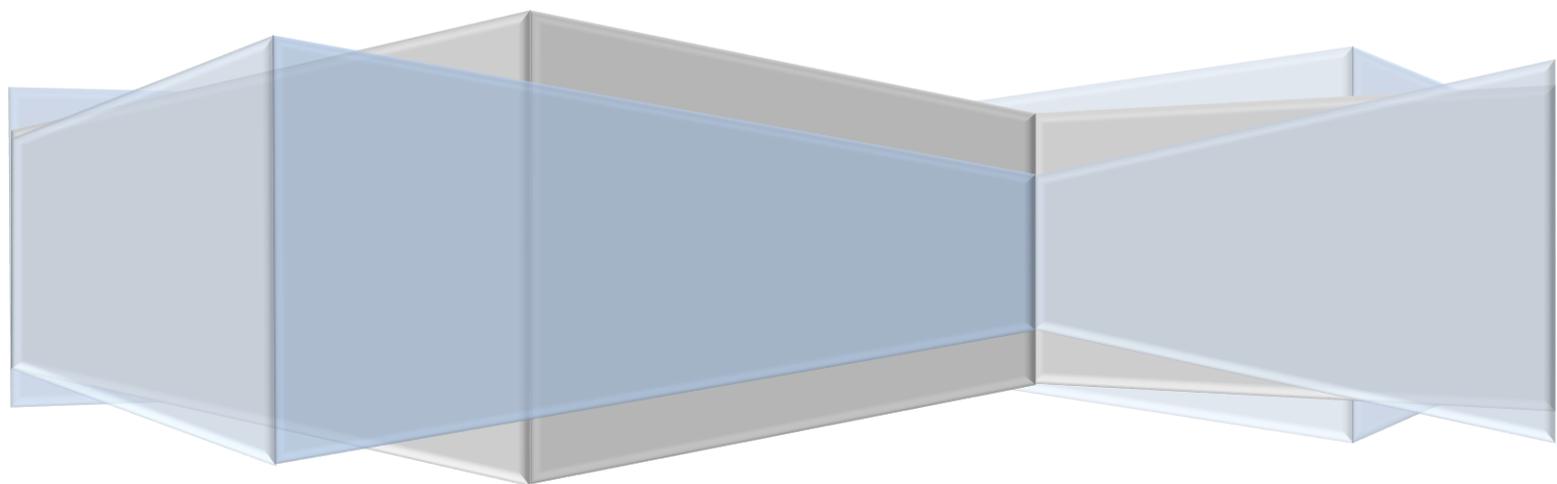


CATALINA HOLDINGS  
UK LIMITED

***Catalina Holdings UK Limited***

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

**31 December 2020**



# Contents

<b>Executive Summary .....</b>	<b>1</b>
<b>Statement of Directors' Responsibilities .....</b>	<b>5</b>
<b>A. Business and Performance.....</b>	<b>6</b>
A.1 Business and external environment.....	6
A.2 Performance from underwriting activities.....	7
A.3 Performance from investment activities.....	8
A.4 Other operating income and expenses .....	9
A.5 Any other disclosures .....	9
<b>B. System of Governance .....</b>	<b>10</b>
B.1 General Governance arrangements .....	10
B.2 Fit and proper requirements .....	13
B.3 Risk management system.....	15
B.4 Internal control system .....	16
B.5 Internal audit function.....	18
B.6 Actuarial function .....	18
B.7 Outsourcing .....	19
B.8 Assessment of Governance .....	19
<b>C. Risk Profile.....</b>	<b>21</b>
C.1 Underwriting (Liability) Risk .....	21
C.2 Market Risk.....	22
C.3 Credit Risk.....	26
C.4 Liquidity Risk.....	28
C.5 Operational Risk .....	29
C.6 Other Material Risks .....	30
<b>D. Valuation for Solvency Purposes.....</b>	<b>31</b>
D.1 Assets .....	31
D.2 Technical provisions .....	36
D.3 Other liabilities .....	38
D.4 Alternative methods for valuation .....	39
D.5 Any other information.....	39
<b>E. Capital Management.....</b>	<b>40</b>
E.1 Own funds.....	40
E.2 Solvency Capital Requirement and Minimum Consolidated Group SCR.....	42
E.3 Use of the duration-based equity risk sub-module in the calculation of the SCR.....	42
E.4 Internal model .....	42
E.5 Non-compliance with the MCR and significant non-compliance with the SCR.....	42
E.6 Any other information .....	43
<b>Appendix 1: Catalina Worthing Insurance Limited solo SFCR sections .....</b>	<b>44</b>
<b>Appendix 2: AGF Insurance Limited solo SFCR sections .....</b>	<b>55</b>
<b>Appendix 3: Catalina London Limited solo SFCR sections.....</b>	<b>65</b>
<b>Appendix 4: Reporting templates.....</b>	<b>76</b>

# Executive Summary

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Catalina Holdings UK Limited, (“CHUK”, “the Company”) is an intermediate holding company within the Catalina Holdings (Bermuda) Ltd. (“CHBL” or “Catalina”) Group. The principal activity of the Company is as holding company of both insurance companies in run-off and service companies that support these run-off insurance companies and other companies in the CHBL Group. The Company subject to regulation by the Financial Conduct Authority (“FCA”) and the Prudential Regulation Authority (“PRA”).

The Solvency and Financial Condition Report (“SFCR”) has been prepared in accordance with the requirements of the Risk Transformation and Solvency 2 and Insurance (Amendment, etc.) (EU Exit) Regulations 2019. It covers the Business and Performance of the Company and Group, its System of Governance, Risk Profile, Valuation for Solvency Purposes and Capital Management. There have been no material changes in the business or operations of the Company or the Group in 2020.

The Group has obtained a supervisory waiver to prepare a single Group SFCR. As such this report also contains Solvency II information relating to the regulated solo entities Catalina Worthing Insurance Limited (“CWIL”), AGF Insurance Limited (“AGF”) and Catalina London Limited (“CLL”). The application of a consistent system of governance through a common operating model for all insurance companies makes a single SFCR more relevant and informative.

In accordance with the PRA policy statement 18/25, as the Catalina UK group is deemed a small group for external audit purposes, this SFCR is not subject to external audit.

It is recommended that this SFCR is read in conjunction with the respective SFCR sections of the insurance companies that form part of the CHUK Group and which can be found in Appendices 1 - 3 to this document.

Where necessary, comparatives in this document have been restated to conform to changes in presentation in the current year.

## 2020 Solvency and Financial Condition

### Business and Performance

During the year the consolidated CHUK Group made a profit before tax of USD\$6.5 million (2019: loss before tax USD\$1.5 million). This comprised an underwriting loss of USD\$27.5 million (2019: loss of USD\$18.2 million), net investment income of USD\$30.6 million (2019: income of USD\$19.0 million) and other income (including foreign exchange gains) of USD\$3.4 million (2019: other expenses of USD\$(2.2) million).

The main activities of the existing insurance companies are the efficient and proper run-off of their claims portfolio, the management of their cash and investments, and the timely collection of their reinsurance assets and other debts. The service and conduct obligations to our policyholders remain a high priority at all times. There have been no material changes in the business or operations of the Company or the Group in 2020. Through acquisition and portfolio transfers the CHUK Group continues to expect to increase the size of claims reserves under run-off.

Section A includes further details about the Company’s consolidated financial performance in the year.

### System of Governance

The Board is responsible for managing the overall direction and activities of the Company and for ensuring that an appropriate system of governance is in place throughout the Company. The Company has in place a Target Operating Model which is a framework by which governance across Catalina operates.

As the Catalina UK group of companies had grown significantly over 2016-17 and plan to grow further in coming years, the PRA initiated a Section 166 review in 2019 of the regulated insurance subsidiaries within the Group to ensure the Catalina UK companies are positioned for this. The regulated insurance subsidiaries engaged in an open and collaborative way with this review and has implemented all findings. While the Boards of the regulated insurance subsidiaries are satisfied that the findings are addressed and remediation embedded, confirmation from the PRA is pending.

Section B includes further details of the Company and CHUK Group’s system of governance.

### Risk Profile

The Company and CHUK Group concluded an annual full Own-Risk and Solvency Assessment (“ORSA”) in February 2021 with the Board approval of the Catalina UK Group ORSA. The ORSA is an integral part of the business and is taken into account in the strategic decisions of the Company and CHUK Group.

While the types of risk to which the Company and CHUK Group are exposed have not changed significantly in 2020 and remain reserving, market, credit, liquidity and operational risks, the COVID-19 global pandemic has affected these risk profiles to some degree. Section C includes further details of the risks to which the Company and CHUK Group is exposed and the methods by which it manages and mitigates these risks.

### Valuation for Solvency Purposes

Assets, technical provisions and other liabilities are valued in the Company’s Solvency II Balance Sheet according to Solvency II regulations.

As at 31 December 2020 the CHUK Group Total Own funds of USD\$272.1 million (2019: USD\$159.0 million) were USD\$89.7 million less than the consolidated net assets in the CHUK Group’s Financial Statements under UK GAAP (2019: USD\$87.5 million less). The difference is primarily due to the valuation of gross and reinsurance technical balances.

Section D provides further details of the different valuation bases used by Solvency II and UK GAAP for assets, technical provisions and other liabilities. There is a consistent application in the determination of these between 2020 and 2019.

### Capital Management

This SFCR is prepared for the consolidated CHUK Group under the Solvency II regime where the emphasis is one of measuring and monitoring capital using the Group’s risk-based approach. The Group currently uses the Standard Formula to calculate its Solvency Capital Requirement (“SCR”). As at 31 December 2020 there was a Solvency II surplus of USD\$104.7 million (2019: USD\$19.1 million) and a Solvency II coverage ratio of 163 % (2019: 114 %). Both metrics refer to the excess of the CHUK Group’s total eligible own funds over the solvency capital requirement.

	2020	2019
	USD'000	USD'000
Group Consolidated Own Funds	272,136	159,017
Group Consolidated Standard Formula Solvency Capital Requirement (SCR)	167,415	139,869
<b>Surplus</b>	<b>104,721</b>	<b>19,148</b>
<b>Ratio of Eligible own funds to SCR</b>	<b>163%</b>	<b>114%</b>

The increase in the ratio of Eligible Own Funds to SCR is a function of the profit for the year, a debt for equity swap on the loan drawdown under the CHBL revolving credit facility, offset by the impact of a fall in the EIOPA risk free rates.

The CHBL revolving credit facility, to which CHUK is party, was renegotiated on 13<sup>th</sup> February 2020. The facility was increased to \$650.0 million to provide funding for the CHBL Group. The renegotiation did not change CHUK’s commitment under the facility. During the year, the amount drawn down under the facility by CHUK was reduced from £84.0 million to £10.0 million through debt for equity swaps with its immediate parent company, Catalina Alpha Limited (“CAL”). Subsequent to 31 December 2020, the remaining £10m drawdown under the facility was reduced to nil through a debt for equity swap with CAL.

In 2020 there were capital injections of \$2.7 million to meet interest obligations under the revolving credit facility. Subsequent to year end there was a \$0.1 million capital injection into CHUK to meet a final interest obligation under the revolving credit facility.

## Outlook

The Company and the Group compose a UK legacy business which provides opportunities for increased operational efficiency and the maintenance of high professional standards in all areas of its operations. The service obligations to our policyholders remain a high priority at all times.

No changes in the principal activity of the CHUK Group are anticipated in the foreseeable future. While the CHUK Group continues to expect through portfolio transfer and acquisition to increase the size of claim reserves under run-off, the service obligations to our policyholders remain a high priority at all times.

There will be a continued focused approach that ensures a proactive claims agreement process whilst continuing to manage investments within the Board approved Strategic Asset Allocation and Prudent Person Principles. This enables compliance with the Catalina requirement for very strict adherence to the FCA policy around the fair treatment of customers, while at the same time managing the Company's liabilities.

Where appropriate and relevant management of the regulated subsidiaries will pursue commutations and policy buy backs of the remaining inwards claim liabilities and outwards reinsurance assets with external counterparties. On any commutation or buy back the regulated subsidiaries will not enter into these where the return is not greater than or equal to the cost of capital.

### *Quota Share Reinsurance*

A subsidiary of the Company, Catalina Worthing Insurance Limited ("CWIL"), has a 100% unlimited quota share reinsurance arrangement to Catalina General Insurance Ltd ("CatGen"), a Bermuda based reinsurer which is part of the Catalina Group. This reinsurance arrangement protects the run-off result and provides for recovery of the vast majority of operating expenses.

CWIL intends in 2021 to explore reducing the dependency on CatGen through the 100% quota share arrangement by seeking a lesser quota share cession rate. Subject to PRA non-objection this will contribute to the Group run-off result and increase net claim technical provisions.

### *Service Offering*

Catalina Services UK Limited ("CSUK"), a subsidiary of Catalina Holdings UK Limited, is the main service provider to the regulated insurance subsidiaries. The plans in 2021 for CSUK to increase its service offering to new customers have been considered and are not anticipated to impact the Group's obligation to policyholders.

### *COVID-19*

The declaration by the World Health Organisation on 11 March 2020 that Coronavirus ("COVID-19") was a global pandemic and resulting consequences have fundamentally changed and continue to affect almost all aspects of society. The directors believe that it is reasonable to assume that COVID-19 will continue to have both a direct and indirect impact for the foreseeable future and certainly for the next 12 months from approval of this report. The interventions by governments to control the economic impacts of the pandemic are based on public borrowings at levels never seen before and therefore likely to have far reaching economic consequences once they are scaled back and debt repayments commence. What this will look like and the impact on the Group and the Company are at this stage very difficult to predict with any precision. The directors will therefore continue to monitor this with the increased frequency carried out to date, taking all actions possible to safeguard all stakeholder interests, in particular policyholders.

The Group's employees are employed by CSUK, which maintains an active business continuity planning and testing programme. The working from home procedures that CSUK put in place to limit employee exposure to the pandemic have proven the Group and Company can successfully meet its service obligations through the pandemic. What the long-term consequences of working from home arrangements are on physical and mental well-being are also being closely observed to ensure that service levels to policyholders are maintained and that the Group and companies are in a position to take advantage of growth opportunities as they emerge.

### *Brexit*

The implications of the United Kingdom leaving the European Union on 31 January 2020 are that as a run-off Group with predominantly all remaining claims in the United States and United Kingdom, the Group is not

fundamentally exposed to direct policyholders in the European Economic Area. The subsequent trade deal agreed between the United Kingdom and European Union in December 2020 has to date not had, nor is it expected to have, a material impact on the existing policyholders across the Group. The departure from the European Union has delayed the transfer of Zurich's UK employers' liability (UK EL) policies for 2006 and prior underwriting years into a Catalina UK regulated insurance company and is now anticipated to occur in 2024.

*Other*

Other than as mentioned, subsequent to 31 December 2020 there has been no material change in the business and performance, system of governance, risk profile, valuation for solvency purposes, and capital management for the Company. Further, other than as separately notified to the PRA supervisors for Catalina, there is no known current acquisition activity which at this stage could directly impact the Company or CHUK Group.

## Statement of Directors' Responsibilities

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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 ended 31 December 2020, the insurers have complied in all material respects with the requirements of the PRA Rules and the Solvency II Regulations as applicable to the insurers; and
- b) it is reasonable to believe that the insurers have continued so to comply subsequently and will continue so to comply in future.

By Order of the Board



S M Ryland

Director

18 May 2021

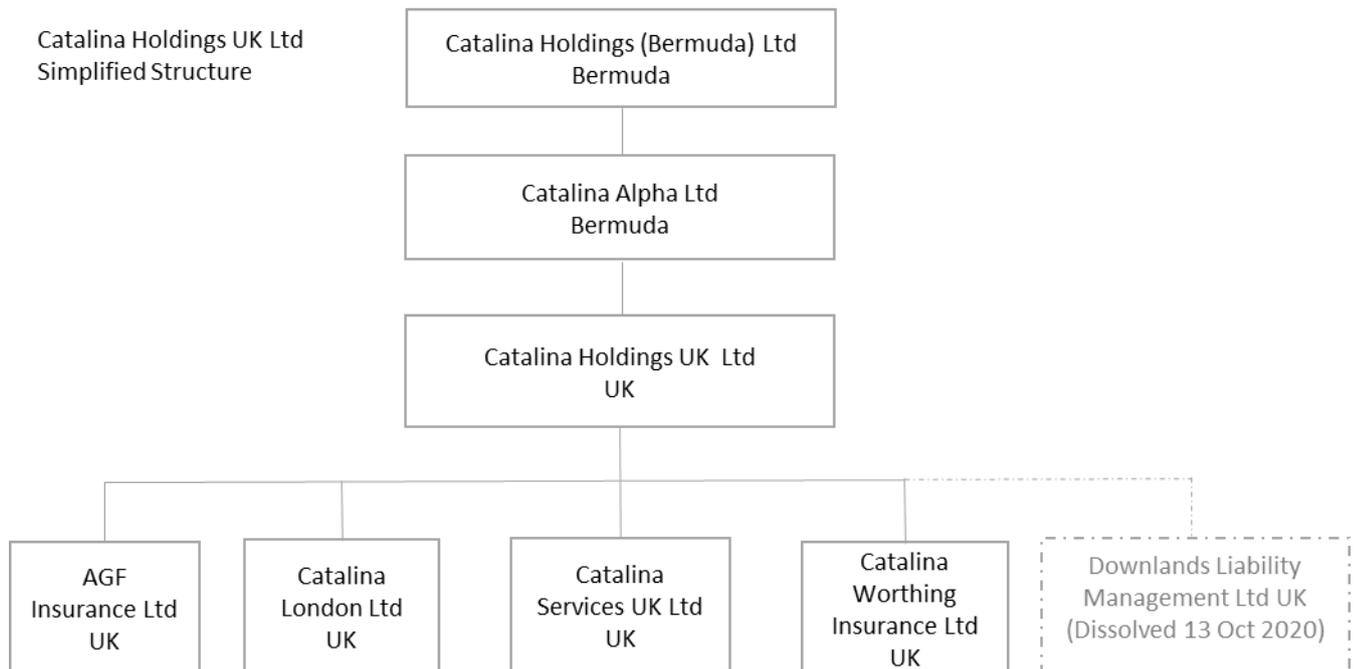
## A. Business and Performance

### A.1 Business and external environment

#### A.1.1 Undertaking, financial supervisory authority and external auditor

Name of the undertaking:	Catalina Holdings UK Limited
Address of its registered office:	1st Floor 1 Alie Street London E1 8DE
Legal status:	Private Limited Company
Company registration number:	03726869
Legal Entity Identifier (LEI):	549300TGWLOTZ6EKVQ66
Ultimate parent:	Catalina Holdings (Bermuda) Ltd.
Financial supervisory authority:	Prudential Regulation Authority Bank of England Threadneedle Street London EC2R 8AH

A simplified structure chart is laid out below outlining subsidiary companies, vertical structure and ultimate shareholder ownership. No director of the ultimate holding company sits on any of the UK Boards.



The affiliates (the “Apollo Funds”) of Apollo Global Management, LLC (together with its consolidated subsidiaries, “Apollo”) (NYSE: APO) are the majority shareholders of Catalina. RenaissanceRe Ventures Limited, a subsidiary of RenaissanceRe Holdings Limited (NYSE, RNR) is the minority shareholder alongside Catalina’s management.

### A.1.2 Material lines of business and geographical areas where the Company carries out business

CHBL is a specialist consolidator of non-life general insurance and reinsurance companies and portfolios in run-off. CHBL acquires and manages such portfolios in run-off with the purpose of achieving a competitive return on equity and consistent growth in net tangible assets. The Group is based in Bermuda and currently has other offices in the United Kingdom, the Republic of Ireland, the United States of America, Switzerland and Singapore.

CHUK is the holding company for all of the Catalina UK insurance and insurance service companies. Historically it is the vehicle in the UK that acquires, both directly and indirectly, all Catalina UK run-off portfolios. At 31 December 2020 CWIL, AGF and CLL are active run-off insurance companies. The service company CSUK forms the rest of the CHUK Group. All UK staff are employed by CSUK. A second service company, DLML, was dissolved on 13<sup>th</sup> October 2020 having transferred all its operations to CSUK.

The Company's insurance subsidiaries wrote business mostly in the UK and US, with AGF writing solely UK based business. The subsidiary distribution of reserves, including loss adjustment expenses on a Financial Statement valuation basis at 31 December 2020 was as follows in USD '000s equivalents:

CHUK Insurance Subsidiary	Total	US	UK	Europe	Other
	2020	2020	2020	2020	2020
	USD'000	USD'000	USD'000	USD'000	USD'000
CWIL	486,752	281,643	177,809	22,111	5,189
AGF	172,270	-	172,270	-	-
CLL	43,844	31,978	7,387	3,033	1,446
Intergroup	(3,280)	-	(3,280)	-	-
<b>Total Gross CHUK Reserves</b>	<b>699,586</b>	<b>313,621</b>	<b>354,186</b>	<b>25,144</b>	<b>6,635</b>
	<b>2019</b>	<b>2019</b>	<b>2019</b>	<b>2019</b>	<b>2019</b>
	<b>USD'000</b>	<b>USD'000</b>	<b>USD'000</b>	<b>USD'000</b>	<b>USD'000</b>
CWIL	524,764	315,365	184,589	22,379	2,431
AGF	163,927	-	163,927	-	-
CLL	46,141	32,758	8,488	2,735	2,160
Intergroup	(2,947)	-	(2,947)	-	-
<b>Total Gross CHUK Reserves</b>	<b>731,885</b>	<b>348,123</b>	<b>354,057</b>	<b>25,114</b>	<b>4,591</b>

Distribution by class of business across these companies across the direct and reinsurance portfolios is as follows:

Class of Business	2020	2019
	% of Reserves	% of Reserves
Property	0.2%	0.2%
Liability	69.7%	67.0%
Marine, Aviation and Transport	2.7%	5.6%
Reinsurance – Casualty	25.2%	25.1%
Reinsurance – Marine, Aviation and Transport	0.6%	0.6%
Reinsurance - Property	1.60%	1.5%

The Company and CHUK Group's functional and presentational currency is the US Dollar, which is the same for CLL. The other CHUK Group companies are all GBP denominated. This reflects the historical distribution of each Company's geographical business mix.

