurred**						0		0	0
R2500	**Other expenses**									
R2600	**Total expenses**									0

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			Top 5 countries (by amount of gross premiums written) - non-life obligations		Total Top 5 and home country
R0010			IE					
		C0080	C0090	C0100	C0110	C0120	C0130	C0140
	Premiums written							
R0110	Gross - Direct Business	233,196	5,423					238,619
R0120	Gross - Proportional reinsurance accepted	43,815	24,344					68,159
R0130	Gross - Non-proportional reinsurance accepted							0
R0140	Reinsurers' share	40,600	2,722					43,322
R0200	Net	236,411	27,045					263,456
	Premiums earned							
R0210	Gross - Direct Business	230,546	21,945					252,491
R0220	Gross - Proportional reinsurance accepted	18,909	10,927					29,836
R0230	Gross - Non-proportional reinsurance accepted							0
R0240	Reinsurers' share	37,833	3,916					41,749
R0300	Net	211,622	28,956					240,578
	Claims incurred							
R0310	Gross - Direct Business	129,280	17,887					147,167
R0320	Gross - Proportional reinsurance accepted	8,445	5,034					13,479
R0330	Gross - Non-proportional reinsurance accepted							0
R0340	Reinsurers' share	10,453	6,751					17,204
R0400	Net	127,272	16,170					143,442
	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**	89,476	14,692					104,168
R1200	**Other expenses**							
R1300	**Total expenses**							104,168

S.05.02.01

Premiums, claims and expenses by country

Life

		C0150	C0160	C0170	C0180	C0190	C0200	C0210
R1400		Home Country	Top 5 countries (by amount of gross premiums written) - life obligations			Top 5 countries (by amount of gross premiums written) - life obligations		Total Top 5 and home country
		C0220	C0230	C0240	C0250	C0260	C0270	C0280
	Premiums written							
R1410	Gross							0
R1420	Reinsurers' share							0
R1500	Net	0						0
	Premiums earned							
R1510	Gross							0
R1520	Reinsurers' share							0
R1600	Net	0						0
	Claims incurred							
R1610	Gross							0
R1620	Reinsurers' share							0
R1700	Net	0						0
	Changes in other technical provisions							
R1710	Gross							0
R1720	Reinsurers' share							0
R1800	Net	0						0
R1900	**Expenses incurred**							0
R2500	**Other expenses**							
R2600	**Total expenses**							0

S.12.01.02

Life and Health SLT Technical Provisions

			Index-linked and unit-linked insurance			Other life insurance						Health insurance (direct business)					
		Insurance with profit participation		Contracts without options and guarantees	Contracts with options or guarantees		Contracts without options and guarantees	Contracts with options or guarantees	Annuities stemming from non-life insurance contracts and relating to insurance obligation other than health insurance obligations	Accepted reinsurance	Total (Life other than health insurance, including Unit-Linked)		Contracts without options and guarantees	Contracts with options or guarantees	Annuities stemming from non-life insurance contracts and relating to health insurance obligations	Health reinsurance (reinsurance accepted)	Total (Health similar to life insurance)
		C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0150	C0160	C0170	C0180	C0190	C0200	C0210
R0010	**Technical provisions calculated as a whole**									0	0						
R0020	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	0						
	Technical provisions calculated as a sum of BE and RM																
	Best estimate																
R0030	**Gross Best Estimate**								3,269	0	3,269						
R0080	Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default									0	0						
R0090	Best estimate minus recoverables from reinsurance/SPV and Finite Re								3,269	0	3,269						
R0100	**Risk margin**								276	0	276						
	Amount of the transitional on Technical Provisions																
R0110	Technical Provisions calculated as a whole										0						
R0120	Best estimate										0						
R0130	Risk margin										0						
R0200	**Technical provisions - total**								3,545	0	3,545						