### A.2 Performance from underwriting activities

The table below shows the underwriting performance for the CHUK Group for the year end 31 December 2020, together with comparatives for the previous year. During 2020 the Group realised an underwriting loss of USD\$27.5 million (2019: loss of USD\$18.2 million).

	2020	2019
	USD'000	USD'000
Earned premiums, net of reinsurance	6	(20)
Claims incurred, net of reinsurance	(12,683)	(3,286)
Net operating expenses	(14,839)	(14,938)
<b>Balance on the technical account</b>	<b>(27,516)</b>	<b>(18,244)</b>
<b>Claims incurred by class of business:</b>		
Property	(164)	(1,062)
Liability	(9,755)	(3,843)
Marine, Aviation and Transport	(45)	(258)
Reinsurance – Casualty	(2,611)	2,690
Reinsurance – Marine, Aviation and Transport	(35)	(127)
Reinsurance – Property	(73)	(686)
<b>Total claims incurred</b>	<b>(12,683)</b>	<b>(3,286)</b>

The change in the CHUK technical account result in 2020 reflects a strengthening of asbestos and abuse claims on a lower level of reinsurance.

### A.3 Performance from investment activities

The table below shows the investment income for the CHUK Group for the year end 31 December 2020, together with comparatives for the previous year.

	Net investment income USD'000	Net investment expense USD'000	Net realised gains and losses USD'000	Changes in fair value USD'000	Net investment result USD'000
<b>2020</b>					
Financial assets:					
- measured at FVTPL	11,971	(334)	(636)	19,550	30,551
-measured at amortised cost	14	-	-	-	14
	<b>11,985</b>	<b>(334)</b>	<b>(636)</b>	<b>19,550</b>	<b>30,565</b>
<b>2019</b>					
Financial assets:					
- measured at FVTPL	12,310	(346)	(862)	7,774	18,876
-measured at amortised cost	106	-	-	-	106
	<b>12,416</b>	<b>(346)</b>	<b>(862)</b>	<b>7,774</b>	<b>18,982</b>

The increase in total investment returns in 2020 to USD\$30.6 million (2019: income of USD\$19.0 million) is mostly a function of unrealised gains on corporate bonds and other debt securities driven by increased gains in global debt markets. The decrease in investment valuations and resulting impact on investment returns caused by the COVID-19 pandemic in March 2020 were mostly recovered by June 2020 and hence are not a feature of the full year 2020 investment return.

Net investment income includes USD\$3.3 million (2019: USD\$4.4 million) of interest expense on the CHUK Revolving Credit Facility Agreement used to finance the CWIL and AGF acquisitions. Under the agreement interest is chargeable on a margin above LIBOR. Amounts due under the facility reduced from GBP£84.0 million to GBP£10.0 million as a result of a debt for equity swap. The decrease in interest expense reflects the debt for equity swap.

Projected investment performance is critically dependent on a number of factors, including; global economic performance, global changes in interest rates and credit spreads and the performance of global equity markets.

The Chief Investment Officer Europe meets regularly with the Catalina Group Investment Committee to discuss risks and opportunities and proactively manage the portfolio as circumstances change.

#### A.4 Other operating income and expenses

The table below details any other material operating income and expenses not shown in A2 and A3 above.

	<b>2020</b>	<b>2019</b>
	<b>USD'000</b>	<b>USD'000</b>
Write back of negative goodwill	1,557	1,558
Management fees	7,432	4,191
Administrative expenses	(7,466)	(4,019)
Foreign exchange gains / (losses)	1,892	(3,980)

On a UK GAAP basis negative goodwill arising on business combinations in respect of acquisitions is included on the Balance Sheet and released to the profit and loss account on a straight line basis during the period in which the goodwill is recovered.

Management fees and administrative expenses include the expenses incurred within the CHUK Group on behalf of other CHBL companies. These expenses are recharged as management fees to the respective companies.

As a USD denominated group CHUK is exposed to currency fluctuations in the US Dollar against Sterling and Euro. While companies within the Group manage these exposures by matching assets and liabilities by currency, asset availability can from time to time result in a net currency exposure. The foreign exchange income for 2020 include a USD\$1.1 million gain (2019: USD\$4.3 million loss) on the GBP denominated debt of £10.0 million (2019: £84.0 million), being USD\$13.7 million (2019: USD\$111.4 million) in the CHUK company.

#### A.5 Any other disclosures

Not applicable.

## B. System of Governance

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### B.1 General Governance arrangements

The PRA initiated a Section 166 review in 2019 to ensure the Catalina UK companies have an appropriate system of governance following its significant recent growth, and its planned future growth. The Company and Group engaged in an open collaborative way with this review and implemented all findings in 2020. The Company is awaiting confirmation from the PRA that they are satisfied that the findings are addressed and remediation embedded. Once the PRA is satisfied with the progress, removal from the Watchlist is anticipated and Catalina UK will then be able to leverage the stronger organisation to pursue its strategic goals and objectives.

The day to day running of the separate legal entities within the CHUK Group are treated and managed, so far as is practicable, as a single entity. Accordingly the managers, boards and directors are aligned and mostly the same for each entity with the same business model and strategic objectives. References to “the Board” are collectively to the boards of the three UK regulated entities. The governance structures and policies are prepared on a UK group wide basis which is documented in a Governance and Internal Control (GIC) Framework.

At the regulated insurance company level within the CHUK Group each company ordinarily operates under a board of directors which comprises four independent non-executive directors (“INED”), one non-executive director, Chief Executive Officer (“CEO”), Chief Financial Officer (“CFO”), UK General Counsel and UK Claims Director. The Boards operate under an agreed terms of reference.

The Board has mandated a basis for effective risk management within each insurance company dictated by a clear system of governance that covers all significant aspects of the business, provides an open forum for challenge, and allocates clear responsibilities for both collective management committees and individuals. In addition, there are clear responsibilities within the Company for the four required key functions:

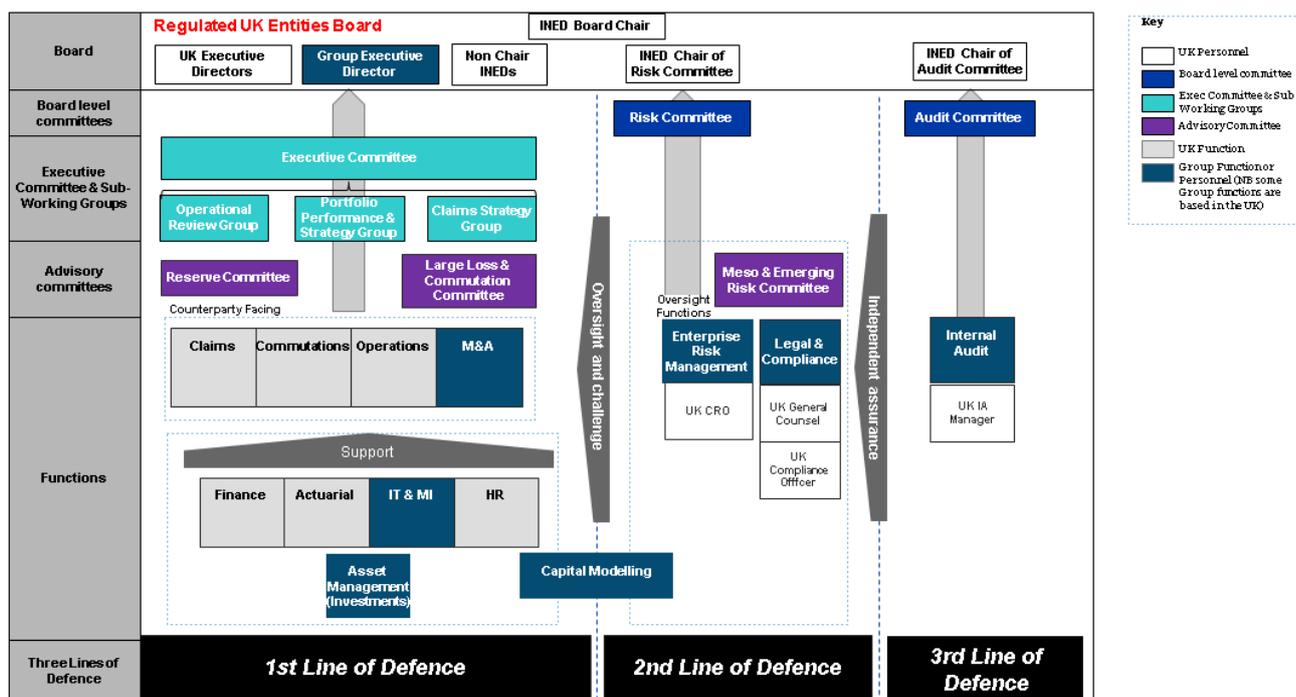
- Risk management;
- Actuarial;
- Compliance; and
- Internal audit.

In addition to the required key functions the Board has determined that claims, commutations, investment management, outwards reinsurance, human resources and operations are key functions. The allocation of the senior manager functions and key function holders is set out in the CHUK Group’s management responsibilities map (“MRM”), which forms part of the CHUK General & Internal Control Framework (GIC). All senior managers and key function holders are employed either by Catalina Services UK Limited or by another group company. The allocation of the prescribed responsibilities is also set out in the MRM.

#### **Target Operating Model**

The Catalina UK Group has in place a Target Operating Model (“TOM”) which is the framework by which governance across Catalina UK operates.

The following summarises the current TOM:



### Board Risk Management Committee

The Board Risk Management Committee meets outside of Board meetings, is chaired by an INED and currently comprises all directors of the Company. The purpose is to have an enhanced focus on the risks faced by the Company and the mitigation of those risks.

The Board has delegated the responsibility of oversight of the Group’s risk management policy for each insurance company to the UK Chief Risk Officer (“CRO”). The Risk Management Policy defines the framework of the systems, controls, processes and procedures in place to identify, assess, mitigate and manage risk for each insurance company.

Each insurance company has determined its risk appetite and a number of risk tolerances that are measured on a quarterly basis. Reports are included in the Risk Committee papers on adherence to existing risk appetite levels and are summarised by the CRO and the Risk Committee at each Board meeting. The CRO instructs the relevant risk owners to implement any remedial measures that the Board determines are appropriate.

### Board Audit Committee

A principal objective of the Board Audit Committee is to evaluate and provide assurance that the risk management, control and governance systems of each insurance company are functioning as intended and will enable each insurance company’s objectives and goals to be met. This includes the Board discharging its responsibilities for monitoring the integrity of the Company’s financial statements and monitoring the effectiveness, performance and objectivity of the internal and external auditors. The Board Audit Committee is currently chaired by the Board chair which is scheduled to change in 2021 to another INED. The Committee is solely made up of the INEDs.

The Board has delegated the responsibility of oversight of the Group’s internal audit policy at each insurance company to the Catalina UK Head of Internal Audit. The Internal Audit Charter defines Internal Audit’s purpose mission, scope authority, responsibility and reporting relationships to support the Board Audit Committee in its duties. The Charter is reviewed by the Audit Committee on an annual basis.

The following committees are not committees of the Board but comprises executives from the Company and wider Catalina group and act in an advisory capacity to the Boards.

### **Executive Committee**

The Board has delegated the day to day running of CHUK Group to the UK Chief Executive Officer with a Management Team to assist in these duties. A report on these activities is presented at the board meeting, held at least quarterly and with additional meetings from time to time as necessary.

The executive management team forms the ExCo. At a minimum the ExCo meets three times each month through sub-working groups; Operational Review Group, Claims Outcome and Strategy Group and the Portfolio Performance & Strategy Group. The ExCo periodically reviews the terms of references and effectiveness of the groups.

### **Reserving Committee**

The Reserving Committee ("RC") is in place to review and challenge the output from internal actuarial reviews. It is responsible for reviewing the adequacy of, and recommending the approval of, the reserves of the Company. Matters arising from this Committee are reported by the CEO to the Board.

### **Commutations and Complex Large Loss Committee**

The Commutations and Complex Large Loss Committee is an advisory committee charged with;

- i. the responsibility of overseeing the Company's claims practices, processes and procedures and providing a further level of control and direction for very large losses; and
- ii. the responsibility of each insurance company's commutation policy and approving all significant commutations.

Matters arising from this Committee are reported by the CEO to the Board.

### **Investments**

The Board is responsible for the oversight of the Company and each insurance company's investments and has appointed the Chief Investment Officer, Europe (CIO) to manage its portfolio of investments on its behalf. As part of the group level management of investments the CIO consults with the Group Investment & ALM Committee regarding overall investment strategy as well as the Company Board and Board Risk committee. The CIO provides a report to Board and Risk Committee meetings, which looks at the risk and objectives for the Company of the investment approach, as well as the relative performance. The Board has approved a Strategic Asset Allocation for its investment portfolio reflecting risk appetite and which sets out the each insurance company's approach to the requirements of the Prudent Person Principle. In particular it sets out the expectations that the technical reserves will be backed by rated, liquid, relatively risk free assets and that other investment classes such as commercial real estate will only be used for investing surplus capital. Reporting both by the investment management team and oversight by the ERM function reflects this. Established protocols around non-traditional and alternative investments exist and are also closely monitored by ERM.

### **Remuneration Policy**

The Company does not have any direct employees, all services to the CHUK group are provided by CSUK. All CSUK employees are retained on a fixed basic salary, considered annually and determined in light of market best practice.

Each insurance company has applied the principle of proportionality to requirements regarding remuneration. A Catalina UK Remuneration Committee represents the regulated insurance companies and exists to oversee the application of the Remuneration policy.

The objectives of the Remuneration policy are to ensure that:

- Policy and practices are aligned with the Company's overall strategy, risk management strategy and risk appetite, objectives, values and long-term interests of the Company;
- The policy applies to the undertaking as a whole in a proportionate and risk focused way, taking into account the respective roles of the Company's employees;

- The policy does not foster practices adverse to policyholders' interests;
- The Company can attract and retain highly qualified employees with skills required to effectively manage the Company;
- Employees are compensated appropriately for the services they provide the company; and
- Employees are motivated to perform in the best interests of the Company and its stakeholders.

Discretionary performance related bonuses can be agreed subject to provisions on quantum and deferral.

## **B.2 Fit and proper requirements**

Management at CHUK Group and insurance entity level must ensure that key roles performed within their operations are identified, and filled by staff who are demonstrably qualified for the role. The UK Chief Executive Officer is responsible for ensuring that activities are undertaken and managed by professionals with the appropriate experience, skill levels, and degrees of specialisation.

As part of the recruitment process references are taken up and qualifications checked with the relevant authority or issuer. For senior managers and certification roles regulatory references are obtained and criminal record checks and credit reference checks are undertaken. For existing staff these are retaken every 3 years.

For the purposes of carrying out the Company's day to day business, one of the regulators of all insurance companies within the CHUK Group is the FCA. Of particular importance is the close association that the FCA makes between business conduct and misconduct, and the culture, tone and oversight set by the Board and senior executive management. The FCA looks to firms' governing bodies to set, embed and maintain a firm-wide culture that supports good business conduct and an appropriate degree of protection for counterparties. That culture needs to take into account factors such as the firm's Business Plan, risk appetite, remuneration mechanisms and identified internal and external risks.

### **Solvency II requirements**

Solvency II requires that for insurance companies within the CHUK Group "all persons who effectively run the undertaking or have other key functions are Fit and Proper at all times". 'Fit and Proper' persons must have the appropriate professional qualifications, knowledge and experience to enable them to perform their duties and fulfil their obligations, as well as being of good repute and integrity. Key functions are defined as all functions considered important or critical in the system of governance, including at least the Risk Management, Compliance, Internal Audit and Actuarial Functions. The requirement for Fit and Proper extends to the Board, which collectively asserts that it has the qualifications, knowledge and experience to be able to provide for the sound and prudent management of the Company.

### **Regulatory Requirements**

Under section 59 of the Financial Services and Markets Act 2000, authorised firms are required to ensure that individuals seeking to perform one or more of the FCA/PRA-designated Senior Management Functions seek PRA and/or FCA approval prior to taking up their position. Each Company manages these requirements in accordance with the SM&CR.

Each company takes reasonable care to maintain a clear and appropriate apportionment of significant responsibilities among its directors and senior managers in such a way that:

- It is clear who has which of those responsibilities;
- The business affairs of the firm can be adequately monitored and controlled by the directors and relevant senior managers and governing body of the firm;
- The prescribed responsibilities for each company are included in the Management Responsibilities Map;
- Management responsibilities are shown in the management structure diagrams in the MRM; and
- Each senior manager has a statement of responsibilities setting out those business areas for which they are directly responsible.

CHUK Group maintains an MRM to satisfy the requirements regarding apportionment and allocation of significant responsibilities and updates this quarterly or more frequently as and when there are any changes.

The following table sets out the senior management functions and key function holders for each of the dual-regulated firms within the UK Group as at 31 December 2020:

Senior Manager Role	SMF	CWIL	AGF	CLL
Chairman (retiring)	SMF9	Timothy Cox	Timothy Cox	Timothy Cox
Chair Elect (approved incoming)	SMF9	Tony Mason	Tony Mason	Tony Mason
Chair Audit Committee	SMF11	Timothy Cox	Timothy Cox	Timothy Cox
Chair Elect of Audit Committee (application pending)	SMF11	Penny Shaw	Penny Shaw	Penny Shaw
CEO	SMF1	Steve Ryland	Steve Ryland	Steve Ryland
Head of Compliance	SMF16	Philip Parsons	Philip Parsons	Philip Parsons
Executive Director	SMF3	Roland Jackson	Roland Jackson	Roland Jackson
Executive Director	SMF3	Steven Richardson	Steven Richardson	Steven Richardson
Group Entity Senior Manager (Non-executive Director)	SMF 7	Gary Haase	Gary Haase	Gary Haase
Chair Elect of Risk Committee (application pending)	SMF10	Bob Howe	Bob Howe	Bob Howe
Independent Non-executive Director		Walt Gontarek Bob Howe	Walt Gontarek Bob Howe	Walt Gontarek Bob Howe
Chief Financial Officer, Executive Director	SMF2	Graeme McAndrew	Graeme McAndrew	Graeme McAndrew
Chief Actuary (interim)	SMF20	Nne Nwankwo*	Nne Nwankwo*	Nne Nwankwo*
Chief Risk Officer	SMF4	Chris Porter	Chris Porter	Chris Porter
Head of Internal Audit	SMF5	Stephanie Mclvor-Oakley	Stephanie Mclvor-Oakley	Stephanie Mclvor-Oakley
Money Laundering Reporting Officer	SMF17	Philip Parsons	Philip Parsons	Philip Parsons
Chief Operations	SMF24	Rhian Duff	Rhian Duff	Rhian Duff
Other overall responsibility:				
Chief Investment Officer	SMF18	Neil Taylor	Neil Taylor	Neil Taylor
Head of Operations and Commutations (application pending)	SMF18	Darren Rowswell	Darren Rowswell	Darren Rowswell

\* Temporary post holder since June 2020. Emma Burrows commenced as UK Chief Actuary in March 2021 and application to SMF20 is pending.

For each insurance company within the CHUK Group, the UK Head of Compliance keeps the PRA informed of persons filling the designated roles and reviews that they meet the fitness and probity requirement on an ongoing basis. A person filling a controlled function must be:

- Competent and capable;
- Honest, ethical and act with integrity; and
- Financially sound.

These checks are conducted independently to any checks performed by the PRA under its own fit and proper review. These include a number of checks: criminal record, credit, evidence of professional qualification and ongoing continuing professional development and reference.

Across the CHUK Group each company maintains an ongoing Board education programme from which the SMFs also receive the benefit.

In addition, the PRA have been notified of the following Key Functions and the relevant documentation outlining the fitness and probity of the specific key function holders (“KFHs”) has been provided to them. These individuals fall within the certification regime under SM&CR.

Key Function	Holder in all regulated subsidiaries
Human Resources	Camilla Maxwell
Head of Outwards Reinsurance	Gary Pollard
Technical Operations	Emma King

### B.3 Risk management system

CHUK’s enterprise risk management function is coordinated by the UK Chief Risk Officer, who works under the authority of the Board Risk Management Committee (“BRMC”). In line with the internal risk management policies of the Group, management of the Company and the regulated subsidiaries, acting as the ‘first line of defence’ are primarily responsible for the running of the business and the operation of controls within their own areas as well as the management of the business’ risk profile, in line with Board expectations. However, acting as part of the ‘second line of defence’, the UK Board Risk Management Committee is responsible for the ongoing monitoring of business operations and the effectiveness and integrity of the risk management framework.

The overall risk management strategy is to ensure that a proper balance is struck between:

- The risks that are economically attractive to take. These must be properly modelled, measured and priced; and
- The risks that are economically unattractive to take. These should be avoided, identified, managed, mitigated and reduced where it is efficient to do so.

Within the CHUK Risk Management Policy & Framework there are measures in place to ensure:

- Appropriate risk tolerances are in place to govern risk taking activities;
- An appropriate risk culture and risk appetite forms an essential part of strategic decision making;
- Measurement and monitoring of risk and reporting key risk metrics to senior management and the Board, including a Risk Appetite Dashboard; and
- Appropriate Business Planning and capital planning processes are in place to support the risk taking activities.

The risk framework is intended to reduce, but cannot eliminate, the range of possibilities which might cause detriment. Similarly, the risk management framework cannot provide protection with certainty against any failure to meet business objectives, or guard against material errors, losses, fraud, or breaches of law and regulations. The risk management framework is intended to provide reasonable assurance that business will

be conducted in an orderly manner that reasonable foreseeable circumstances will not prevent or limit the achievement of business objectives.