S.17.01.02

Non-Life Technical Provisions

		Direct business and accepted proportional reinsurance												Accepted non-proportional reinsurance				Total Non-Life obligation
		Medical expense insurance	Income protection insurance	Workers' compensation insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance	Legal expenses insurance	Assistance	Miscellaneous financial loss	Non-proportional health reinsurance	Non-proportional casualty reinsurance	Non-proportional marine, aviation and transport reinsurance	Non-proportional property reinsurance	
		C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0120	C0130	C0140	C0150	C0160	C0170	C0180
R0010	**Technical provisions calculated as a whole**				0	0	0	0	0	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				3,271	795	7,736	34,617	21,677	261			71					68,428
R0140	Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default				-484	-10	17	5,038	-384	229			-165					4,241
R0150	**Net Best Estimate of Premium Provisions**				3,755	805	7,719	29,579	22,061	32			236					64,187
	Claims provisions																	
R0160	Gross				63,283	4,247	9,985	99,955	494,151	8,765			4,298					684,684
R0240	Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default				1,453	281	2,020	34,442	44,251	8,641			2,864					93,952
R0250	**Net Best Estimate of Claims Provisions**				61,830	3,966	7,965	65,513	449,900	124			1,434					590,732
R0260	**Total best estimate - gross**				66,554	5,042	17,721	134,572	515,828	9,026			4,369					753,112
R0270	**Total best estimate - net**				65,585	4,771	15,684	95,092	471,961	156			1,670					654,919
R0280	**Risk margin**				5,058	93	1,136	7,519	32,277	25			140					46,248
	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**				71,612	5,135	18,857	142,091	548,105	9,051			4,509					799,360
R0330	**Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total**				969	271	2,037	39,480	43,867	8,870			2,699					98,193
R0340	**Technical provisions minus recoverables from reinsurance/SPV and Finite Re - total**				70,643	4,864	16,820	102,611	504,238	181			1,810					701,167

S.19.01.21

Non-Life insurance claims

Total Non-life business

Z0020 **Accident year / underwriting year** 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											6,574	6,574	6,574
R0160	2010	51,999	39,687	25,387	28,359	34,540	29,857	9,426	4,784	-234	1,321		1,321	225,127
R0170	2011	28,470	28,822	27,437	23,951	31,579	12,986	3,519	5,280	3,328			3,328	165,372
R0180	2012	20,761	27,680	22,245	17,122	13,331	8,309	1,834	11,891				11,891	123,173
R0190	2013	17,006	32,135	26,193	19,314	20,009	14,392	7,341					7,341	136,392
R0200	2014	24,329	87,371	16,994	8,310	16,043	6,849						6,849	159,897
R0210	2015	41,510	36,617	18,341	11,790	11,538							11,538	119,796
R0220	2016	40,125	30,470	12,476	11,464								11,464	94,534
R0230	2017	17,609	59,985	16,012									16,012	93,606
R0240	2018	26,529	20,996										20,996	47,525
R0250	2019	37,699											37,699	37,699
R0260												**Total**	135,013	1,209,694

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											140,217	135,505
R0160	2010	0	0	0	0	0	0	21,714	20,816	24,067	12,664		12,022
R0170	2011	0	0	0	0	0	40,461	46,232	31,568	16,425			16,231
R0180	2012	0	0	0	0	48,759	38,280	28,102	21,117				20,743
R0190	2013	0	0	0	83,080	52,315	32,581	19,067					18,753
R0200	2014	0	0	100,659	75,829	53,425	31,737						31,242
R0210	2015	0	149,975	97,409	64,022	49,782							49,036
R0220	2016	87,575	90,843	77,128	57,750								56,927
R0230	2017	125,743	96,385	68,990									68,056
R0240	2018	146,159	120,794										118,805
R0250	2019	159,970											157,362
R0260												**Total**	684,684