In order to aid the management of overall risk, risk policies have been set for each of the core risk categories.

### **Own Risk and Solvency Assessment**

The Own Risk and Solvency Assessment documents the output of CHUK's Enterprise Risk Management process. The purpose of the ORSA is principally to support the Board of Directors and Company management to actively manage the economic risk and capital requirements and allow a strategic, forward-looking discussion of future risks and capital needs.

The Board and senior management are integrated into the ORSA process as they are engaged to challenge, discuss and debate risk. The ORSA process allows management, the Board Risk Management Committee and the Board to review the risk and capital requirements and take a strategic, forward-looking view of future risks and capital needs. The ORSA process includes a detailed three year capital management plan for the CHUK Group and regulated entities within. The ORSA process is used to highlight key issues to management, and allows management to confirm that:

- The current risk profile is understood and appropriate for the nature of a legacy portfolio and within the risk appetite of the firm;
- Capital requirements during the reporting period have continuously been met (or if not corrective action was taken);
- Each insurance company's current capital and solvency position is appropriate;
- The Standard Formula model has been used appropriately for strategic decisions throughout the period;
- The risks to the enterprise that could likely change the risk profile are understood; and
- Plans to cover the solvency position and planned capital distributions over the required period are appropriate.

The ORSA is produced by Management in conjunction with the Actuarial and Risk Management functions. The ORSA is presented to the Board Risk Management Committee and Board for challenge, comment and review annually with the most recent review being February 2021. The result of the Board's review forms the basis for the future strategy of the business and for the following year's ORSA.

It is axiomatic that the majority of risk lies in the individual regulated insurance entities owned by CHUK rather than the Company or Services Companies within the Group. The capital requirements for the insurance companies have already been calculated separately on a standalone basis. When combined, a diversification benefit results to the Group.

For each of the regulated insurance companies within the CHUK Group they were all within stated risk appetite and tolerances for the key indicators of solvency, reserving sufficiency, investment compliance and operational risk.

### **B.4 Internal control system**

For insurance companies within the CHUK Group internal control systems provide assurance that their operations are effectively controlled, they are compliant with applicable laws and regulations and its financial reporting is reliable. Each Board is ultimately responsible for overseeing and maintaining the adequacy and effectiveness of the risk management and internal control systems. The oversight and management of these systems necessarily involves participation of the Board, the Board Audit Committee, the Board Risk Management Committee, senior management, Finance, Legal and Internal Audit. Responsibility for ensuring day-to-day oversight of the internal control system lies with each insurance company's Senior Management Function holders and Key Function holders.

For all companies within the CHUK Group the importance of appropriate internal controls is promoted. All employees are aware of the importance of risk management and are reminded to consider the risks they encounter as they go about their day to day work. Risk awareness is promulgated through the organisation, and both senior management and the risk management function are pro-active at keeping risk awareness to

the forefront of daily operations by: i) ensuring that all employees are aware of their role in the internal control system as per the Fit and Proper Policy; ii) ensuring consistent communication and implementation of the internal control systems; iii) establishing monitoring and reporting mechanisms to review and report the decision making processes; and iv) providing appropriate training to all employees.

### **Compliance Function**

The UK Head of Compliance (“HC”) is an approved person, SMF 16. All actual or potential breaches of regulation are immediately referred to the HC.

Line managers have a responsibility to implement all compliance policies locally mitigating compliance risk in liaison with the HC, ensuring adequate compliance resources and training, fostering a compliance culture and optimising relations with regulators. The role of the Compliance function is to provide advice and support to line management in this regard. The HC has unfettered access to line management and also to the Board of Directors.

The HC is expected to act on the policies and practices by which the Group expects compliance and reputational risk to be managed and controlled, and covers a number of specific issues such as money laundering, insider dealing, acquisitions and mergers.

The compliance function reports to the Board Risk Committee and is subject to oversight by the CEO. The Board is ultimately responsible that the Company and each company within the CHUK Group remains compliant, where applicable, with the requirements of the ‘PRA and FCA Handbooks of rules and guidance’.

The role of Compliance is to support Management in its duty to control compliance risk. At the operational level, the HC will:

- Compile and maintain Compliance Charts and/or Compliance Risk Assessments;
- Devise annual Compliance Plans to record risk-based activity for the coming year;
- Undertake regular monitoring and ad-hoc reviews as may be necessary to verify that controls remain robust and understanding of / adherence to procedures is maintained; and
- Report compliance control failures, or incidents which may indicate a need to review Compliance Risk Assessments or mitigating procedures.

The CHUK Group maintains regulatory and compliance calendars in order to ensure that all external and internal deadlines are met.

The Key Risk Dashboard referred to in Section B.3 Risk Management System provides the Board with details of the Company’s compliance with its key risk target indicators: target capital ratio, best estimate reserving, investment policy compliance, counterparty credit risk, commutation targets and operational risk.

The CHUK Group runs all payments and any potential new business arrangements through an Anti-Money Laundering (“AML”), Anti Bribery and Corruption and Sanctions (“ABC”) on line tool in accordance with its Counterparty Due Diligence Policy, providing the Board with a report of any material activity. Annual staff training on AML and ABC is undertaken.

The Board is advised quarterly of the status of all open claims complaints.

### **Whistleblowing**

There is both a Catalina Group and a Catalina UK Whistleblowing Policy. The UK Policy contains all of the necessary referrals as required under the FCA rules, including an independent “Whistleblowing Champion”. At present this is the Chair of the Board. The Catalina intranet has a link to allow easy access to the whistleblowing hotline and a reporting facility. Reports may be made anonymously if the whistleblower so wishes. As part of the induction process the Policy is included. The Group is committed to take any whistleblowing reports seriously and to protect anyone who makes a complaint in good faith. To date no reports have been submitted. Ethics training undertaken for all staff across the Catalina Group includes whistleblowing.

## B.5 Internal audit function

The mission of the Internal Audit function (“IA”) is to enhance and protect organisational value by providing risk-based, independent and objective assurance, advice, and insight to the Board and Senior Management. IA is the third line of defence within CHUK. To ensure independence, the Head of Internal Audit reports to the Chairperson of the Audit Committee (“AC”) and functionally to the CEO. The Group Internal Audit Charter defines the function’s purpose, authority and responsibility and position within CHUK and is reviewed by the AC on an annual basis. The activities of the function as noted in the charter are designed to add value and facilitate the improvement of the organisations effectiveness and efficiency of governance, risk management, and internal control processes.

IA performs its own risk assessment as the basis for the annual internal audit plan that is reviewed and approved by the AC. The audit plan is updated on a regular basis to reflect CHUK’s evolving risk landscape and needs. Quarterly updates on the activities of IA are provided to the AC, these updates include;

- detailed audit reports from the individual audits and summary audit opinions on the control environment of the specific processes, function and or themes audited;
- the status of agreed management actions; and
- the adequacy and appropriateness of the resources and skills of the function.

The Head of Internal Audit (“HIA”), a UK appointee approved in 2020, meets privately with the AC chair on at least an annual basis and reports any issue which could have a potentially material impact on the business of CHUK Group immediately. The IA function is authorised to review all areas of CHUK Group and to have full, free and unrestricted access to all of its activities, records, property and personnel necessary to complete its audit work. IA is authorised to allocate resources, determine frequency of reviews, determine audit scopes and audit tools and techniques and, to obtain the necessary assistance and specialised subject matter expert services within or outside the CHUK Group to accomplish the audit objectives.

The operating guidance for the department is documented in the Catalina Internal Audit Framework. This is updated on an annual basis and adopts the IIA’s International Standards for the Professional Practice of Internal Auditing as well as the International Professional Practices Framework (“IPPF”). IA staff comply with the Code of Ethics issued by the Institute of Internal Auditors (“IIA”) alongside the Catalina Code of Conduct.

## B.6 Actuarial function

The Actuarial function Holder is the Chief Actuary supported by the reserving actuary and an in house actuarial team. The Group Chief Actuary provides additional peer review support. The actuarial function:

- Co-ordinates the GAAP reserving for the insurance companies within the CHUK Group taking into account both the in-house view and opinions provided by external independent consultants;
- Adjusts the GAAP reserves to Solvency II Best Estimate of Liabilities (“BEL”);
- Uses the BEL and audited balance sheet to develop the Standard Formula Capital Requirements, Risk Margins and Own Funds;
- Works closely with the Chief Risk Officer on both the ORSA and wider risk management issues. For the ORSA in particular, the capital level and capital requirements are projected over the planning period including the modelling of stresses, scenarios, and reverse stress tests;
- Through the Actuarial function Holder Report, reports to the Board and opines on levels of reserve adequacy, reinsurance arrangements and underwriting policy; and
- Assesses the impact of any material change to the CHUK Group or insurance company in terms of its capital position, such as a material change in its reinsurance arrangements.

Each of these activities is undertaken at least annually, but also on an “as and when required” basis to support the business and its decision making processes.

## B.7 Outsourcing

Outsourcing is the delegation of a process, service or activity to a service provider. Each operating company has an outsource service agreement with CSUK for the provision of staff and services. All Catalina UK employees are employed by CSUK. CSUK also has an agreement with CHBL to allow for the cross utilisation and charging of staff where appropriate.

The CHUK Group's core strategy is to utilise and enhance key and distinguishing in-house competences in areas required to manage and extract value from books of business under its control; such competences include claims adjustment, commutation negotiation, reinsurance collections, actuarial evaluation, capital modelling and developing and implementing the most effective and efficient exit strategies, whilst at all times properly meeting the rights and requirements of policyholders, reinsurers, regulators, capital providers and other stakeholders.

When considering whether to outsource any process, service or activity to an external provider the Company will take account of:

- Its own resource levels and availability;
- Its own internal capabilities and cost structures;
- The timing and extent of any requirements in comparison with the capabilities; and
- Costings and security of an outsource service provider.

The overarching principle will be that whereas processes, services or activities may be delegated to an outsource service provider, ultimate responsibility for those processes, services and activities will remain with the Company undertaking the outsourcing. Outsourcing arrangements have been established in locations that are a best fit for the underlying service, namely the United States and United Kingdom.

The CHUK Group has an Outsourcing Policy, the purpose of which is to establish the requirements for identifying, justifying, and implementing outsourcing arrangements for its critical or important operational functions or activities. The objective of the Outsourcing Policy is to ensure that the outsourcing of critical or important operational functions or activities does not lead to:

- Reduction in the Board's responsibility for, or influence over key functions;
- Material impairment of the quality of the system of Governance;
- Non-adherence to approved policies and procedures;
- Undue increases in operational risk or cost;
- Material impairment to fulfil obligations to stakeholders, nor impede effective supervision by regulators;
- Conflicts of interest; and
- Breach of data protection obligations.

The Board is ultimately responsible for the approval and termination of all outsourcing arrangements of critical or important functions or activities. Critical or important functions or activities include key functions of the system of governance and all functions that are fundamental to carry out its core business.

Within the CHUK Group, outsourcing is used in specific areas of claims handling and investment management.

## B.8 Assessment of Governance

As the Catalina UK group of companies had grown significantly over 2016-17 and plan to grow further in coming years, the PRA initiated a Section 166 review in 2019 of the regulated insurance subsidiaries within the Group to ensure the Catalina UK companies are positioned for this. The regulated insurance subsidiaries engaged in an open and collaborative way with this review and has implemented all findings. While the Boards of the regulated insurance subsidiaries are satisfied that the findings are addressed and remediation embedded, confirmation from the PRA is pending.

Significant work has been undertaken to future-proof the Catalina governance model and allow better scalability for growth within the UK. The Company has assessed its system of governance and in particular the strengthening of the target operating model following the Section 166 review and concluded that it effectively provides for the sound and prudent management of the business which is proportionate to the nature, scale and complexity of the operations of the Company and the Group.

## C. Risk Profile

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The risk profile of CHUK is a reflection of those of its subsidiary companies where most of the risk lies. All insurance companies are in run-off and have broadly similar risk profiles with some differences due to CWIL's intragroup reinsurance with CatGen and the amount of reserves left in each subsidiary. There are differences in the type of liabilities at each insurance company which will impact the level of reserve risk. Similarly, the distribution of investment type at each company will cause market risk and credit risk to vary. Each insurance company has its own separate reinsurance programme with a different credit rating distribution that will further impact counter party credit risk. Operational risk is largely consistent across all companies. The UK Group's staffing structure is not based on individual subsidiary companies but across the UK operation as a whole.

Risks within the standalone Company are limited to the carrying value of its investment in subsidiaries and the ability to service any debt. The risks within subsidiaries are determined largely by the risk profile within the individual insurance entities. The ability of the Company to service its debt is also dependent on the risks within the insurance companies for these determine the ability to upstream capital to service the debt.

As a service company, CSUK carries no reserve risk, has no market risk since its surplus is kept in cash, and in addition carries no significant counterparty credit risk. Additional operational risk through the service company arising out of potential employee litigation and payroll fraud is considered. However, the Company's HR processes mitigates the former risk and finance processes and sign offs for CSUK, where applicable, are the same as for the regulated companies and cover the latter risk. Any counterparty credit risk arising out of non-payment by debtors is minimal as the debtors are other CHBL companies and are settled on a quarterly basis.

The analysis below outlines, in general, the nature of the risk that affects CHUK's subsidiary companies.

### C.1 Underwriting (Liability) Risk

#### C.1.1 Risk exposure

CWIL has been in run-off since 2012 (with the vast majority of the book having been in run off since 1992), AGF since 1998, and CLL since 2005. With all subsidiary companies in run-off for a number of years there are no unexpired Insurance Risk exposures from in-force policies.

Underwriting or insurance risk is concerned with fluctuations in the timing, frequency and severity of insured events, relative to expectations at the time of underwriting. Given the companies' run-off status and the fact that the companies' are no longer exposed to losses from new events, these risks are limited to reserve risk, i.e. the risk of losses due to the adverse development of loss reserves.

As the Company's regulated subsidiaries are in run-off, they do not have a pre-determined tolerance for insurance risk.

Actual underwriting results are monitored against budgeted results on a quarterly basis, although for meaningful variances the underwriting reserves, gross and net are subject to annual actuarial review which is compared to the Business Plan. Reinsurance recoveries and notified claims and reserves are compared to plan. This policy incorporates identification, measurement and explanation of variances which are reported to senior management and the Board. Given Company's regulated subsidiaries run-off status, management focuses primarily on variances in claims reserves.

In addition to the formal Committees that are part of the governance framework that monitor insurance risk, the companies' senior management hold Executive Committee meetings which are an important tool to increase coordination and manage risk. There are three working groups: Operational Review Group held monthly where Senior managers provide updates on local and group level initiatives and operational tasks; Claims Outcome and Strategy meetings held monthly for both UK EL liabilities and separately for US direct and US treaty claims and monthly Portfolio Performance and Strategy Group meetings at which the overall company business is reviewed in particular against objectives for the year. These meetings all contribute to ensuring insurance risk is being properly managed against strict and prudent reserving guidelines and standards.

The Company's regulated subsidiaries have established robust systems and controls to ensure that claims settlement is performed according to Company guidelines, within the authorities given to each adjuster, and to establish appropriate reporting requirements.

As a run-off group, COVID-19 has had a minimal impact on gross technical provisions. While most business classes in the regulated subsidiaries' portfolio are very mature and therefore the COVID-19 pandemic is expected to have limited impact, new notifications and development of some long tail existing claims may be delayed and the full impact not fully understood until the constraints of COVID-19 start to lift.

### **C.1.2 Underwriting (Liability) Risk Exposures, Concentrations, Mitigations and Sensitivities**

Within CWIL most of the remaining gross exposures relates to asbestos, and hearing impairment claims, arising from employer's liability business in the UK and asbestos, pollution and health hazard losses arising from direct and treaty involvements in the US. In 2020 a reserve strengthening was recognised, mostly related to US abuse claims which have arisen due to certain US states opening 'windows' for claims to be made. There is some considerable uncertainty around the likely outcome of these claims.

At AGF, most of the remaining exposure relates to asbestos and hearing impairment claims in the UK, arising from employers' liability business, together with a modest amount of motor claims. In 2020 a reserve strengthening mostly related to mesothelioma was recognised.

At CLL, the insurance book of construction defect claims and North American asbestos exposures are the greatest level of uncertainties regarding future loss development.

Liability risk exposures are mitigated by diversification across a portfolio of insurance contracts and geographical areas. Furthermore, strict claim review policies are in place to assess all new and ongoing claims, regular detailed review of claims handling procedures and frequent review of all claims are the key policies and procedures put in place to reduce the risk exposure of the companies. The companies further enforce a policy of actively managing and promptly pursuing claims, in order to reduce their exposure to unpredictable future developments that can negatively impact the business. Inflation risk is mitigated by taking expected inflation into account when estimating insurance contract liabilities.

Reserves are relatively insensitive, due to the events which caused the claim occurring many years ago. Nevertheless, reserve sensitivity is modelled in both the ORSA and in the Solvency II SCR. Risk sensitivity is further reduced by the insurance companies having reinsurance. In particular for CWIL a 100% quota reinsurance arrangement with CatGen, a Bermuda based reinsurer which is part of the Catalina Group, reduces the net exposure to nil.

With the exception of US abuse claims in CWIL, there has been no material change in the reserve risk profile over the last few years nor is it expected to change significantly over the three year planning horizon.

## **C.2 Market Risk**

### **C.2.1 Risk exposure**

Market risk is the risk of adverse financial impact as a consequence of market movements such as currency exchange rates, interest rates and other price changes. Market risk arises due to fluctuations in both the value of assets held and the value of liabilities.

All investments are made having given due consideration to the Prudent Person Principle ("PPP") as set out in Article 132 of the Solvency II directive. The PPP requires the regulated insurance companies to only invest in assets and instruments:

- Whose risks can be properly identified, measured, monitored, managed, controlled and reported;
- That ensure the security, quality, liquidity and profitability of the portfolio as a whole;
- That are appropriate to the nature and duration of insurance and reinsurance liabilities; and
- In the best interest of policyholders and beneficiaries.

Each insurance company seeks to maximise investment returns within its Board approved Strategic Asset Allocation and the CHUK Investment Risk Policy and Guidelines, both of which reflect the PPP. The investment

management philosophy is implemented through both internal investment management decisions and the assistance of external investment managers to best achieve the objectives of the Investment policy. While neither the PPP nor Company Risk Appetite Statements, which are part of the CHUK Risk Management Framework, preclude investments ordinarily considered to have a higher degree of risk and for which a higher return would be expected, these are only done so in the context of a balanced investment portfolio that accords with the agreed Risk Appetite Statement and resulting Investment policy comprising limits on asset allocations and counterparty exposures. The CHUK Investment Risk Policy & Guidelines are approved by the Boards and is applied by the Chief Investment Officer, Europe, who is responsible for making and implementing investment decisions on behalf of the Companies in line with the Investment policy and risk appetite statements approved by the Boards.

Each insurance company's investment policy and related guidelines have been formulated to ensure that they are in accordance with all aspects of the Prudent Person Principle. The investment goals in order of relative importance are:

- Preserve invested capital;
- Protect policyholders' interests and the UK's ability to meet liability payouts and operating expense obligations as they become due;
- Manage the UK's investment portfolios at all times in conformity with the UK regulatory and legal frameworks including PPP;
- Establish a liability driven investment strategy by way of respecting the duration profile of the liability portfolio and creating an asset liability matching investment portfolio;
- Optimize the portfolio through leveraging the Catalina strategic asset allocation model to provide a sustainable risk/reward profile and subsequent investment return that is calibrated to ensure solvency coverage is not excessively impacted during severe market events;
- Manage the investment portfolio in line with the established UK Risk Appetite Framework including the UK specific investment guidelines

### **Interest rate risk**

Interest rate risk is the risk that the value of future cash flows of a financial instrument will fluctuate because of changes in market interest rate.

The Company's regulated subsidiaries are exposed to interest rate risk as they invest in long term investments at both fixed and floating interest rates. The risk is managed by the subsidiaries maintaining an appropriate mix between fixed and floating rate investments.

Asset/liability matching is an important component of the Company's investment management philosophy. The weighted average life of investments is typically managed to be slightly shorter than the run-off profile of liabilities.

The Company's subsidiaries' main source of interest rate exposure is fixed-rate cash bonds of which they hold different types, primarily corporate and government bonds. They also own bonds of other asset types, such as municipal bonds and several types of securitized products. Many of those held have floating-rate coupons so have little rate exposure. Interest rate risk is managed by the subsidiaries maintaining an appropriate mix between fixed and floating rate investments.

Led by the UK Chief Investment Officer the Company's regulated subsidiaries' investments are managed by the Catalina asset management team which makes use of key rate durations, effective duration, historical duration, simulated VaR, modified duration, spread duration and deterministic stress tests to measure interest rate risk. Management also performs a VaR-like analysis of worst month performance over the last year.

The subsidiaries management actively monitor interest-rate risk, primarily through use of key rate durations, effective duration, historical duration, simulated VaR, modified duration, spread duration and deterministic stress tests to measure interest rate risk. The subsidiaries' management also perform a VaR-like analysis of worst month performance over the last year. Limits on effective duration of subsidiary portfolios are specified in the Investment Guidelines, which are modelled using data from Bloomberg. The Chief Investment Officer is

responsible for market risk compliance reporting to the respective Boards with reporting at the Risk Management Committees independently verifying key risk metrics.

While for UK GAAP purposes, the value of liabilities is unaffected by interest rate changes, for Solvency II purposes, the technical provisions are affected, as they are discounted in line with risk free interest rates. An increase in interest rates reduces the value of both interest rate-sensitive assets and the value of Solvency II technical provisions. This provides a natural offsetting effect, as the net impact is reduced compared to the monetary amount of the change for the assets or liabilities alone.

An interest rate risk charge is modelled as part of the solvency capital requirement, to ensure sufficient capital with a probability of 99.5% over a twelve month period.

COVID-19 has resulted in a worldwide drop in interest rates in response to falling economic activity. This has reduced the interest rate risk of the Company.

The sensitivity analyses below have been determined based on the exposure to interest rates for investments held at the balance sheet date. A 1% increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

	Pre-tax profit		Shareholders' equity	
	2020	2019	2020	2019
	USD'000	USD'000	USD'000	USD'000
1% increase	(18,663)	(15,951)	(18,663)	(15,951)
1% decrease	18,663	15,951	18,663	15,951

### Foreign exchange risk

Foreign exchange risk is the risk that the value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

All companies within the CHUK Group undertake certain transactions denominated in foreign currencies. Hence, exposures to exchange rate fluctuations arise. The risk of exposing the assets or liabilities to exchange rate fluctuations is managed by broadly matching liabilities with assets in the same currencies.

Assets and liabilities by currency are reviewed each quarter to ensure they are matched where possible and that cash is available to discharge liabilities in their respective currencies. From time to time, each company may utilise foreign currency forward contracts as part of its overall foreign currency risk management strategy or to obtain exposure to a particular financial market. These derivatives are not designated as hedging investments.

The investment strategy is such that, by policy and design, investment portfolio currencies generally match those of the liabilities, with any excess generally held in U.S. dollars. While COVID-19 has increased the general economic uncertainty and hence currency risk, an asset and liability matching policy and the Company's regulated subsidiaries hedging their foreign currency positions, any additional risk to the Company's regulated subsidiaries is minimal.

The sensitivity analyses below have been determined based on the exposure to currency movements against risk exposures at 31 December 2020. A 10% increase or decrease is used when reporting foreign exchange risk internally to key management personnel and represents management's assessment of the reasonably possible change in currency rates.

<b>Pre-Tax Profit Impact</b>	<b>2020</b>	<b>2019</b>
	<b>USD'000</b>	<b>USD'000</b>
<b>USD / GBP</b>		
10% increase in USD/GBP exchange rate	(29,214)	(17,825)
10% decrease in USD/GBP exchange rate	29,214	17,825
<b>USD / EUR</b>		
10% increase in USD/EUR exchange rate	(248)	(95)
10% decrease in USD/EUR exchange rate	248	95

### Other price risk

Each insurance company is exposed to price risk arising from fluctuations in the value of financial instruments as a result of changes in the market prices and the risks inherent in all investments. The companies have no significant concentration of price risk. The risk is managed by maintaining an appropriate mix of investment instruments, including those with floating rate characteristics.

COVID-19 has increased other price risk due to increased economic uncertainty. The investment management team actively manage a diversified portfolio in order to mitigate this risk.

The CHUK Group's sensitivity to a 1% increase and decrease in market prices is as follows:

	<b>2020</b>	<b>2019</b>
	<b>USD'000</b>	<b>USD'000</b>
<b>1% increase</b>		
Movement in fair value of share and other variable securities in unit trusts	75	40
Movement in fair value of debt securities and other fixed income securities	2,988	2,900
Movement in fair value of other financial investments	1,209	1,116
	<b>2020</b>	<b>2019</b>
	<b>USD'000</b>	<b>USD'000</b>
<b>1% decrease</b>		
Movement in fair value of share and other variable securities in unit trusts	(75)	(40)
Movement in fair value of debt securities and other fixed income securities	(2,988)	(2,900)
Movement in fair value of other financial investments	(1,209)	(1,116)

### C.2.2 Market Risk Exposures, Concentrations, Mitigations and Sensitivities

Each insurance company manages investment risk through extensive use of portfolio management analysis software and the appointment of specialist third party asset managers, who have demonstrated an extensive and successful track record of managing assets on behalf of insurance and reinsurance company clients. Mandates assigned to asset managers clearly stipulate the terms on which investments may be made. Documented mandates are referred to as Investment Policy Statements.

Regular oversight of all investment decisions, their compliance with regulations and our own guidelines by the Board and BRMC and from a wider Group investment strategy standpoint, the Catalina Group Investment and ALM Committee, ensures that the Company's regulated subsidiaries are not exposed to threatening levels of market or credit risk.

Each insurance company carries out quarterly scenario testing based on various past market distress events to understand the implication of changes in asset mix and duration. Asset Liability Management is carried out by currency. For the management of interest rate risk this takes the form of matching asset cashflow duration with maturities of liabilities in order to maintain adequate positive net cash flow and ascertain any duration imbalance.

Where appropriate and cost efficient, hedging strategies may be pursued to protect the strength and ensure the stability of each company's asset base.

Historic stress tests are determined by looking at the total returns over a specified period. Market stress tests are determined by calculating the beta of each index to the time series used in the scenario definition, with two years of month-end to month-end returns for the data. Market stress tests are performed quarterly and are included in the Company's risk management reporting pack.

With respect to undertaking stress testing the following scenarios have been considered with respect to Market Risk;

Historic Stress Tests:

1987 Market Crash, 1994 Peso Crisis, 1997 Asian Financial Crisis, 1998 Russian Crisis, 1998 LTCM Collapse, 2000 Dot-com Slowdown, 2001 Russian Crisis, 2007-2008 Oil Price Run-up, 2007-2009 Credit Crisis, Sep-Oct 2008 Post Lehman, Euro Sovereign Crisis, Taper Tantrum.

Current Scenarios:

Downgrade of all modelled investment assets by 2 credit notches, inflationary risk free rate shock of 1%, largest non-government obligor default, 35% devaluation of illiquid asset portfolio, 15% foreign exchange hit on USD liabilities, risk free rate shock of -1%, USD Yield Curve Level +100bps, US Equity Market -20%, Recession (US bond rate higher by 1.4%), COVID 2<sup>nd</sup> leg and severe downturn recession scenarios.

In relation to major sources of equity, foreign exchange, and real estate risk, the regulated insurance companies can have allocations to publicly-traded equities in both the US and the UK. Bonds are owned in several currencies, but almost all holdings are held in currencies for which each company has significant insurance liabilities. Equity and currency exposures are tracked carefully, and are included in the Value at Risk ("VaR") type analyses. The historic stress tests are essentially historic simulation models.

Market risk is tracked in various ways, including rate and spread durations, asset liability management and historic stress tests. The company is comfortable that assets and liabilities are well matched against liquidity and currency risk. There is a comprehensive set of investment checks and balances which define in detail our risk appetite with regard to individual and sector concentration, effective duration, credit quality, and exposure to emerging markets and high yield instruments. A detailed investment strategy presentation including the investment governance framework, detailed asset class review, strategic asset allocation and the portfolio's compliance with Prudent Person Principle was presented in December 2020 to the BRMC and Board. Adherence to these measures is regularly reported on by the UK CIO and UK CRO as part of normal investment risk reporting.

#### *COVID-19*

COVID-19 initially created a large shock to financial asset markets. However, the financial markets subsequently recovered and have remained relatively stable since. The ORSA considered the following investment scenarios to mimic the investment market turmoil created by COVID-19 in March 2020;

- i) A drop in basis points on government bonds, 50%; investment grade bonds, 91%; emerging market bonds, 87%, high yield bonds, 297%; commercial mortgage lending 191%. A drop in prices on structured products, 6%; equities, 11%; private equity, 14%; real estate debt funds, 10%.
- ii) A drop in basis points on government bonds, 50%; investment grade bonds, 235%; emerging market bonds, 293%, high yield bonds, 563%; commercial mortgage lending 784%. A drop in prices on structured products, 20%; equities, 43%; private equity funds, 22%; real estate debt funds, 22%.

In the scenarios tested the Company was sufficiently capitalised to deal with any future shocks.

### **C.3 Credit Risk**

#### **C.3.1 Risk exposure**

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the companies. The key areas of exposure to credit risk for each Company are in relation to its investment portfolio, reinsurance programme and to a lesser extent amounts due from intermediaries. The objective of each Company in the CHUK Group in managing its credit risk is to ensure risk is managed in line

with the respective Company's risk appetite. Each company has established policies and procedures in order to manage credit risk and methods to measure it, including for certain reinsurance arrangements mitigation through collateralisation arrangements.

The companies within the CHUK Group monitor the credit risk in relation to their investment portfolio and reinsurance programme by monitoring external credit ratings for the investments and reinsurance assets held by each company on a regular basis.

Only credit assessments from external credit assessments institutions are used, with the overall credit quality step used then calculated in line with Solvency II regulations. The credit assessments used are manually reviewed to check that they are reasonable (i.e. that no material data error has occurred). Where there are no credit assessments from external credit assessments institutions, the credit quality step used is 'Unrated' (i.e. no internal credit assessments made at present).

The following table shows aggregated credit risk exposure for assets with external credit ratings. The table also shows the carrying value of assets that are neither past due nor impaired, the ageing of assets that are past due but not impaired and assets that have been impaired. The factors considered in determining whether the value of an asset is impaired are: analysis of impairment, ageing of balances, past loss experience, current economic conditions and other relevant circumstances.

	2020	2019
	USD'000	USD'000
<b>By class of asset:</b>		
Financial investments	5,770	4,022
Debt securities and other fixed income securities	298,842	290,015
Other investments	120,860	111,631
Investments in group undertakings and participating interests	37,396	33,763
Assets arising from reinsurance contracts held	514,817	553,939
Cash and cash equivalents	132,272	130,310
Other assets	84,720	92,321
<b>Total assets bearing credit risk</b>	<b>1,194,677</b>	<b>1,216,001</b>
	2020	2019
	USD'000	USD'000
<b>By credit rating:</b>		
AAA	33,968	48,639
AA	159,505	157,408
A	195,747	250,753
BBB	193,110	127,689
Below BBB or not rated	612,347	631,512
<b>Total assets bearing credit risk</b>	<b>1,194,677</b>	<b>1,216,001</b>
	2020	2019
	USD'000	USD'000
<b>Financial assets past due or impaired</b>		
Neither past due nor impaired	59,109	66,907
Past due less than 30 days	1,127	2,402
Past due 31 to 60 days	984	85
Past due 61 to 90 days	241	245
Past due more than 90 days	3,092	5,091
<b>Total financial assets past due or impaired</b>	<b>64,553</b>	<b>74,730</b>

Within the total financial assets past due or impaired, is a total impairment against insurance and reinsurance operations at 31 December 2020 of USD\$24.6 million (2019 USD\$21.3 million).

### **C.3.2 Credit Risk Exposures, Concentrations, Mitigations and Sensitivities**

Credit risk is viewed by management as the possibility that the Company and its regulated subsidiaries becomes exposed to losses occurring as a result of third parties and counterparties failing to fulfil their obligations. Credit risk on receivables is minimised by pursuing early commutation where possible and if economically beneficial, and ongoing monitoring of reinsurers for creditworthiness and ability to make payments as they arise.

The Company and its regulated subsidiaries are also exposed to credit risk via their investment portfolios. The Company's Investment Guidelines stipulate that credit quality may not fall below a weighted average of A- across the portfolio. Regular oversight of all investment decisions by the Chief Investment Officer, coupled with regular convening of the advisory Investment Committee and monitoring by the Board Risk Management Committee, ensure that Investment Guidelines are adhered to. There are specific concentration limits with regard to both sectors which can be invested in and individual obligors. The Chief Investment Officer is responsible for credit risk compliance reporting to the Board and the Risk Management Committee.

Selected credit risk metrics including any non-compliance with the Investment Guidelines are reported to the Board Risk Management Committee. These measures are designed to ensure the Company is not exposed to excessive levels of counterparty or investment credit risk.

The stress testing and sensitivity results cover both market and credit risks.

## **C.4 Liquidity Risk**

### **C.4.1 Risk exposure**

Liquidity risk is the risk that the companies within the CHUK Group cannot meet their obligations associated with financial liabilities as they fall due. Each company manages liquidity risk by monitoring forecast and actual cash flows. Liquidity management ensures that each company has sufficient access to funds necessary to cover insurance claims. Most of the companies' assets are marketable securities which could be converted into cash when required.

### **C.4.2 Liquidity Risk Exposures, Concentrations, Mitigations and Sensitivities**

Each company manages liquidity risk through regular forecasting of expected cash flows. Considerations for liquidity management include analysis of asset and liability mean terms and durations as well as the negotiation and implementation, where applicable, of revolving credit facilities.

Regular oversight of each company's relative liquidity is conducted by the Chief Financial Officer, Group Treasurer and/or Chief Investment Officer in conjunction with other individuals within the companies who are informed with respect to the key drivers of that company's cash flows. Regular reporting of company assets encumbered by Letter of Credit or Trusts is supplied to the Boards. In addition, a quarterly analysis of estimated time to liquidate assets from the portfolio is presented during the BRMC to establish our exposure to illiquid positions.

Each insurance company within the CHUK Group holds significant amounts of liquid investments and cash. Liquidity stress testing and sensitivity analysis is not undertaken here given the considerable cash and cash equivalents held compared against the duration of liabilities. Within the parent Company, servicing the interest on loan debt at 31 December 2020 of USD\$13.7 million (2019 : USD\$111.4 million) is driven by access to liquid reserves held by the Company itself and upstreaming of any excess subsidiary capital, the latter being firstly subject to PRA approval. Subsequent to 31 December 2020 the remaining debt was settled via a parent debt for equity swap, hence removing any ongoing liquidity risk around repaying and servicing the interest on the debt.

The effect of COVID-19 on liquidity risk, specifically the timing of claims payments, is minimal due to the long duration of the claims. In order to ensure there is adequate cash available to make its financial obligations management regularly monitor the cash forecasts. If, in the unlikely event, a cash shortfall is expected, there are a range of mitigating actions management can undertake, including but not limited to; drawn down funds from CHBL the parent company, de-risking the respective investment portfolios to limit exposures; utilising derivative instruments to protect the asset portfolio; reducing the cost base to preserve cash and liquidity;

soften the position on commutation negotiations and accelerate the number of deals done. Furthermore, with PRA non-objection, management may also consider; moving capital between entities to those requiring capital; agreement of intra-group or external reinsurances; and a Part VII transfers to reduce capital consumption.

The following table shows details of the expected maturity profile of the Group's undiscounted obligations with respect to its financial liabilities and estimated cash flows of recognised insurance liabilities.

	Less than 1 year 2020 USD'000	1 – 5 years 2020 USD'000	5+ years 2020 USD'000	Total 2020 USD'000
<b>Financial liabilities and claims outstanding</b>				
Claims outstanding	72,996	200,376	426,214	699,586
Deposits received from reinsurers	8,606	26,777	63,266	98,649
Creditors arising out of reinsurance operations	12,023	-	-	12,023
Other creditors including taxation and social security	402	-	-	402
Bank Loan	13,673	-	-	13,673
Accruals and deferred income	7,720	-	-	7,720
	<b>114,970</b>	<b>227,153</b>	<b>489,480</b>	<b>831,603</b>
	<b>2019</b>	<b>2019</b>	<b>2019</b>	<b>2019</b>
	<b>USD'000</b>	<b>USD'000</b>	<b>USD'000</b>	<b>USD'000</b>
<b>Financial liabilities and claims outstanding</b>				
Claims outstanding	77,508	233,610	420,767	731,885
Deposits received from reinsurers	10,340	31,177	57,626	99,143
Creditors arising out of reinsurance operations	12,750	-	-	12,750
Creditors arising out of insurance operations	128	-	-	128
Other creditors including taxation and social security	3,319	-	-	3,319
Bank Loan	-	111,376	-	111,376
Accruals and deferred income	8,008	54	-	8,062
	<b>112,053</b>	<b>376,217</b>	<b>478,393</b>	<b>966,663</b>

## C.5 Operational Risk

### C.5.1 Risk exposure

Operational risk relates to the possibility that the companies become exposed to losses occurring as a result of failures within their internal systems and processes.

Management adopts an approach to operational risk in proportion to the size of each company and its operations. As the Group acquires more businesses, there is more scope to mitigate 'key staff' operational risks associated with individuals and offices, as there are increased options to use other Group staff and/or office processes which will help to reduce those operational risks. Management believes strongly in setting performance precedents for staff, and ensuring as far as practicable the maintenance of our business systems.

Close collaboration with Human Resources ("HR") and Information Technology ("IT") allows the CRO and the local executive team to identify any vulnerabilities before they are able to adversely affect business process or maintenance of accounts. Processes and procedures are regularly enhanced.

### Organisational Risk

Organisational risk is the possibility that the companies are adversely affected by the failure of the execution processes employed and relative effectiveness of the Group employees supporting the regulated entities. On

a daily basis, the ability of the companies' employees to manage projects (prioritisation, resource planning and subsequent monitoring) will ensure that the companies' staff find themselves in a productive environment in which all members of the firm are confident and clear about the role they play within the corporate structure.

Management are aware that as the Group grows in presence and employee numbers, effective management of reporting lines, divisional responsibilities and governance are paramount.

Through the various Board and local entity Committees, senior management delegate responsibility for effective corporate governance across both the Group and regulated entity level.

In order to address risks to employees from COVID-19 home working arrangements introduced in March 2020 have continued and will continue for the foreseeable future.

### **COVID-19**

The declaration by the World Health Organisation on 11 March 2020 that Coronavirus ("COVID-19") was a global pandemic and resulting consequences have fundamentally changed and continue to affect almost all aspects of society. The directors believe that it is reasonable to assume that COVID-19 will continue to have both a direct and indirect impact for the foreseeable future and certainly for the next 12 months from approval of this report. The interventions by governments to control the economic impacts of the pandemic are based on public borrowings at levels never seen before and therefore likely to have far reaching economic consequences once they are scaled back and debt repayments commence. What this will look like and the impact on the Company, and the Group, are at this stage very difficult to predict with any precision. The directors will therefore continue to monitor this with the increased frequency carried out to date, taking all actions possible to safeguard all stakeholder interests, in particular policyholders.

Beyond the economic consequences of COVID-19 the working from home procedures that CSUK put in place to limit employee exposure to the pandemic have proven the Company can successfully meet its service obligations through the pandemic. What the long-term consequences of working from home arrangements are on physical and mental well-being are also being closely observed to ensure that service levels to policyholders are maintained and that the Company is in a position to take advantage of growth opportunities as they emerge.

### **C.6 Other Material Risks**

There are no other material risks.

## D. Valuation for Solvency Purposes

This section provides a description of the bases, methods and other assumptions used in the valuation of assets, technical provisions and other liabilities on the Solvency II balance sheet. Their valuation is determined in line with the Solvency II regulations. The value of each material class of Solvency II assets and liabilities are set out together with the equivalent company Financial Statements valuation. Details of the Solvency II valuation basis can be found in the notes in sections D.1, D.2 and D.3. Any alternative methods for valuation are found in D.4.

### D.1 Assets

Assets have been recognised in line with the requirements of Solvency II valuation regulations, the basis of which is the amount for which they could be exchanged between knowledgeable willing parties in an arm's length transaction.

Solvency II Classification	Solvency II	Valuation	Reclassified	Financial	Note
	Value	Differences	UK GAAP	Statements	
	2020	2020	2020	Value	
	USD'000	USD'000	USD'000	USD'000	
Goodwill	-	(1,204)	-	(1,204)	1
Deferred Tax Assets	-	2,141	-	2,141	2
Property Plant and Equipment					
Held for Own Use	194	-	-	194	3
Holdings in Related					
Undertakings Incl Participations	-	-	37,396	37,396	4
Equities Listed	1,844	-	-	1,844	5
Equities Unlisted	41,322	-	(37,396)	3,926	6
Government Bonds	47,878	-	(346)	47,532	7
Corporate Bonds	252,557	-	(3,749)	248,808	8
Collateralised Securities	2,511	-	(9)	2,502	9
Collective Investments					
Undertakings	67,183	-	-	67,183	10
Derivatives	800	-	-	800	11
Deposits Other than Cash					
Equivalents	92,147	-	(7)	92,140	12
Loans and Mortgages	53,747	-	(870)	52,877	13
Reinsurance Recoverables from					
Non-Life	501,596	13,221	-	514,817	14
Deposits to Cedants	9,156	-	-	9,156	15
Insurance and Intermediaries					
Receivables	7,343	-	-	7,343	16
Reinsurance Receivables	30,668	36	-	30,704	17
Receivables – Trade not					
Insurance	28,281	1,039	-	29,321	18
Cash and Cash Equivalents	40,132	-	-	40,132	19
Other Assets	-	880	4,981	5,861	20
<b>Total Assets</b>	<b>1,177,359</b>	<b>16,113</b>	<b>-</b>	<b>1,193,473</b>	

Solvency II Classification	Solvency II	Valuation	Reclassified	Financial	Note
	Value	Differences	UK GAAP	Statements	
	2019	2019	2019	Value	
	USD'000	USD'000	USD'000	USD'000	
Goodwill	-	(2,761)	-	(2,761)	1
Deferred Tax Assets	-	2,128	-	2,128	2
Property Plant and Equipment Held for Own Use	182	-	-	182	3
Holdings in Related Undertakings Incl Participations	-	-	33,763	33,763	4
Equities Listed	1,391	-	1	1,392	5
Equities Unlisted	36,393	-	(33,763)	2,630	6
Government Bonds	96,914	-	(1,679)	95,235	7
Corporate Bonds	186,391	-	(736)	185,655	8
Collateralised Securities Collective Investments	9,145	-	(20)	9,125	9
Undertakings	59,942	-	-	59,942	10
Derivatives	709	-	-	709	11
Deposits Other than Cash Equivalents	82,202	-	-	82,202	12
Loans and Mortgages	51,786	-	(806)	50,980	13
Reinsurance Recoverables from Non-Life	511,641	42,298	-	553,939	14
Deposits to Cedants Insurance and Intermediaries	9,683	-	-	9,683	15
Receivables	5,234	(1)	-	5,233	16
Reinsurance Receivables	37,067	1,037	-	38,104	17
Receivables – Trade not Insurance	30,243	2,561	-	32,804	18
Cash and Cash Equivalents	48,148	-	(40)	48,108	19
Other Assets	77	830	3,280	4,187	20
<b>Total Assets</b>	<b>1,167,148</b>	<b>46,092</b>	<b>-</b>	<b>1,213,240</b>	

### Basis of Preparation

All companies in the CHUK Group that are controlled by the Company are considered to be (i) insurance or reinsurance undertakings; (ii) insurance holding companies; or (iii) ancillary services undertakings. Therefore all companies are fully consolidated.