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)	267,055	267,055		0	
R0030	Share premium account related to ordinary share capital	699	699		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	82,820	82,820			
R0140	Subordinated liabilities	0		0	0	0
R0160	An amount equal to the value of net deferred tax assets	23,278				23,278
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				
R0230	**Deductions for participations in financial and credit institutions**	0	0	0	0	
R0290	**Total basic own funds after deductions**	373,852	350,574	0	0	23,278
	Ancillary own funds					
R0300	Unpaid and uncalled ordinary share capital callable on demand	0				
R0310	Unpaid and uncalled initial funds, members' contributions or the equivalent basic own fund item for mutual and mutual - type undertakings, callable on demand	0				
R0320	Unpaid and uncalled preference shares callable on demand	0				
R0330	A legally binding commitment to subscribe and pay for subordinated liabilities on demand	0				
R0340	Letters of credit and guarantees under Article 96(2) of the Directive 2009/138/EC	0				
R0350	Letters of credit and guarantees other than under Article 96(2) of the Directive 2009/138/EC	0				
R0360	Supplementary members calls under first subparagraph of Article 96(3) of the Directive 2009/138/EC	0				
R0370	Supplementary members calls - other than under first subparagraph of Article 96(3) of the Directive 2009/138/EC	0				
R0390	Other ancillary own funds	0				
R0400	**Total ancillary own funds**	0			0	0
	Available and eligible own funds					
R0500	Total available own funds to meet the SCR	373,852	350,574	0	0	23,278
R0510	Total available own funds to meet the MCR	350,574	350,574	0	0	
R0540	Total eligible own funds to meet the SCR	373,852	350,574	0	0	23,278
R0550	Total eligible own funds to meet the MCR	350,574	350,574	0	0	
R0580	**SCR**	286,985				
R0600	**MCR**	94,912				
R0620	**Ratio of Eligible own funds to SCR**	130.27%				
R0640	**Ratio of Eligible own funds to MCR**	369.37%				

	Reconcilliation reserve	C0060
R0700	Excess of assets over liabilities	498,925
R0710	Own shares (held directly and indirectly)	0
R0720	Foreseeable dividends, distributions and charges	
R0730	Other basic own fund items	291,032
R0740	Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	125,073
R0760	**Reconciliation reserve**	82,820
	Expected profits	
R0770	Expected profits included in future premiums (EPIFP) - Life business	
R0780	Expected profits included in future premiums (EPIFP) - Non- life business	7,613
R0790	**Total Expected profits included in future premiums (EPIFP)**	7,613

S.25.01.21

Solvency Capital Requirement - for undertakings on Standard Formula

		Gross solvency capital requirement	USP	Simplifications
		C0110	C0090	C0120
R0010	Market risk	50,015		
R0020	Counterparty default risk	7,925		
R0030	Life underwriting risk	810		
R0040	Health underwriting risk	0		
R0050	Non-life underwriting risk	243,042		
R0060	Diversification	-37,481		
R0070	Intangible asset risk	0		
R0100	**Basic Solvency Capital Requirement**	264,311		

USP Key

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

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

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

	Calculation of Solvency Capital Requirement	C0100
R0130	Operational risk	22,674
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**	286,985
R0210	Capital add-ons already set	0
R0220	**Solvency capital requirement**	286,985
	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	280,434
R0420	Total amount of Notional Solvency Capital Requirements for ring fenced funds	6,550
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

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

	Calculation of loss absorbing capacity of deferred taxes	LAC DT
		C0130
R0640	LAC DT	0
R0650	LAC DT justified by reversion of deferred tax liabilities	0
R0660	LAC DT justified by reference to probable future taxable economic profit	0
R0670	LAC DT justified by carry back, current year	0
R0680	LAC DT justified by carry back, future years	0
R0690	Maximum LAC DT	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	MCR_{NL} Result	94,844

		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	65,585	12,375
R0060	Other motor insurance and proportional reinsurance	4,771	7,744
R0070	Marine, aviation and transport insurance and proportional reinsurance	15,684	15,504
R0080	Fire and other damage to property insurance and proportional reinsurance	95,092	77,612
R0090	General liability insurance and proportional reinsurance	471,961	149,344
R0100	Credit and suretyship insurance and proportional reinsurance	156	0
R0110	Legal expenses insurance and proportional reinsurance	0	0
R0120	Assistance and proportional reinsurance	0	0
R0130	Miscellaneous financial loss insurance and proportional reinsurance	1,670	877
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	MCR_L Result	69

		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	3,269	
R0250	Total capital at risk for all life (re)insurance obligations		

Overall MCR calculation

		C0070
R0300	Linear MCR	94,912
R0310	SCR	286,985
R0320	MCR cap	129,143
R0330	MCR floor	71,746
R0340	Combined MCR	94,912
R0350	Absolute floor of the MCR	3,187
R0400	**Minimum Capital Requirement**	94,912