### Notes to Asset Valuation Basis

Where financial assets are valued using active markets, an active market means quoted prices are readily and regularly available and those prices represent actual and regularly occurring market transactions on an arm's length basis.

#### 1. Goodwill

Goodwill arising through business combinations is valued at nil for Solvency II purposes. For reporting in the CHUK Financial Statements goodwill is recognised as the fair value of consideration transferred, less the fair value of identifiable assets and liabilities assumed.

#### 2. Deferred Tax Assets

For Solvency II purposes, deferred tax balances are only recognised in relation to all assets and liabilities that are recognised for solvency or tax and also only where it is probable that future taxable profits will

lead to the realisation of the asset. The deferred tax asset recognised within the CHUK Financial Statements arises on capital allowances in excess of depreciation and the discounting of insurance technical provisions of an insurance subsidiary. As these differences are not a recognised asset or liability for Solvency II purposes, no corresponding deferred tax asset or liability is recognised.

### 3. Property Plant and Equipment

Tangible fixed assets are stated at realisable value where this is determined as depreciated cost less impairments. Realisable value is considered to materially reflect fair value. There is no valuation or reclassification adjustment between Solvency II and the CHUK Financial Statements.

### 4. Investments in Group Undertakings and Participating Interests

Investments in group undertakings and participating Interests represents a 13.7% (2019: 19.051%) holding in a private company incorporated in Bermuda that invests in commercial real estate properties across the UK and a 44.1% (2019: 44.1% ) holding in a private company incorporated in Guernsey that invests in real estate properties located in the UK.

For CHUK financial statement purposes there is USD\$37,396k (2019: USD\$33,763k) reported as “Holdings in Related Undertakings Incl. Participations” which, for the purposes of Solvency II disclosure, has been reported as Equities Unlisted.

### 5. Equities Listed

All listed equities are based on quoted prices in active markets that are readily and regularly available. The fair value of these instruments does not entail a significant degree of judgement. The valuation basis for Solvency II is consistent with the CHUK Financial Statements basis.

### 6. Equities - Unlisted

Equities unlisted include USD\$37,396k (2019: USD\$33,763k) which represents holdings in a non-listed legal entity that invests in commercial real estate and in another non-listed legal entity which invests in real estate in UK. As the entities investing in commercial real estate are not listed on a recognised exchange, fair value has been determined by reference to the net asset value of the entities. The net asset values are largely determined using either; acquisition price where there is reasonable proximity between acquisition and reporting date or by commercial real estate valuations performed by Chartered Surveyors (members of the Royal Institution of Chartered Surveyors). The valuations are prepared by considering the aggregate for the net annual rents receivable and where relevant, associated costs. For CHUK financial statement purposes this balance is reported as “Investments in Group Undertakings and Participating Interests”.

Equities unlisted include USD\$3,395 k (2019: \$2,459k) which represents holdings in a non-listed legal entity that invests in commercial real estate across Europe. As this entity is not listed on a recognised exchange, fair value has been determined by reference to the net asset value of the entity. The net asset value is largely determined using either; acquisition price where there is reasonable proximity between acquisition and reporting date or by commercial real estate valuations performed by Chartered Surveyors. The valuations are prepared by considering the aggregate for the net annual rents receivable and where relevant, associated costs.

Equities unlisted also includes USD\$329k (2019: USD\$171k) of shares in an entity who undertakes in credit spread hedging to protect Catalina UK companies credit markets shocks. The fund is valued monthly using a net asset value provided by the fund manager.

### 7. Government Bonds

Government Bonds are valued using prices provided by external pricing vendors where these valuations are mostly based on quoted prices in active markets that are readily and regularly available. Where not readily available pricing vendors will often determine prices by consolidating prices of recent trades for identical or similar securities obtained from a panel of market makers into a composite price. The pricing service may make adjustments for the elapsed time from a trade date to the valuation date to take into account available market information. Lacking recently reported trades, pricing vendors will use modelling

techniques to determine a security price. The valuation basis for Solvency II is consistent with the CHUK Financial Statements basis.

For Solvency II purposes there are USD\$nil (2019: USD\$1,267k) of Government Bonds which are investments in state owned companies. These are disclosed within the CHUK Financial Statements as Corporate bonds.

For Solvency II purposes within "Government Bonds" the Solvency II valuation includes Accrued interest of USD\$346k (2019: USD\$412k). For CHUK Financial Statements purposes, Accrued Interest forms part of Prepayments and Accrued Income within Other Assets.

#### 8. Corporate Bonds

Corporate Bonds are valued using prices provided by external pricing vendors where these valuations are mostly based on quoted prices in active markets that are readily and regularly available. Where not readily available pricing vendors will often determine prices by consolidating prices of recent trades for identical or similar securities obtained from a panel of market makers into a composite price. The pricing service may make adjustments for the elapsed time from a trade date to the valuation date to take into account available market information. Lacking recently reported trades, pricing vendors will use modelling techniques to determine a security price. The valuation basis for Solvency II is consistent with the Company Financial Statements basis.

For Solvency II purposes there are USD\$ nil (2019: USD\$1,267k) of Government Bonds which are investments in state owned companies. These are disclosed within the CHUK Financial Statements as Corporate bonds.

The Solvency II valuation includes Accrued interest of USD\$3,749k (2019: USD\$2,003k). For CHUK Financial Statements purposes, Accrued Interest forms part of Prepayments and Accrued Income within Other Assets.

#### 9. Collateralised Securities

Collateralised securities representing resident and commercial backed mortgages and asset backed securities, the fair value of which is determined based on either quoted prices in active markets for similar assets or liabilities, or quoted prices in markets that are not active or for which all significant inputs are observable, directly or indirectly. The valuation basis for Solvency II is consistent with the Company Financial Statements basis.

The Solvency II valuation includes Accrued interest of USD\$9k (2019: USD\$20k). For CHUK Financial Statements purposes, Accrued Interest forms part of Prepayments and Accrued Income.

#### 10. Collective Investment Undertakings

Collective investments undertakings represent holdings in non-listed third party investment vehicles. These are not listed on a recognised exchange hence fair value is determined via direct or indirect observable data which is generally recent transactions in the same or similar instruments. These include holdings in private equity and debt funds where look through information and valuation is sourced by the fund based on direct and indirect observable data. This is considered to represent fair value for Solvency II and CHUK Financial Statements purposes.

#### 11. Derivatives

The Company and companies within the CHUK Group have assets and liabilities denominated in multiple currencies. From time to time currency forwards are entered to eliminate or mitigate currency risk. The fair value of derivatives for both Solvency II and Financial Statements purposes is determined using readily available foreign currency exchange rates to value the open contracts at the reporting date. The difference in value between the reporting date and contract maturity date is recognised as either an asset or liability.

The valuation basis for Solvency II is consistent with the CHUK Financial Statements basis.

## 12. Deposits Other than Cash Equivalents

Deposits Other than Cash Equivalents are deposits with credit institutions which are not readily convertible to cash, i.e. are not accessible in under 24 hours. For both Solvency II and Company Financial Statements purposes fair value is the value of the deposit holding.

The Solvency II valuation includes Accrued interest of USD\$7k (2019: USD\$nil). For CHUK Financial Statements purposes, Accrued Interest forms part of Prepayments and Accrued Income.

## 13. Loans and Mortgages

Loans and Mortgages include loans of USD\$10,625k (2019: USD\$9,257k) to a single non listed third party that invests in commercial real estate and for which there is no observable market price. The best estimate of fair value of these loans, at 31 December 2020, is the actual value of the debt provided. This valuation takes into account recent valuations of the underlying property as well as stability in underlying market conditions and the ongoing servicing of the debt. For CHUK Financial Statements purposes this investment is disclosed as Other Financial Investments – Other Loans.

For Solvency II purposes, Loans and Mortgages also include direct commercial loans of USD\$43,122k (2019: USD\$42,529k) where the actual value of the loan provided is considered the best indicator of fair value at 31 December 2020. In the absence of an active market or recent transaction price for this investment, this valuation considers the proximity to the debt repayment date, stability in underlying market conditions, loan to value coverage, the underlying property valuations, the ongoing servicing of the debt, historic experience with similar investments and use of an internally generated discounted cash flow valuation model.

The valuation for Solvency II purposes includes Accrued Interest of USD\$870k (2019: USD\$806k). For Company Financial Statements purposes Accrued Interest forms part of Prepayments and Accrued Income.

## 14. Reinsurance Recoverables from Non-Life and Life

For Solvency II purposes, the fair value of reinsurers' share of technical provisions is determined after applying discounting whereas for the CHUK Group Financial Statements purposes the gross technical provisions and related reinsurers' share of technical provisions are undiscounted. Discounting for fair value purposes uses the relevant risk free yield curves for each currency. For a fuller explanation of the impact of the USD\$13,220k (2019: USD\$42,298k), refer Section D.2 Technical Provisions.

## 15. Deposits to Cedants

Deposits to cedants are a requirement of certain reinsurance contracts. These amounts are provided as cash and considered to represent fair value. Determination of fair value for deposits with cedants for Solvency II and CHUK Financial Statements is after consideration of impairment of any amounts receivable. The valuation basis for Solvency II is consistent with the CHUK Financial Statements basis.

## 16. Insurance and Intermediaries Receivables

Insurance and intermediaries receivables of USD\$7,343k (2019: USD\$5,234k) are measured at amortised cost for Company Financial Statements purposes. For Solvency II purposes, given that the level of discount or premium held against the principal receivable is immaterial, amortised cost is considered to materially reflect fair value.

## 17. Reinsurance Receivables

Within reinsurance receivables is a receivable due beyond twelve months where fair value is determined after applying a discounting rate that reflects the relevant risk free yield curve. The total impact of discounting is to reduce the value of Reinsurance Receivables by USD\$40k (2019: USD\$1,037k). The valuation basis for this receivable within the CHUK Financial Statements is undiscounted. Determination of fair value for Reinsurance Receivables for Solvency II and Financial Statements is after consideration of impairment of any amounts receivable.

## 18. Receivables – trade not insurance

For Solvency II purposes the fair value of receivables – trade not insurance are the amounts due after consideration of any impairment. The valuation basis for Solvency II is consistent with the CHUK Financial Statements basis.

Receivables – trade not insurance, comprise an inter-company debt representing future administration fees recoverable from CatGen, a Catalina group undertaking. These amounts are in addition to the terms of the 100% reinsurance protection afforded under the quota share arrangement. This amount is due over a period that matches the run-off of technical provisions. For Solvency II purposes fair value of the receivable has been discounted at the risk free rate. For CHUK Financial Statements purposes the valuation of USD\$26,506k (2019: USD\$32,804k) is based on the equivalent quota share premium paid to CatGen at the outset of the contract.

## 19. Cash and Cash Equivalents

Cash and cash equivalents comprise cash balances and call deposits and are readily accessible i.e. within 24 hours. There are no restrictions on accessing cash or cash equivalents, hence fair value under Solvency II is the value of the cash holding. The valuation basis for Solvency II is consistent with the CHUK Financial Statements basis.

The valuation for Solvency II purposes includes Accrued Interest of USD\$ nil (2019: USD\$40k). For Company Financial Statements purposes Accrued Interest forms part of Prepayments and Accrued Income.

## 20. Other Assets

Prepayments of USD\$880k (2019: USD\$830k) are deemed to have a fair value of nil for Solvency II purposes. Accrued interest of USD\$4,981k (2019: USD\$3,280k) has been reclassified to Investments (Government Bonds, Corporate Bonds & Collateralised Securities and Loans and Mortgages).

## D.2 Technical provisions

The technical provisions comprise the best estimate of liabilities and risk margin according to Articles 75 to 86 of the Solvency II regulations.

Best Estimate Liabilities is the sum of the claims provision and the premium provision.

- The claims provision is the discounted best estimate of future cashflows relating to events prior to the valuation date, including claims which have not yet been reported. The cash flows include net claims, future expenses incurred to settle these claims and future premiums receivable in relation to the past exposure. The corresponding reinsurers' share of gross claims technical provisions, disclosed as Reinsurance Recoverables from Non Life in Section D.1, is valued using the same techniques as the gross claims technical provisions.
- The premium provision is the discounted best estimate of future cashflows relating to claim events that have not yet occurred but that are covered by contracts in existence at the valuation date. The cash flows include net claims, future expenses incurred to settle these claims and future premiums receivable in relation to future claims events. The run-off nature of the companies in the CHUK Group means that there are no future exposures at the valuation date and therefore no premium provision.

The Risk Margin is an estimate of the amount that a third party taking on the insurance obligations of the Company would require over and above Best Estimate Liabilities. The Risk Margin is calculated using a cost of capital approach.

The following table quantifies the total gross technical provisions on a Solvency II basis at 31 December 2020. The lines of business can represent direct, proportional reinsurance or non-proportional reinsurance liabilities.

	Gross Best Estimate 2020 USD'000	Risk Margin 2020 USD'000	Solvency II Provisions 2020 USD'000	Financial Statement Value 2020 USD'000
<b>By material line of business:</b>				
Liability	664,062	49,157	713,219	643,202
Motor	19	2	21	18
Property	12,572	663	13,235	12,204
Marine, Aviation and Transport	24,369	1,234	25,603	23,673
Other	360	39	399	343
Insurance Annuities	19,323	1,406	20,729	20,146
	<b>720,705</b>	<b>52,501</b>	<b>773,206</b>	<b>699,586</b>
	<b>2019</b>	<b>2019</b>	<b>2019</b>	<b>2019</b>
	<b>USD'000</b>	<b>USD'000</b>	<b>USD'000</b>	<b>USD'000</b>
<b>By material line of business:</b>				
Liability	641,209	52,119	693,328	653,416
Motor	18	2	20	18
Property	12,203	593	12,796	12,407
Marine, Aviation and Transport	45,305	1,950	47,255	46,176
Other	700	75	775	693
Insurance Annuities	18,480	695	19,175	19,175
	<b>717,915</b>	<b>55,434</b>	<b>773,349</b>	<b>731,885</b>

The Company has adopted a deterministic approach to estimating the Best Estimate Liabilities by making the following adjustments to the GAAP reserves in the Company's Financial Statements:

Solvency II Liability Adjustments Increase /(decrease)	2020 USD'000	2019 USD'000
Event Not In Data (ENID) included in Solvency II Balance Sheet	19,815	19,584
Expense Provision increase included in Solvency II Balance Sheet	35,967	40,727
Discounting at the Risk Free Rate	(34,663)	(74,281)
Risk Margin	52,501	55,434
<b>Total Solvency II Liability Adjustments</b>	<b>73,620</b>	<b>41,464</b>

The total of the Solvency II Liability adjustments above result in the gross Best Estimate Liabilities on the Solvency II balance sheet being USD\$73.6 million lower (USD\$41.5 million lower in 2019) than the gross technical provisions of USD\$699.6 million (USD\$731.9 million in 2019) in the Company Financial Statements.

The main risks and uncertainties associated with the technical provisions relate to the following:

- Claims provisions: there is an inherent uncertainty in estimating claims provisions for the eventual outcome of outstanding notified claims as well as estimating the value of claims yet to be reported;
- Event Not In Data ("ENID"): this is an adjustment to technical provisions which is designed to capture potential future claims that do not exist in the historical data used for GAAP reserves calculation. These claims are typically low frequency and high severity impact;
- Expense provisions: the estimation of the future costs of claims management involves uncertainty over factors such as number of claims and staff costs; and
- Risk free rates: these rates are prescribed and provided by European Insurance and Occupational Pensions Authority ("EIOPA") to ensure consistent calculations across Europe but are volatile over time.

The Company's business model is to actively manage claims, including the closure of remaining claims portfolios through commutations. This results in a tendency for actual technical provisions to reduce more quickly than

the estimates used in Best Estimate Liabilities. The investment portfolio will continue to be managed in a way that supports this approach, albeit aligned to the Board approved Strategic Asset Allocations and Prudent Person Principle.

### D.3 Other liabilities

For the consolidated CHUK Group the value of each material class of Solvency II liabilities other than Technical Provisions is provided in the table below followed by commentary on the determination of the Solvency II valuation basis. It further compares this value against the equivalent value and disclosure as per the CHUK Financial Statements at 31 December 2020.

Solvency II Classification	Solvency II Value	Valuation Differences	Reclassification Differences	Financial Statements Value	Note
	2020	2020	2020	2020	
2020	USD'000	USD'000	USD'000	USD'000	
Deposits from Reinsurers	98,649	-	-	98,649	1
Derivatives	222	-	-	222	2
Debts Owed to Credit Institutions	13,673	-	-	13,673	3
Reinsurance Payables	12,023	-	-	12,023	4
Payables – Trade not Insurance	7,451	-	-	7,451	4
	<b>132,018</b>	-	-	<b>132,018</b>	

	Solvency II Value	Valuation Differences	Reclassification Differences	Financial Statements Value	Note
	2019	2019	2019	2019	
2019	USD'000	USD'000	USD'000	USD'000	
Deposits from Reinsurers	99,143	-	-	99,143	1
Derivatives	176	-	-	176	2
Debts Owed to Credit Institutions	111,376	-	-	111,376	3
Insurance and Intermediaries Payable	129	(1)	-	128	4
Reinsurance Payables	12,749	1	-	12,750	4
Payables – Trade not Insurance	11,209	(4)	(1)	11,204	4
<b>Total Other Liabilities</b>	<b>234,782</b>	<b>(4)</b>	<b>(1)</b>	<b>234,777</b>	

1. Deposits from Reinsurers

For Company Financial Statements purposes, deposits from reinsurers are measured at amortised cost of USD\$98,649 k (2019: USD\$99,143k).

2. Derivatives

The Company and companies within the CHUK Group have assets and liabilities denominated in multiple currencies. From time to time currency forwards are entered to eliminate or mitigate currency risk. Derivative financial assets or liabilities are financial contracts whose fair value is determined on a market basis by reference to underlying interest rate, foreign exchange rate, equity or commodity instrument or indices. The derivatives are split out across assets and liabilities in both the CHUK Financial Statements and for Solvency II purposes. The valuation basis for Solvency II is consistent with the CHUK Financial Statements basis.

3. Debts Owed to Credit Institutions

Debts owed to credit institutions represent credit facility drawdowns with a variable rate of interest based on LIBOR and determined by reference to the total CHBL level of gearing and variable repayment terms. The valuation basis for Solvency II is materially consistent with the CHUK Financial Statements valuation.

4. Insurance and Intermediaries Payable, Reinsurance Payables and Payables – Trade not Insurance

These amounts representing liabilities are not subject to valuation adjustment between Financial Statements and Solvency II. With these liabilities expected to be settled within 12 months, in a time of relative benign interest rate volatility, any fair value adjustment is not material. The valuation basis for Solvency II is consistent with the CHUK Financial Statements basis.

#### **D.4 Alternative methods for valuation**

Unless otherwise explained in Sections D1-D3, no other alternative methods for valuation are used.

#### **D.5 Any other information**

There are no material differences in the valuation bases, methods and assumptions between the Group Solvency II Balance Sheet and the individual group subsidiary Solvency II Balance Sheets.

The Group operates a defined contribution plan for some of its employees. A defined contribution plan is a pension plan under which the company pays fixed contributions into an entity outside the CHUK Group. Once contributions have been paid the Group has no further payment obligations. The assets of the plan are held separately from the Group in independently administered funds. For these reasons there is no pension liability under either a Solvency II or Financial Statements basis.

## E. Capital Management

Capital management refers to the implementation of measures to maintain sufficient capital and to assess the internal capital adequacy of the CHUK Group and Company in order that they can meet their obligations. The CHUK Group and Company manage capital to ensure a prudent level of Own Funds to protect the CHUK Group's and Company's economic viability, finance new growth opportunities and meet the requirements of its stakeholders and regulator. The CHUK Group and regulated companies within have a standalone Capital Management Plan, which forms part of the ORSA and which demonstrates capital adequacy is expected throughout the three year planning horizon. No material changes to the objectives, policies or processes for managing Own Funds were made over the period.

The CHUK Group, and the insurance companies within, were in compliance with the solvency capital requirements of the PRA throughout the year.

### E.1 Own funds

Own funds represent Ordinary Share Capital and Reconciliation Reserve. With respect to the Ordinary Share Capital there is a single class of share which is unrestricted i.e. dividends can be cancelled after they have been declared and also there are no restrictions on the repayment of capital, other than being subject to ongoing regulatory approval. For this reason Own Funds are Tier 1. With respect to insurance and other subsidiaries within the CHUK Group, all Own Funds are similarly categorised as Tier 1.

Own funds are determined having taken into account the elimination of any intra CHUK group transactions and balances.

On 16 August DLML 2020 made a £0.6 million (USD\$0.8 million) capital distribution to the CHUK parent.

	Tier 1 2020 USD'000	Tier 2 2020 USD'000	Tier 3 2020 USD'000	Total 2020 USD'000
<b>Basic own funds</b>				
Ordinary Share Capital	1,000	-	-	1,000
Reconciliation Reserve	271,136	-	-	271,136
<b>Total basic own funds</b>	<b>272,136</b>	<b>-</b>	<b>-</b>	<b>272,136</b>
	2019 USD'000	2019 USD'000	2019 USD'000	2019 USD'000
<b>Basic own funds</b>				
Ordinary Share Capital	1,000	-	-	1,000
Reconciliation Reserve	158,017	-	-	158,017
<b>Total basic own funds</b>	<b>159,017</b>	<b>-</b>	<b>-</b>	<b>159,017</b>

The following shows the movement in the year in Own Funds:

<b>Reconciliation between Opening and Closing own funds</b>	<b>2020 USD'000</b>	<b>2019 USD'000</b>
<b>Opening own funds</b>	<b>159,017</b>	<b>162,539</b>
Movement in Statutory Account Capital Reserve	99,366	-
Movement Financial Statements Retained Deficit	6,209	(1,621)
Movement Financial Statements Currency Translation Reserve	9,717	11,121
Movement Solvency II Asset Valuation differences – refer Section D.1 Assets	29,979	32,144
Movement Solvency II Liability Valuation differences – refer Section D.2 Liabilities	(32,156)	(44,605)
Movement Solvency II Liability Valuation differences – refer Section D.3 Liabilities	4	(561)
<b>Closing Own Funds</b>	<b>272,136</b>	<b>159,017</b>

Within Own Funds, the Reconciliation Reserve represents the retained earnings and capital reserve as reported in the Company Financial Statements less differences in valuations between Solvency II and Company Financial Statements valuations for assets and liabilities. The components of the Reconciliation Reserve at 31 December are;

Reconciliation Reserve Components	2020	2019	Movement
	USD'000	USD'000	USD'000
Financial Statements Capital Reserve	372,056	272,690	99,366
Financial Statements Retained Deficit	(35,992)	(42,201)	6,209
Financial Statements Currency Translation Reserve	24,805	15,088	9,717
Solvency II Asset Valuation differences – refer Section D.1 Assets	(16,113)	(46,092)	29,979
Solvency II Technical Provision Valuation differences – refer Section D.2 Liabilities	(73,620)	(41,464)	(32,156)
Solvency II Other Liability Valuation differences – refer Section D.3 Other Liabilities	-	(4)	4
<b>Total Solvency II Excess of Assets over Liabilities</b>	<b>271,136</b>	<b>158,017</b>	<b>113,119</b>

The eligibility of tiered Capital to cover the SCR and Minimum Consolidated Group Capital Requirement (“MCR”) depends on the tiering levels of the Company’s Own Funds. The Company’s Own Funds are all Tier 1 and comply with the Solvency II Regulations that:

- Eligible tier 1 items shall be at least 50% of the SCR; and
- Eligible tier 1 items shall be at least 80% of the MCR.

Available and eligible own funds	Tier 1	Tier 2	Tier 3	Total
	2020	2020	2020	2020
	USD'000	USD'000	USD'000	USD'000
Total available own funds to meet the SCR	272,136	-	-	272,136
Total available own funds to meet the MCR	272,136	-	-	272,136
Total eligible own funds to meet the SCR	272,136	-	-	272,136
Total eligible own funds to meet the MCR	272,136	-	-	272,136
<b>SCR</b>				<b>167,415</b>
<b>MCR</b>				<b>41,854</b>
<b>Ratio of Eligible own funds to SCR</b>				<b>163%</b>
<b>Ratio of Eligible own funds to MCR</b>				<b>650%</b>

Available and eligible own funds	Tier 1	Tier 2	Tier 3	Total
	2019	2019	2019	2019
	USD'000	USD'000	USD'000	USD'000
Total available own funds to meet the SCR	159,017	-	-	159,017
Total available own funds to meet the MCR	159,017	-	-	159,017
Total eligible own funds to meet the SCR	159,017	-	-	159,017
Total eligible own funds to meet the MCR	159,017	-	-	159,017
<b>SCR</b>				<b>139,869</b>
<b>MCR</b>				<b>33,823</b>
<b>Ratio of Eligible own funds to SCR</b>				<b>114%</b>
<b>Ratio of Eligible own funds to MCR</b>				<b>470%</b>

## E.2 Solvency Capital Requirement and Minimum Consolidated Group SCR

The Group currently uses the Standard Formula to calculate its Solvency Capital Requirement (“SCR”).

	2020 USD'000	2019 USD'000
<b>By risk module</b>		
Market risk	98,236	65,230
Default risk	24,110	26,976
Non-life risk	69,643	65,630
Health risk	549	713
<b>Basic SCR before diversification</b>	<b>192,538</b>	<b>158,549</b>
Diversification Benefits	(46,251)	(39,746)
<b>Basic SCR</b>	<b>146,287</b>	<b>118,803</b>
Operational risk	21,128	21,066
<b>SCR</b>	<b>167,415</b>	<b>139,869</b>
<b>Minimum Consolidated Group SCR</b>	<b>41,854</b>	<b>33,823</b>

Market risk, counterparty default risk, non-life premium and reserve risk and operational risk all contribute to the SCR, although the main drivers of the SCR are the market risk and reserve risk. These modules are discussed in more detail in Section C of the main body of the report.

The main diversification in calculating the SCR is between market risk and reserve risk, these are the largest risk charges.

The consolidation method (also known as Method 1) has been used to calculate the Group SCR. In this method, the SCR for CHUK is calculated as though it, and its subsidiaries, were one company (the alternative is the aggregation and deduction method, which in the context of the Company would involve adding up the SCRs of the insurance subsidiaries).

In calculating the Group SCR, there are no capital requirements for the financial participations (for instance, credit institutions and financial institutions), no SCRs from the related insurance entities (e.g. JV's and associates), as there are no financial participations nor any related insurance entities. Although there was one operating service company (CSUK) in the Group at year end 2020, it does not have an SCR and so did not contribute to the Group SCR.

The Minimum Consolidated Group SCR is calculated as the sum of the Minimum Capital Requirements of the insurance subsidiaries of the Group plus the minimum capital requirement related to the changes in the SCR that arise on consolidation. CHUK does not have any financial participations (for instance; credit institutions and financial institutions), nor related insurance entities, so none are included in the above Minimum Consolidated Group SCR calculation.

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

The CHUK Group has not used the duration-based equity risk sub-module in the calculation of the SCR.

## E.4 Internal model

The CHUK Group calculates the SCR using the standard formula. No internal or partial internal model is used in the calculation of the SCR.

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

There has not been any non-compliance with the SCR or the MCR over the year nor is there expected to be any non-compliance with the SCR and MCR in the Business Planning period.

## **E.6 Any other information**

With the exception of the Company, on a standalone entity basis there are no companies within the CHUK Group, with material own funds issued, that are not insurance entities. While for the CHUK Group the consolidated position on Own Funds is considered in Section E1, for the stand-alone Company, which is not an insurance entity and hence own funds are not separately determined, the equity shareholder's funds per the CHUK Financial Statements are USD\$303,357k (2019: USD\$209,435k). For similar reasons as described in Section E1 these funds would be all considered Tier 1.

Under Solvency II as part of the assessment of group solvency, groups must undertake an assessment of whether any of their entities are reliant upon capital held in another entity to cover their capital requirements. Where this is the case it must assess whether the capital in the other entity could in practice be made available. Within the CHUK group capital is deemed to be fully transferrable. In such circumstances where capital is needed from one insurance subsidiary to support a legal entity elsewhere in the CHUK Group, it will be repatriated. As all insurance companies in the CHUK Group are UK regulated companies such capital movements would firstly require the approval of the PRA.

## Appendix 1: Catalina Worthing Insurance Limited solo SFCR sections

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### Executive Summary

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Catalina Worthing Insurance Limited has been in run-off since 2012. Its principal activities are therefore the efficient and proper run-off of its claims portfolio, the management of its cash and investments, and the timely collection of its reinsurance assets and other debts. The acquisition of CWIL by the Catalina Group in 2017, and the subsequent 100% quota share arrangement entered into are explained in the main body of the report.

The Group SFCR meets the regulatory requirement for public disclosure in respect of CWIL, AGF and CLL. As mentioned in the introduction in the main body of the report, CWIL, AGF and CLL are legal entities meeting all regulatory and governance requirements and their individual risk profile and capital requirements are monitored to ensure ongoing regulatory compliance. However, the Group does not manage each entity as an individual business and does not set individual business strategies. In light of this, it is important for the reader to understand that the focus of the Group SFCR is the activities of the Catalina UK Group as a whole.

### A. Business and Performance

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#### A.1 Business and external environment

##### A.1.1 Undertaking, financial supervisory authority and external auditor

Name of the undertaking:	Catalina Worthing Insurance Limited
Address of its registered office:	Unit B/C, Downlands Business Park, Lyons Way, Worthing, West Sussex, BN14 9RX, England
Legal status:	Private Limited Company
Company registration number:	05965916
Legal Entity Identifier (LEI):	213800JEV93JTFJ41Q27
Ultimate parent:	Catalina Holdings (Bermuda) Ltd.
Financial supervisory authority:	Prudential Regulation Authority : Bank of England, Threadneedle Street, London, EC2R 8AH, England

A simplified group structure chart is included in section A.1.1 of the main body of the report.

##### A.1.2 Material lines of business and geographical areas where the Company carries out business

CWIL was purchased by CHUK on 10<sup>th</sup> May 2017 when 100% of CWIL's share capital was purchased from Nutmeg Insurance Company, part of The Hartford Financial Services Group, Inc ("The Hartford"). The ultimate parent of CHUK is CHBL. CHBL is a specialist consolidator of non-life general insurance and reinsurance companies and portfolios in run-off. CHBL acquires and manages portfolios in run-off with the purpose of achieving a competitive return on equity and consistent growth in net tangible assets. The Group is based in Bermuda and currently has offices in Bermuda, the United Kingdom, the Republic of Ireland, the United States of America and Switzerland.

The Company was initially established by The Hartford as a specialist Directors and Officers ("D&O") writer in the London market where it wrote business from 2007 until July 2012 when it was placed into run off. In October 2015, the insurance business of Excess Insurance Company Limited ("Excess"), Hart Re (the trading name of the London branch of Hartford Fire Insurance Company Limited) and a portfolio of business originally written by London & Edinburgh Insurance Company ("L&E") was transferred into the company by order of the High Court pursuant to Part VII of the Financial Services and Markets Act 2000. These transfers were part of The Hartford's rationalisation of its UK run offs.

The business transferred in from Excess has been in run off since 1993 and represents the bulk of the Company's business. The Company's principal activities are the efficient and proper run off of its claims portfolio, the management of its cash and investments, and the timely collection of its reinsurance assets and other debts.

The company's portfolio comprises:

- Original D&O business written 2007 -2012;
- Business of Excess written prior to 1992; which mainly comprise US direct and treaty business Asbestos, Pollution and Health ("APH") and UK Employers Liability business;
- Business of Hart Re, a pure reinsurer of European insurers which wrote business from 1993 to 2002, remaining risks being UK and European motor (including Periodic Payment Orders ("PPO"s)) and some pharmaceutical losses; and
- Portfolio of L&E business almost entirely being US direct and treaty APH written through pools including Old Tower, Tower X, HS Weavers and B D Cooke.

There were no significant changes to CWIL during the reporting period.

As mentioned in section A.1.2 of the main body of the report, the functional and presentational currency of CWIL is GBP.

## A.2 Performance from underwriting activities

The table below shows the underwriting performance for the year end 31 December 2020, together with comparatives for the previous year.

	2020	2019
	GBP'000	GBP'000
Earned premiums, net of reinsurance	-	-
Claims incurred, net of reinsurance	-	-
Net operating expenses	(5,571)	(4,416)
<b>Balance on the technical account</b>	<b>(5,571)</b>	<b>(4,416)</b>
<b>By class of business:</b>		
Direct Insurance		
Marine, aviation and transport	(224)	(1,252)
Property	(11)	(169)
Casualty	(3,425)	(1,765)
Reinsurance		
Casualty	(1,728)	(437)
Marine/Aviation	(25)	(523)
Property	(158)	(270)
<b>Balance on the technical account</b>	<b>(5,571)</b>	<b>(4,416)</b>

A comparison between the current year and prior year performance can be found in section A.2 of the main body of the report.

## A.3 Performance from investment activities

The table below shows the investment income performance for the year ended 31 December 2020, together with comparatives for the previous year.

	Net investment income	Net investment expense	Net realised gains and losses	Changes in fair value	Net investment result
	2020	2020	2020	2020	2020
	GBP'000	GBP'000	GBP'000	GBP'000	GBP'000
Investments:					
- measured at FVTPL	3,407	(47)	(1,238)	5,587	7,709
- measured at amortised cost	48	-	-	-	48
	<b>3,455</b>	<b>(47)</b>	<b>(1,238)</b>	<b>5,587</b>	<b>7,757</b>
	<b>2019</b>	<b>2019</b>	<b>2019</b>	<b>2019</b>	<b>2019</b>
	<b>GBP'000</b>	<b>GBP'000</b>	<b>GBP'000</b>	<b>GBP'000</b>	<b>GBP'000</b>
Investments:					
- measured at FVTPL	3,293	(71)	(729)	1,770	4,263
- measured at amortised cost	182	-	-	-	182
	<b>3,475</b>	<b>(71)</b>	<b>(729)</b>	<b>1,770</b>	<b>4,445</b>

A comparison between the current year and prior year performance can be found in section A.2 of the main body of the report.

#### A.4 Other operating income and expenses

The table below details any other material operating income and expenses not shown in A.2 and A.3 above.

	2020	2019
	GBP'000	GBP'000
Foreign exchange gains / (losses)	(390)	(251)
Tax on profit on ordinary activities	-	47

#### A.5 Any other disclosures

Not applicable.

## B. System of Governance

The system of governance for CWIL is identical to that of the Group and is described in Section B in the main body of the report

## C. Risk Profile

Catalina Worthing Insurance Limited's risks are managed in the same way as the risks of the Catalina UK Group, the details of which are included in section C of the main body of the report. The risk sensitivities of Catalina Worthing Insurance Limited are detailed below.

### C.1 Underwriting (Liability) Risk

Catalina Worthing Insurance Limited's risks are managed in the same way as the risks of the Catalina UK Group, the details of which are included in section C of the main body of the report.

### C.2 Market Risk

Catalina Worthing Insurance Limited's sensitivities to interest rate, foreign exchange and other price risks are detailed below.

Interest rate risk	Pre-tax profit		Shareholder's equity	
	2020	2019	2020	2019
	GBP'000	GBP'000	GBP'000	GBP'000
1% increase	(1,439)	(2,322)	(1,439)	(2,322)
1% decrease	1,439	2,322	1,439	2,322

Foreign exchange risk	Pre-tax profit		Shareholders' equity	
	2020	2019	2020	2019
	GBP'000	GBP'000	GBP'000	GBP'000
<b>GBP / USD</b>				
10% increase in USD/GBP exchange rate	(1,484)	(1,490)	(1,484)	(1,490)
10% decrease in USD/GBP exchange rate	1,484	1,490	1,484	1,490
<b>GBP / EUR</b>				
10% increase in USD/EUR exchange rate	(168)	(79)	(168)	(79)
10% decrease in USD/EUR exchange rate	168	79	168	79

Other price risk	Pre-tax profit		Shareholders' equity	
	2020	2019	2020	2019
	GBP'000	GBP'000	GBP'000	GBP'000
<b>1% increase</b>				
Movement in fair value of share and other variable securities in unit trusts	158	138	158	138
Movement in fair value of debt securities and other fixed income securities	478	467	478	467
Movement in fair value of other financial investments	318	307	318	307
<b>1% decrease</b>				
Movement in fair value of share and other variable securities in unit trusts	(158)	(138)	(158)	(138)
Movement in fair value of debt securities and other fixed income securities	(478)	(467)	(478)	(467)
Movement in fair value of other financial investments	(318)	(307)	(318)	(307)

### C.3 Credit Risk

Catalina Worthing Insurance Limited's risks are managed in the same way as the risks of the Catalina UK Group, the details of which are included in section C of the main body of the report.

The split of assets by credit rating is detailed in the table below.

	2020	2019
	GBP'000	GBP'000
<b>By class of asset:</b>		
Financial investments	15,817	13,819
Debt securities and other fixed income securities	47,776	46,747
Other Financial Investments	88,267	83,676
Assets arising from reinsurance contracts held	389,981	433,333
Assets arising from insurance contracts held	2,588	2,142
Cash and cash equivalents	16,038	21,063
Other assets	1,447	712
<b>Total assets bearing credit risk</b>	<b>561,914</b>	<b>601,492</b>

	2020 GBP'000	2019 GBP'000
<b>By credit rating:</b>		
AAA	8,967	19,179
AA	64,064	24,194
A	80,647	130,853
BBB	20,843	15,662
Below BBB or not rated	387,393	411,604
<b>Total assets bearing credit risk</b>	<b>561,914</b>	<b>601,492</b>
<b>By past due ageing of debtors:</b>		
Neither past due nor impaired	33,605	35,853
Past due less than 30 days	824	1,675
Past due 31-60 days	714	64
Past due 61 – 90 days	81	149
Past due more than 90 days	1,350	1,954
<b>Total financial assets past due or impaired</b>	<b>36,574</b>	<b>39,695</b>

The total allowance for the impairment of debtors arising out of direct insurance and reinsurance operations at 31 December 2020 is £10.2 million (2019: £9.0 million).

#### C.4 Liquidity Risk

Catalina Worthing Insurance Limited's risks are managed in the same way as the risks of the Catalina UK Group, the details of which are included in section C of the main body of the report

The following table shows details of the expected maturity profile of the Group's undiscounted obligations with respect to its financial liabilities and estimated cash flows of recognised insurance liabilities.

	Less than 1 year 2020 GBP'000	1 – 5 years 2020 GBP'000	5+ years 2020 GBP'000	Total 2020 GBP'000
<b>Financial liabilities and claims outstanding</b>				
Claims outstanding	31,054	96,632	228,309	355,995
Deposits received from reinsurers	6,294	19,584	46,271	72,149
Creditors arising out of reinsurance operations	7,585	-	-	7,585
Other creditors including taxation and social security	711	-	-	711
Accruals and deferred income	282	-	-	282
	45,926	116,216	274,580	436,722
	<b>2019 GBP'000</b>	<b>2019 GBP'000</b>	<b>2019 GBP'000</b>	<b>2019 GBP'000</b>
<b>Financial liabilities and claims outstanding</b>				
Claims outstanding	41,273	124,461	230,046	395,780
Deposits received from reinsurers	7,798	23,514	43,462	74,774
Creditors arising out of reinsurance operations	6,401	-	-	6,401
Other creditors including taxation and social security	698	-	-	698
Accruals and deferred income	443	-	-	443
	56,613	147,975	273,508	478,096

#### C.5 Operational Risk

Catalina Worthing Insurance Limited's risks are managed in the same way as the risks of the Catalina UK Group, the details of which are included in section C of the main body of the report.

## C.6 Other Material Risks

Catalina Worthing Insurance Limited's risks are managed in the same way as the risks of the Catalina UK Group, the details of which are included in section C of the main body of the report.

## D. Valuation for Solvency Purposes

### D.1 Assets

Assets have been recognised in line with the requirements of Solvency II valuation regulations, the basis of which is the amount for which they could be exchanged between knowledgeable willing parties in an arm's length transaction.

	Solvency II Value 2020 GBP'000	Valuation Differences 2020 GBP'000	Reclassified UK GAAP 2020 GBP'000	Financial Statements Value 2020 GBP'000
Equities Listed	761	-	-	761
Equities Unlisted	15,056	-	-	15,056
Government Bonds	2,624	-	(3)	2,621
Corporate Bonds	46,175	-	(1,020)	45,155
Collective Investment Undertakings	14,632	-	-	14,632
Derivatives	158	-	-	158
Loans and mortgages	17,400	-	(407)	16,993
Deposits Other than Cash Equivalents	56,489	-	(5)	56,484
Reinsurance Recoverable from Non Life	346,867	9,128	-	355,995
Deposits to Cedants	6,580	-	-	6,580
Insurance and Intermediaries Receivables	2,588	-	-	2,588
Reinsurance Receivables	14,510	-	-	14,510
Cash and Cash Equivalents	9,458	-	-	9,458
Receivables – trade not insurance	18,676	800	-	19,476
Other Assets	-	12	1,435	1,447
<b>Total Assets</b>	<b>551,974</b>	<b>9,940</b>	<b>-</b>	<b>561,914</b>
	<b>2019 GBP'000</b>	<b>2019 GBP'000</b>	<b>2019 GBP'000</b>	<b>2019 GBP'000</b>
Equities Listed	430	-	-	430
Equities Unlisted	13,389	-	-	13,389
Government Bonds	18,919	-	(45)	18,874
Corporate Bonds	24,472	-	(232)	24,240
Collateralised Securities	3,643	-	(10)	3,633
Collective Investment Undertakings	13,635	(1)	-	13,634
Derivatives	234	-	-	234
Loans and mortgages	17,172	-	(383)	16,789
Deposits Other than Cash Equivalents	53,019	-	-	53,019
Reinsurance Recoverable from Non Life	365,664	30,116	-	395,780
Deposits to Cedants	6,625	-	-	6,625
Insurance and Intermediaries Receivables	2,142	-	-	2,142
Reinsurance Receivables	13,876	-	-	13,876
Cash and Cash Equivalents	14,469	-	(31)	14,438
Receivables – trade not insurance	21,746	1,931	-	23,677
Other Assets	-	11	701	712
<b>Total Assets</b>	<b>569,435</b>	<b>32,057</b>	<b>-</b>	<b>601,492</b>

The bases, methods and assumptions used to value the above assets are consistent across the Catalina UK Group, and are detailed in Section D of the main body of the report. Similarly, any difference between the company Financial Statements and Solvency II valuations are consistent across the Catalina UK Group, and are also detailed in Section D of the main body of the report.

## D.2 Technical provisions

The following table quantifies the total gross technical provisions on a Solvency II basis at 31 December 2020. The lines of business can represent direct, proportional reinsurance or non-proportional reinsurance liabilities.

	Gross Best Estimate	Risk Margin	Total Solvency II Gross Provisions Value	Total Financial Statements Value
	2020	2020	2020	2020
	GBP'000	GBP'000	GBP'000	GBP'000
<b>By material line of business:</b>				
Direct Insurance				
Marine, aviation and transport	14,079	601	14,680	13,714
Fire and other damage to property	721	31	752	703
General liability	226,651	9,668	236,319	220,785
Proportional and Non-proportional Reinsurance				
Casualty	101,255	4,319	105,574	97,668
Marine, aviation and transport	1,564	67	1,631	1,524
Property	7,049	301	7,350	6,867
Annuities relating to insurance obligation other than health insurance obligations	14,133	601	14,734	14,734
<b>Total 2020</b>	<b>365,452</b>	<b>15,588</b>	<b>381,040</b>	<b>355,995</b>
	<b>2019</b>	<b>2019</b>	<b>2019</b>	<b>2019</b>
	<b>GBP'000</b>	<b>GBP'000</b>	<b>GBP'000</b>	<b>GBP'000</b>
<b>By material line of business:</b>				
Direct Insurance				
Marine, aviation and transport	30,244	1,135	31,379	30,900
Fire and other damage to property	674	25	699	689
General liability	230,848	8,663	239,511	235,861
Proportional and Non-proportional Reinsurance				
Casualty	103,359	3,879	107,238	105,382
Marine, aviation and transport	1,233	46	1,279	1,259
Property	7,073	265	7,338	7,227
Annuities relating to insurance obligation other than health insurance obligations	13,938	524	14,462	14,462
<b>Total 2019</b>	<b>387,369</b>	<b>14,537</b>	<b>401,906</b>	<b>395,780</b>

The bases, methods and assumptions used to value the above technical provisions are consistent across the Catalina UK Group, and are detailed in Section D of the main body of the report.

The Company has adopted a deterministic approach to estimating Best Estimate Liabilities by making the following adjustments to the GAAP reserves in the Company's Financial Statements:

<b>Solvency II Liability Adjustments</b>	<b>2020</b>	<b>2019</b>
<b>Increase /(decrease)</b>	<b>GBP'000</b>	<b>GBP'000</b>
Event Not In Data (ENID) included in Solvency II Balance Sheet	10,195	10,190
Expense Provision increase included in Solvency II Balance Sheet	19,386	23,636
Discounting at the Risk Free Rate	(20,123)	(42,237)
Risk Margin	15,588	14,537
<b>Total Solvency II Liability Adjustments</b>	<b>25,046</b>	<b>6,126</b>

The differences between the company Financial Statements and Solvency II valuations are consistent across the Catalina UK Group, and are detailed in Section D of the main body of the report.

### D.3 Other liabilities

The table below shows for Catalina Worthing Insurance Limited the value of each material class of Solvency II liabilities other than Technical Provisions.

<b>Solvency II Classification</b>	<b>Solvency II Value</b>	<b>Valuation Differences</b>	<b>Reclassification Differences</b>	<b>Financial Statements Value</b>
	<b>2020</b>	<b>2020</b>	<b>2020</b>	<b>2020</b>
	<b>GBP'000</b>	<b>GBP'000</b>	<b>GBP'000</b>	<b>GBP'000</b>
Deposits received from Reinsurers	72,149	-	-	72,149
Insurance and Intermediaries Payable	7,585	-	-	7,585
Payables (trade, not insurance)	993	-	-	993
<b>Total Other Liabilities</b>	<b>80,727</b>	<b>-</b>	<b>-</b>	<b>80,727</b>
	<b>2019</b>	<b>2019</b>	<b>2019</b>	<b>2019</b>
	<b>GBP'000</b>	<b>GBP'000</b>	<b>GBP'000</b>	<b>GBP'000</b>
Deposits received from Reinsurers	74,774	-	-	74,774
Derivatives	15	-	1	16
Insurance and Intermediaries Payable	6,401	-	-	6,401
Payables (trade, not insurance)	1,126	-	(1)	1,125
<b>Total Other Liabilities</b>	<b>82,316</b>	<b>-</b>	<b>-</b>	<b>82,316</b>

The bases, methods and assumptions used to value the above liabilities are consistent across the Catalina UK Group, and are detailed in Section D of the main body of the report.

### D.4 Alternative methods for valuation

Unless otherwise explained in Sections D1 to D3 of the main body of the report, no other alternative methods for valuation are used.

### D.5 Any other information

Not applicable.

## E. Capital Management

The objectives, policies and processes used to manage capital are consistent across the Catalina UK Group, and are detailed in Section E of the main body of the report.

### E.1 Own Funds

Own funds represent Ordinary Share Capital and Reconciliation Reserve. The explanation for their categorisation as Tier 1 is included in section E.1 of the main body of the report.

	Tier 1 2020 GBP'000	Tier 2 2020 GBP'000	Tier 3 2020 GBP'000	Total 2020 GBP'000
<b>Basic Own Funds</b>				
Ordinary Share Capital	158,000	-	-	158,000
Reconciliation Reserve	(67,794)			(67,794)
<b>Total basic Own Funds</b>	<b>90,206</b>	<b>-</b>	<b>-</b>	<b>90,206</b>
	2019 GBP'000	2019 GBP'000	2019 GBP'000	2019 GBP'000
<b>Basic Own Funds</b>				
Ordinary Share Capital	158,000	-	-	158,000
Reconciliation Reserve	(72,787)			(72,787)
<b>Total basic Own Funds</b>	<b>85,213</b>	<b>-</b>	<b>-</b>	<b>85,213</b>

The following shows the movement in Own Funds:

	2020 GBP'000	2019 GBP'000
<b>Opening own funds</b>	<b>85,213</b>	<b>85,032</b>
Movement Financial Statements Retained Deficit	1,796	(175)
Movement Solvency II Asset Valuation differences – refer Section D.1 Assets	22,117	26,404
Movement Solvency II Liability Valuation differences – refer Section D.2 Technical Provisions	(18,920)	(26,048)
<b>Closing Own Funds</b>	<b>90,206</b>	<b>85,213</b>

Within Own Funds, the Reconciliation Reserve represents the retained earnings and capital reserve as reported in the Company Financial Statements less differences in valuations between Solvency II and Company Financial Statements valuations for assets and liabilities. The components of the Reconciliation Reserve at 31 December are:

Reconciliation Reserve Components	2020 GBP'000	2019 GBP'000	Movement GBP'000
Financial Statements Capital Reserve	(52,728)	(54,524)	1,202
Financial Statements Retained Deficit	19,920	19,920	-
Solvency II Asset Valuation differences – refer Section D.1 Assets	(9,940)	(32,057)	22,117
Solvency II Liability Valuation differences – refer Section D.2 Technical Provisions	(25,046)	(6,126)	(18,920)
<b>Total Reconciliation Reserve</b>	<b>(67,794)</b>	<b>(72,787)</b>	<b>4,399</b>

The eligibility of tiered Capital to cover the SCR and Minimum Capital requirement (“MCR”) depends on the tiering levels of the Company’s Own Funds. The Company’s Own Funds are all Tier 1 and comply with the Solvency II Regulations that:

- Eligible tier 1 items shall be at least 50% of the SCR; and
- Eligible tier 1 items shall be at least 80% of the MCR

	Tier 1 2020 GBP'000	Tier 2 2020 GBP'000	Tier 3 2020 GBP'000	Total 2020 GBP'000
<b>Available and eligible own funds</b>				
Total available own funds to meet the SCR	90,206	-	-	90,206
Total available own funds to meet the MCR	90,206	-	-	90,206
Total eligible own funds to meet the SCR	90,206	-	-	90,206
Total eligible own funds to meet the MCR	90,206	-	-	90,206
<b>SCR</b>				<b>35,436</b>
<b>MCR</b>				<b>8,859</b>
<b>Ratio of Eligible own funds to SCR</b>				<b>255%</b>
<b>Ratio of Eligible own funds to MCR</b>				<b>1018%</b>

	Tier 1 2019 GBP'000	Tier 2 2019 GBP'000	Tier 3 2019 GBP'000	Total 2019 GBP'000
<b>Available and eligible own funds</b>				
Total available own funds to meet the SCR	85,213	-	-	85,213
Total available own funds to meet the MCR	85,213	-	-	85,213
Total eligible own funds to meet the SCR	85,213	-	-	85,213
Total eligible own funds to meet the MCR	85,213	-	-	85,213
<b>SCR</b>				<b>39,634</b>
<b>MCR</b>				<b>9,909</b>
<b>Ratio of Eligible own funds to SCR</b>				<b>215%</b>
<b>Ratio of Eligible own funds to MCR</b>				<b>860%</b>

## E.2 Solvency Capital Requirement and Minimum Capital Requirement

CWIL, in line with the Catalina UK Group, currently uses the Standard Formula to calculate its Solvency Capital Requirement ("SCR").

	2020 GBP'000	2019 GBP'000
<b>By risk module</b>		
Market risk	15,202	15,820
Default risk	14,924	17,525
Non-life risk	6,133	7,163
<b>Basic SCR before diversification</b>	<b>36,259</b>	<b>40,508</b>
Diversification Benefits	(9,001)	(10,020)
<b>Basic SCR</b>	<b>27,258</b>	<b>30,488</b>
Operational risk	8,178	9,146
<b>SCR</b>	<b>35,436</b>	<b>39,634</b>
<b>MCR</b>	<b>8,859</b>	<b>9,909</b>

Market risk, counterparty default risk, non-life premium and reserve risk and operational risk all contribute to the SCR, although the main drivers of the SCR are the market risk and default risk. These modules are discussed in more detail in Section C of the main body of the report.

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

The Company has not used the duration-based equity risk sub-module in the calculation of the SCR.

## E.4 Internal model

The Company calculates the SCR using the standard formula. No internal or partial internal model is used in the calculation of the SCR.

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

There has not been any non-compliance with the SCR or the MCR over the financial year nor is there expected to be any non-compliance with the SCR and MCR in the Business Planning period.

### **E.6 Any other information**

Not applicable

## Appendix 2: AGF Insurance Limited solo SFCR sections

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### Executive Summary

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AGF Insurance Limited has been in run-off since 1998. Its principal activities are therefore the efficient and proper run-off of its claims portfolio, the management of its cash and investments, and the timely collection of its reinsurance assets and other debts.

The Group SFCR meets the regulatory requirement for public disclosure in respect of CWIL, AGF and CLL. As mentioned in the introduction in the main body of the report, CWIL, AGF and CLL are legal entities meeting all regulatory and governance requirements and their individual risk profile and capital requirements are monitored to ensure ongoing regulatory compliance. However, the Group does not manage each entity as an individual business and does not set individual business strategies. In light of this, it is important for the reader to understand that the focus of the Group SFCR is the activities of the Catalina UK Group as a whole.

### A. Business and Performance

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#### A.1 Business and external environment

##### A.1.1 Undertaking, financial supervisory authority and external auditor

Name of the undertaking:	AGF Insurance Limited
Address of its registered office:	1 Alie Street, London, E1 8DE, England
Legal status:	Private Limited Company
Company registration number:	0661294
Legal Entity Identifier (LEI):	213800RACE2PXX1QU17
Ultimate parent:	Catalina Holdings (Bermuda) Ltd.
Financial supervisory authority:	Prudential Regulation Authority : Bank of England, Threadneedle Street, London, EC2R 8AH, England

A simplified group structure chart is included in section A.1.1 of the main body of the report.

##### A.1.2 Material lines of business and geographical areas where the Company carries out business

AGF was part of the Allianz SE Group, and was incorporated in 1960 under the name Employers' Mutual Insurance Association Limited. AGF wrote predominately direct Employers' Liability and Public Liability insurance within the UK. It ceased writing new business in 1999 and has since been in run-off. AGF has exposure pre-1960 as a result of its acquisition of NEM Insurance Co in 1989. An approximate breakdown of the claims outstanding by number of claims are: 47% Noise Induced Hearing Loss, 19% Mesothelioma, 11% Abuse, 9% Asbestosis and 14% Other.

Liabilities are classed as "General Liability" and are based in the UK. The Company's functional and presentational currency is GBP, reflecting the historical distribution of the Company's geographical business mix.

There were no significant changes to AGF during the reporting period.

#### A.2 Performance from underwriting activities

The table below shows the underwriting performance for the year end 31 December 2020, together with comparatives for the previous year.

	2020 GBP'000	2019 GBP'000
Earned premiums, net of reinsurance	-	-
Claims incurred, net of reinsurance	(9,033)	(9,166)
Net operating expenses	(4,319)	(3,098)
<b>Balance on the technical account</b>	<b>(13,352)</b>	<b>(12,264)</b>
<b>By class of business:</b>		
General Liability	(13,352)	(12,264)
<b>Balance on the technical account</b>	<b>(13,352)</b>	<b>(12,264)</b>

A comparison between the current year and prior year performance can be found in section A.2 of the main body of the report.

### A.3 Performance from investment activities

The table below shows the investment income performance for the year ended 31 December 2020, together with comparatives for the previous year.

	Net investment income 2020 GBP'000	Net investment expense 2020 GBP'000	Net realised gains and losses 2020 GBP'000	Changes in fair value 2020 GBP'000	Net investment result 2020 GBP'000
Investments:					
- measured at FVTPL	7,483	(179)	708	8,174	16,186
- measured at amortised cost	3	-	-	-	3
	7,486	(179)	708	8,174	16,189
	<b>2019</b>	<b>2019</b>	<b>2019</b>	<b>2019</b>	<b>2019</b>
	<b>GBP'000</b>	<b>GBP'000</b>	<b>GBP'000</b>	<b>GBP'000</b>	<b>GBP'000</b>
Investments:					
- measured at FVTPL	8,714	(174)	55	2,738	11,333
- measured at amortised cost	3	-	-	-	3
	<b>8,717</b>	<b>(174)</b>	<b>55</b>	<b>2,738</b>	<b>11,336</b>

A comparison between the current year and prior year performance can be found in section A.2 of the main body of the report.

### A.4 Other operating income and expenses

The table below details any other material operating income and expenses not shown in A.2 and A.3 above.

	2020 GBP'000	2019 GBP'000
Foreign exchange gain / (loss)	3	(413)

### A.5 Any other disclosures

Not applicable.

## B. System of Governance

The system of governance for AGF is identical to that of the Group and is described in Section B in the main body of the report

## C. Risk Profile

AGF Insurance Limited's risks are managed in the same way as the risks of the Catalina UK Group, the details of which are included in section C of the main body of the report. The risk sensitivities of AGF Insurance Limited are detailed below.

### C.1 Underwriting (Liability) Risk

AGF Insurance Limited's risks are managed in the same way as the risks of the Catalina UK Group, the details of which are included in section C of the main body of the report.

### C.2 Market Risk

AGF Insurance Limited's sensitivities to interest rate, foreign exchange and other price risks are detailed below.

Interest rate risk	Pre-tax profit		Shareholder's equity	
	2020	2019	2020	2019
	GBP'000	GBP'000	GBP'000	GBP'000
1% increase	(11,558)	(8,752)	(9,362)	(8,752)
1% decrease	11,558	8,752	9,362	8,752

Foreign exchange risk	Pre-tax profit		Shareholders' equity	
	2020	2019	2020	2019
	GBP'000	GBP'000	GBP'000	GBP'000
<b>GBP / USD</b>				
10% increase in USD/GBP exchange rate	(8)	-	(7)	-
10% decrease in USD/GBP exchange rate	8	-	7	-
<b>GBP / EUR</b>				
10% increase in USD/EUR exchange rate	(21)	(12)	(17)	(12)
10% decrease in USD/EUR exchange rate	21	12	17	12

Other price risk	Pre-tax profit		Shareholders' equity	
	2020	2019	2020	2019
	GBP'000	GBP'000	GBP'000	GBP'000
<b>1% increase</b>				
Movement in fair value of share and other variable securities in unit trusts	120	110	97	110
Movement in fair value of debt securities and other fixed income securities	1,509	1,492	1,222	1,492
Movement in fair value of other financial investments	520	489	421	489
<b>1% decrease</b>				
Movement in fair value of share and other variable securities in unit trusts	(120)	(110)	(97)	(110)
Movement in fair value of debt securities and other fixed income securities	(1,509)	(1,492)	(1,222)	(1,492)
Movement in fair value of other financial investments	(520)	(489)	(421)	(489)

### C.3 Credit Risk

AGF Insurance Limited's risks are managed in the same way as the risks of the Catalina UK Group, the details of which are included in section C of the main body of the report.

The split of assets by credit rating is detailed in the table below.

	2020 GBP'000	2019 GBP'000
<b>By class of asset:</b>		
Financial investments	11,977	10,954
Debt securities and other fixed income securities	150,938	149,241
Other Financial Investments	51,953	48,853
Assets arising from reinsurance contracts held	9,129	7,967
Assets arising from insurance contracts held	2,532	1,515
Cash and cash equivalents	2,196	15,207
Other assets	15,264	2,015
<b>Total assets bearing credit risk</b>	<b>243,989</b>	<b>235,752</b>
<b>By credit rating:</b>		
AAA	13,375	14,466
AA	42,038	67,369
A	36,539	41,056
BBB	108,082	67,520
Below BBB or not rated	43,955	45,341
<b>Total assets bearing credit risk</b>	<b>243,989</b>	<b>235,752</b>
<b>By past due ageing of debtors:</b>		
Neither past due nor impaired	2,532	1,515
Past less than 30 days	-	-
Past due 31-60 days	6	-
Past due 61 – 90 days	95	36
Past due more than 90 days	1,331	1,160
<b>Total financial assets past due or impaired</b>	<b>3,964</b>	<b>2,711</b>

The total allowance for the impairment of debtors arising out of direct insurance and reinsurance operations at 31 December 2020 is £0.2 million (2019: £0.1 million).

#### C.4 Liquidity Risk

AGF Insurance Limited's risks are managed in the same way as the risks of the Catalina UK Group, the details of which are included in section C of the main body of the report.

The following table shows details of the expected maturity profile of the Group's obligations with respect to its financial liabilities and estimated cash flows of recognised insurance liabilities.

	Less than 1 year 2020 GBP'000	1 – 5 years 2020 GBP'000	5+ years 2020 GBP'000	Total 2020 GBP'000
<b>Financial liabilities and claims outstanding</b>				
Claims outstanding	11,849	34,210	58,742	104,801
Creditors arising out of insurance operations	606	-	-	606
Other creditors including taxation and social security	793	-	-	793
Accruals and deferred income	115	-	-	115
	13,363	34,210	58,742	106,315

	<b>Less than 1 year 2019 GBP'000</b>	<b>1 – 5 years 2019 GBP'000</b>	<b>5+ years 2019 GBP'000</b>	<b>Total 2019 GBP'000</b>
<b>Financial liabilities and claims outstanding</b>				
Claims outstanding	8,346	32,089	59,206	99,641
Creditors arising out of insurance operations	97	-	-	97
Other creditors including taxation and social security	458	-	-	458
Accruals and deferred income	172	41	-	213
	<b>9,073</b>	<b>32,130</b>	<b>59,206</b>	<b>100,409</b>

### C.5 Operational Risk

AGF Insurance Limited's risks are managed in the same way as the risks of the Catalina UK Group, the details of which are included in section C of the main body of the report.

### C.6 Other Material Risks

AGF Insurance Limited's risks are managed in the same way as the risks of the Catalina UK Group, the details of which are included in section C of the main body of the report.

## D. Valuation for Solvency Purposes

### D.1 Assets

Assets have been recognised in line with the requirements of Solvency II valuation regulations, the basis of which is the amount for which they could be exchanged between knowledgeable willing parties in an arm's length transaction.

Solvency II Classification	Solvency II Value	Valuation Differences	Reclassified UK GAAP	Financial Statements Value
	2020 GBP'000	2020 GBP'000	2020 GBP'000	2020 GBP'000
Equities Unlisted	11,976	-	1	11,977
Government Bonds	30,494	-	(235)	30,259
Corporate Bonds	120,799	-	(1,630)	119,169
Collateralised Securities	1,516	-	(6)	1,510
Collective Investment Undertakings	29,846	-		29,846
Derivatives	427	-		427
Loans and mortgages	21,909	-	(229)	21,680
Reinsurance Recoverable from Non Life	9,136	(1,439)		7,697
Insurance and intermediaries receivables	2,532	-		2,532
Receivables (trade, not insurance)	1,429	3		1,432
Reinsurance Receivables	54	(10)		44
Cash and Cash Equivalents	15,264	-		15,264
Other Assets	-	53	2,099	2,152
<b>Total Assets</b>	<b>245,382</b>	<b>(1,393)</b>	<b>-</b>	<b>243,989</b>
	<b>2019 GBP'000</b>	<b>2019 GBP'000</b>	<b>2019 GBP'000</b>	<b>2019 GBP'000</b>
Equities Unlisted	10,952	2	-	10,954
Government Bonds	51,879	-	(1,203)	50,676
Corporate Bonds	96,019	-	(229)	95,790
Collateralised Securities	2,778	-	(3)	2,775
Collective Investment Undertakings	26,891	-	-	26,891
Derivatives	301	-	-	301
Loans and mortgages	21,885	-	(224)	21,661
Reinsurance Recoverable from Non Life	7,226	(455)	-	6,771
Insurance and intermediaries receivables	1,515	-	-	1,515
Reinsurance Receivables	1,196	-	-	1,196
Cash and Cash Equivalents	15,206	1	-	15,207
Other Assets	77	279	1,659	2,015
<b>Total Assets</b>	<b>235,925</b>	<b>(173)</b>	<b>-</b>	<b>235,752</b>

The bases, methods and assumptions used to value the above assets are consistent across the Catalina UK Group, and are detailed in Section D of the main body of the report. Similarly, any difference between the company Financial Statements and Solvency II valuations are consistent across the Catalina UK Group, and are also detailed in Section D of the main body of the report.

## D.2 Technical provisions

The following table quantifies the total gross technical provisions on a Solvency II basis at 31 December 2020. The lines of business can represent direct, proportional reinsurance or non-proportional reinsurance liabilities.

	Gross Best Estimate GBP'000	Risk Margin GBP'000	Solvency II Gross Provisions Value GBP'000	Financial Statements Value GBP'000
<b>2020</b>				
<b>By material line of business:</b>				
Liability	130,498	23,787	154,285	104,801
	<b>130,498</b>	<b>23,787</b>	<b>154,285</b>	<b>104,801</b>
<b>2019</b>				
<b>By material line of business:</b>				
Liability	121,119	23,495	144,614	99,641
	<b>121,119</b>	<b>23,495</b>	<b>144,614</b>	<b>99,641</b>

The bases, methods and assumptions used to value the above technical provisions are consistent across the Catalina UK Group, and are detailed in Section D of the main body of the report.

The Company has adopted a deterministic approach to estimating Best Estimate Liabilities by making the following adjustments to the GAAP reserves in the Company's Financial Statements:

Solvency II Liability Adjustments Increase /(decrease)	2020 GBP'000	2019 GBP'000
Removal of 2.5% (2019:2.5%) discount per GAAP accounts	21,193	23,993
Event Not In Data (ENID) included in Solvency II Balance Sheet	3,594	3,485
Expense Provision increase included in Solvency II Balance Sheet	4,700	4,700
Discounting at the Risk Free Rate	(3,790)	(10,700)
Risk Margin	23,787	23,495
<b>Total Solvency II Liability Adjustments</b>	<b>49,484</b>	<b>44,973</b>

The differences between the company Financial Statements and Solvency II valuations are consistent across the Catalina UK Group, and are detailed in Section D of the main body of the report.

## D.3 Other liabilities

The table below shows for AGF Insurance Limited the value of each material class of Solvency II liabilities other than Technical Provisions.

Solvency II Classification	Solvency II Value 2020 GBP'000	Valuation Differences 2020 GBP'000	Reclassification Differences 2020 GBP'000	Financial Statements Value 2020 GBP'000
Creditors arising out of insurance operations	606	-	-	606
Payables (trade, not insurance)	907	-	-	907
<b>Total Other Liabilities</b>	<b>1,513</b>	<b>-</b>	<b>-</b>	<b>1,513</b>
	<b>2019 GBP'000</b>	<b>2019 GBP'000</b>	<b>2019 GBP'000</b>	<b>2019 GBP'000</b>
Creditors arising out of insurance operations	97	-	-	97
Derivatives	39	-	-	39
Payables (trade, not insurance)	632	-	-	632
<b>Total Other Liabilities</b>	<b>768</b>	<b>-</b>	<b>-</b>	<b>768</b>

The bases, methods and assumptions used to value the above liabilities are consistent across the Catalina UK Group, and are detailed in Section D of the main body of the report.

## D.4 Alternative methods for valuation

Unless otherwise explained in Sections D.1 to D.3 of the main body of the report, no other alternative methods for valuation are used.

## D.5 Any other information

Not applicable.

## E. Capital Management

The objectives, policies and processes used to manage capital are consistent across the Catalina UK Group, and are detailed in Section E of the main body of the report.

### E.1 Own Funds

Own funds represent Ordinary Share Capital and Reconciliation Reserve. The explanation for their categorisation as Tier 1 is included in section E.1 of the main body of the report.

	Tier 1	Tier 2	Tier 3	Total
	GBP'000	GBP'000	GBP'000	GBP'000
<b>2020</b>				
<b>Basic Own Funds</b>				
Ordinary Share Capital	210,485	-	-	210,485
Reconciliation Reserve	(120,902)	-	-	(120,902)
<b>Total basic Own Funds</b>	<b>89,583</b>	-	-	<b>89,583</b>
<b>2019</b>				
<b>Basic Own Funds</b>				
Ordinary Share Capital	210,485	-	-	210,485
Reconciliation Reserve	(119,942)	-	-	(119,942)
<b>Total basic Own Funds</b>	<b>90,543</b>	-	-	<b>90,543</b>

The following shows the movement in Own Funds:

	2020	2019
	GBP'000	GBP'000
<b>Opening own funds</b>	<b>90,543</b>	<b>91,766</b>
Movement Financial Statements Retained Deficit	2,331	(1,080)
Movement Solvency II Asset Valuation differences – refer Section D.1 Assets	1,220	(845)
Movement Solvency II Liability Valuation differences – refer Section D.2	(4,511)	702
Technical Provisions		
<b>Closing Own Funds</b>	<b>89,583</b>	<b>90,543</b>

Within Own Funds, the Reconciliation Reserve represents the retained earnings and capital reserve as reported in the Company Financial Statements less differences in valuations between Solvency II and Company Financial Statements valuations for assets and liabilities. The components of the Reconciliation Reserve at 31 December are:

Reconciliation Reserve Components	2020	2019	Movement
	GBP'000	GBP'000	GBP'000
Financial Statements Capital Reserve	15,000	15,000	-
Financial Statements Retained Deficit	(158,654)	(160,985)	2,331
Financial Statements Other Non-Distributable Reserves	70,843	70,843	-
Solvency II Asset Valuation differences – refer Section D.1 Assets	1,393	173	1,219
Solvency II Liability Valuation differences – refer Section D.2	(49,484)	(44,973)	(4,511)
Technical Provisions			
<b>Total Reconciliation Reserve</b>	<b>(120,902)</b>	<b>(119,942)</b>	<b>(960)</b>

The eligibility of tiered Capital to cover the SCR and Minimum Capital requirement (“MCR”) depends on the tiering levels of the Company’s Own Funds. The Company’s Own Funds are all Tier 1 and comply with the Solvency II Regulations that:

- Eligible tier 1 items shall be at least 50% of the SCR; and
- Eligible tier 1 items shall be at least 80% of the MCR.

	Tier 1 2020 GBP’000	Tier 2 2020 GBP’000	Tier 3 2020 GBP’000	Total 2020 GBP’000
<b>Available and eligible own funds</b>				
Total available own funds to meet the SCR	89,583	-	-	89,583
Total available own funds to meet the MCR	89,583	-	-	89,583
Total eligible own funds to meet the SCR	89,583	-	-	89,583
Total eligible own funds to meet the MCR	89,583	-	-	89,583
<b>SCR</b>				<b>57,898</b>
<b>MCR</b>				<b>14,475</b>
<b>Ratio of Eligible own funds to SCR</b>				<b>155%</b>
<b>Ratio of Eligible own funds to MCR</b>				<b>619%</b>

	Tier 1 2019 GBP’000	Tier 2 2019 GBP’000	Tier 3 2019 GBP’000	Total 2019 GBP’000
<b>Available and eligible own funds</b>				
Total available own funds to meet the SCR	90,543	-	-	90,543
Total available own funds to meet the MCR	90,543	-	-	90,543
Total eligible own funds to meet the SCR	90,543	-	-	90,543
Total eligible own funds to meet the MCR	90,543	-	-	90,543
<b>SCR</b>				<b>49,955</b>
<b>MCR</b>				<b>12,489</b>
<b>Ratio of Eligible own funds to SCR</b>				<b>181%</b>
<b>Ratio of Eligible own funds to MCR</b>				<b>725%</b>

## E.2 Solvency Capital Requirement and Minimum Capital Requirement

AGF, in line with the Catalina UK Group, currently uses the Standard Formula to calculate its Solvency Capital Requirement (“SCR”).

	2020 GBP’000	2019 GBP’000
<b>By risk module</b>		
Market risk	26,476	16,900
Default risk	1,446	2,666
Non-life risk	40,049	37,585
<b>Basic SCR before diversification</b>	<b>67,971</b>	<b>57,151</b>
Diversification Benefits	(13,987)	(10,830)
<b>Basic SCR</b>	<b>53,984</b>	<b>46,321</b>
Operational risk	3,914	3,634
<b>SCR</b>	<b>57,898</b>	<b>49,955</b>
<b>MCR</b>	<b>14,475</b>	<b>12,489</b>

Market risk, counterparty default risk, non-life premium and reserve risk and operational risk all contribute to the SCR, although the main drivers of the SCR are the market risk and non-life premium and reserve risk. These modules are discussed in more detail in Section C of the main body of the report.

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

The Company has not used the duration-based equity risk sub-module in the calculation of the SCR.

#### **E.4 Internal model**

The Company calculates the SCR using the standard formula. No internal or partial internal model is used in the calculation of the SCR.

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

There has not been any non-compliance with the SCR or the MCR over the financial year nor is there expected to be any non-compliance with the SCR and MCR in the Business Planning period.

#### **E.6 Any other information**

Not applicable.

## Appendix 3: Catalina London Limited solo SFCR sections

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### Executive Summary

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Catalina London Limited has been in run-off since 2005. Its principal activities are therefore the efficient and proper run-off of its claims portfolio, the management of its cash and investments, and the timely collection of its reinsurance assets and other debts.

The Group SFCR meets the regulatory requirement for public disclosure in respect of CWIL, AGF and CLL. As mentioned in the introduction in the main body of the report, CWIL, AGF and CLL are legal entities meeting all regulatory and governance requirements and their individual risk profile and capital requirements are monitored to ensure ongoing regulatory compliance. However, the Group does not manage each entity as an individual business and does not set individual business strategies. In light of this, it is important for the reader to understand that the focus of the Group SFCR is the activities of the Catalina UK Group as a whole.

### A. Business and Performance

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#### A.1 Business and external environment

##### A.1.1 Undertaking, financial supervisory authority and external auditor

Name of the undertaking:	Catalina London Limited
Address of its registered office:	1 Alie Street, London, E1 8DE, England
Legal status:	Private Limited Company
Company registration number:	01531718
Legal Entity Identifier (LEI):	5493009IUEXJFUIM2W86
Ultimate parent:	Catalina Holdings (Bermuda) Ltd.
Financial supervisory authority:	Prudential Regulation Authority : Bank of England, Threadneedle Street, London, EC2R 8AH, England

A simplified group structure chart is included in section A.1.1 of the main body of the report.

##### A.1.2 Material lines of business and geographical areas where the Company carries out business

CLL, formerly “Alea London Limited” (“ALL”), was purchased by CHBL in October 2009. CHBL is a specialist consolidator of non-life general insurance and reinsurance companies and portfolios in run-off. CHBL acquires and manages such portfolios in run-off with the purpose of achieving a competitive return on equity and consistent growth in net tangible assets. The Group is based in Bermuda and currently has other offices in the United Kingdom, the Republic of Ireland, the United States of America and Switzerland.

ALL was created following the acquisition of The Imperial Fire and Marine Re-Insurance Company by the Alea Group in July 2000. ALL wrote general insurance and reinsurance business from 2000 until 5th December 2005 when it announced its intention to place its operations into run-off. In May 2009, the Alea Group took the strategic decision to sell ALL and commenced a sales process in order to do so. Catalina emerged as the successful bidder.

On 30 November 2017, by way of a Part VII Transfer, the whole of the insurance business of KX Reinsurance Limited and OX Reinsurance Limited, both Catalina owned UK companies, was transferred to CLL.

KX Re was formerly a UK regulated subsidiary of CNA Financial Corporation, part of the Loews Corporation, and wrote direct and reinsurance business principally in the London Insurance Market between 1951 and 1992 when it was closed to new business. After ceasing to write new business in 1992, KX Re entered into a number of inwards transfer agreements. Under these agreements certain UK portfolios of fellow group

UK subsidiaries were transferred to KX Re. The portfolios transferred cover a wide range of insurance and reinsurance risks including aviation, marine, personal lines (including motor, yacht, personal accident, etc.) and London Market amongst others. Following the Part VII transfer to CLL, KX Re was dissolved in September 2019.

OX Re was a member of a pool of reinsurers which reinsured property and casualty risks written by Community Re between 1979 and 1983. The vast majority of OX Re's reserves have been paid out via various Schemes of Arrangement and the book now consists of its membership of the Community Re pool which is 100% reinsured and very limited UK Employers' Liability exposures from the WFUM pool which were not subject to a Scheme of Arrangement. On behalf of CLL, the business is managed and administered by Hampden plc. Following the Part VII transfer to CLL, OX Re was dissolved in September 2018.

There were no significant changes to CLL during the reporting period.

## A.2 Performance from underwriting activities

The table below shows the underwriting performance for the year end 31 December 2020, together with comparatives for the previous year.

	2020	2019
	USD'000	USD'000
Earned premiums, net of reinsurance	6	(20)
Claims incurred, net of reinsurance	(2,964)	668
Net operating expenses	(2,855)	(4,529)
<b>Balance on the technical account</b>	<b>(5,813)</b>	<b>(3,881)</b>
<b>By class of business:</b>		
Direct Insurance		
Property	(631)	(1,736)
Casualty	(270)	(92)
Reinsurance		
Casualty	(4,458)	(856)
Marine/Aviation	(169)	(280)
Property	(285)	(917)
<b>Balance on the technical account</b>	<b>(5,813)</b>	<b>(3,881)</b>

Commentary on the current year and prior year performance, can be found in section A.2 of the main body of the report.

## A.3 Performance from investment activities

The table below shows the investment income performance for the year ended 31 December 2020, together with comparatives for the previous year.

	Net investment income	Net investment expense	Net realised gains and losses	Changes in fair value	Net investment result
	2020	2020	2020	2020	2020
	USD'000	USD'000	USD'000	USD'000	USD'000
Investments:					
- measured at FVTPL	1,064	(41)	(7)	1,224	2,240
- measured at amortised cost	14	-	-	-	14
	<b>1,078</b>	<b>(41)</b>	<b>(7)</b>	<b>1,224</b>	<b>2,254</b>

	Net investment income	Net investment expense	Net realised gains and losses	Changes in fair value	Net investment result
	2019	2019	2019	2019	2019
	USD'000	USD'000	USD'000	USD'000	USD'000
Investments:					
- measured at FVTPL	1,116	(32)	(32)	2,099	3,151
- measured at amortised cost	106	-	-	-	106
	<b>1,222</b>	<b>(32)</b>	<b>(32)</b>	<b>2,099</b>	<b>3,257</b>

Commentary on the current year and prior year performance, can be found in section A.2 of the main body of the report.

#### A.4 Other operating income and expenses

The table below details any other material operating income and expenses not shown in A.2 and A.3 above.

	2020	2019
	USD'000	USD'000
Foreign exchange (loss) / gain	(142)	33

#### A.5 Any other disclosures

Not applicable.

## B. System of Governance

The system of governance for CLL is identical to that of the Group and is described in Section B in the main body of the report

## C. Risk Profile

Catalina London Limited's risks are managed in the same way as the risks of the Catalina UK Group, the details of which are included in section C of the main body of the report. The risk sensitivities of Catalina London Limited are detailed below.

#### C.1 Underwriting (Liability) Risk

Catalina London Limited's risks are managed in the same way as the risks of the Catalina UK Group, the details of which are included in section C of the main body of the report.

#### C.2 Market Risk

Catalina London Limited's sensitivities to interest rate, foreign exchange and other price risks are detailed below.

<u>Interest rate risk</u>	Pre-tax profit		Shareholder's equity	
	2020	2019	2020	2019
	USD'000	USD'000	USD'000	USD'000
1% increase	(857)	(989)	(857)	(989)
1% decrease	857	989	857	989

<b>Foreign exchange risk</b>	<b>Pre-tax profit</b>		<b>Shareholders' equity</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
	<b>USD'000</b>	<b>USD'000</b>	<b>USD'000</b>	<b>USD'000</b>
<b>USD / GBP</b>				
10% increase in USD/GBP exchange rate	9	(165)	9	(165)
10% decrease in USD/GBP exchange rate	(9)	165	(9)	165
<b>USD / EUR</b>				
10% increase in USD/EUR exchange rate	12	25	12	25
10% decrease in USD/EUR exchange rate	(12)	(25)	(12)	(25)

<b>Other price risk</b>	<b>Pre-tax profit</b>		<b>Shareholders' equity</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
	<b>USD'000</b>	<b>USD'000</b>	<b>USD'000</b>	<b>USD'000</b>
<b>1% increase</b>				
Movement in fair value of share and other variable securities in unit trusts	52	49	52	49
Movement in fair value of debt securities and other fixed income securities	271	302	271	302
Movement in fair value of other financial investments	64	62	64	62
<b>1% decrease</b>				
Movement in fair value of share and other variable securities in unit trusts	(52)	(49)	(52)	(49)
Movement in fair value of debt securities and other fixed income securities	(271)	(302)	(271)	(302)
Movement in fair value of other financial investments	(64)	(62)	(64)	(62)

### C.3 Credit Risk

Catalina London Limited's risks are managed in the same way as the risks of the Catalina UK Group, the details of which are included in section C of the main body of the report.

The split of assets by credit rating is detailed in the table below.

	<b>2020</b>	<b>2019</b>
	<b>USD'000</b>	<b>USD'000</b>
<b>By class of asset:</b>		
Financial investments	5,163	4,939
Debt securities and other fixed income securities	27,141	30,154
Other Financial Investments	6,369	18,114
Assets arising from reinsurance contracts held	29,262	40,374
Assets arising from insurance contracts held	342	384
Cash and cash equivalents	18,407	5,062
Other assets	1,439	702
<b>Total assets bearing credit risk</b>	<b>88,123</b>	<b>99,729</b>
<b>By credit rating:</b>		
AAA	3,420	4,030
AA	15,347	36,461
A	35,346	19,491
BBB	14,053	16,098
Below BBB or not rated	19,957	23,649
<b>Total assets bearing credit risk</b>	<b>88,123</b>	<b>99,729</b>
<b>Financial assets past due or impaired</b>		
Neither past due nor impaired	9,822	17,361
Past due less than 30 days	-	181
Past due more than 90 days	1,324	2,544
<b>Total financial assets past due or impaired</b>	<b>11,146</b>	<b>20,085</b>

The total allowance for the impairment of debtors arising out of direct insurance and reinsurance operations at 31 December 2020 is USD\$10.4 million (2019:USD\$9.2 million).

#### C.4 Liquidity Risk

Catalina London Limited's risks are managed in the same way as the risks of the Catalina UK Group, the details of which are included in section C of the main body of the report

The following table shows details of the expected maturity profile of the Group's undiscounted obligations with respect to its financial liabilities and estimated cash flows of recognised insurance liabilities.

	Less than 1 year \$'000	1 – 5 years \$'000	5+ years \$'000	Total \$'000
<b>2020</b>				
<b>Financial liabilities and claims outstanding</b>				
Claims outstanding	11,429	13,088	19,327	43,844
Creditors arising out of reinsurance operations	2,718	-	-	2,718
Other creditors including taxation and social security	230	-	-	230
Accruals and deferred income	186	-	-	186
	<b>14,563</b>	<b>13,088</b>	<b>19,327</b>	<b>46,978</b>
<b>2019</b>				
<b>Financial liabilities and claims outstanding</b>				
Claims outstanding	9,300	16,745	20,096	46,141
Creditors arising out of reinsurance operations	5,844	-	-	5,844
Other creditors including taxation and social security	2,609	-	-	2,609
Accruals and deferred income	289	-	-	289
	<b>18,042</b>	<b>16,745</b>	<b>20,096</b>	<b>54,883</b>

#### C.5 Operational Risk

Catalina London Limited's risks are managed in the same way as the risks of the Catalina UK Group, the details of which are included in section C of the main body of the report

#### C.6 Other Material Risks

Catalina London Limited's risks are managed in the same way as the risks of the Catalina UK Group, the details of which are included in section C of the main body of the report

## D. Valuation for Solvency Purposes

### D.1 Assets

Assets have been recognised in line with the requirements of Solvency II valuation regulations, the basis of which is the amount for which they could be exchanged between knowledgeable willing parties in an arm's length transaction.

Solvency II Classification	Solvency II Value	Valuation Differences	Reclassified UK GAAP	Financial Statements Value
	2020 USD'000	2020 USD'000	2020 USD'000	2020 USD'000
Equities Listed	804	-	-	804
Equities Unlisted	4,359	-	-	4,359
Government Bonds	2,597	-	(22)	2,575
Corporate Bonds	24,253	-	(125)	24,128
Collateralised Securities	439	-	(1)	438
Collective Investment Undertakings	6,369	-	-	6,369
Deposits Other than Cash Equivalents	14,910	-	(1)	14,909
Reinsurance Recoverable from Non Life	18,330	128	-	18,458
Deposits to Cedants	159	-	-	159
Insurance and intermediaries receivables	342	-	-	342
Reinsurance Receivables	10,768	36	-	10,804
Receivables (trade, not insurance)	1,100	-	-	1,100
Cash and Cash Equivalents	3,339	-	-	3,339
Other Assets	-	190	149	339
<b>Total Assets</b>	<b>87,769</b>	<b>354</b>	<b>-</b>	<b>88,123</b>
	<b>2019</b>	<b>2019</b>	<b>2019</b>	<b>2019</b>
	<b>USD'000</b>	<b>USD'000</b>	<b>USD'000</b>	<b>USD'000</b>
Equities Listed	821	-	-	821
Equities Unlisted	4,118	-	-	4,118
Government Bonds	3,042	(1)	(23)	3,018
Corporate Bonds	26,632	-	(125)	26,507
Collateralised Securities	631	-	(2)	629
Collective Investment Undertakings	6,210	-	-	6,210
Deposits Other than Cash Equivalents	11,905	-	-	11,905
Reinsurance Recoverable from Non Life	20,122	551	-	20,673
Deposits to Cedants	899	-	-	899
Insurance and intermediaries receivables	384	-	-	384
Reinsurance Receivables	18,664	1,037	-	19,701
Cash and Cash Equivalents	4,163	-	-	4,163
Other Assets	374	177	150	701
<b>Total Assets</b>	<b>97,965</b>	<b>1,764</b>	<b>-</b>	<b>99,729</b>

The bases, methods and assumptions used to value the above assets are consistent across the Catalina UK Group, and are detailed in Section D of the main body of the report. Similarly, any difference between the company's Financial Statement and Solvency II valuations are consistent across the Catalina UK Group, and are also detailed in Section D of the main body of the report.

## D.2 Technical provisions

The following table quantifies the total gross technical provisions on a Solvency II basis at 31 December 2020. The lines of business can represent direct, proportional reinsurance or non-proportional reinsurance liabilities.

2020	Gross Best	Risk Margin	Total Solvency II	Total Financial
	Estimate		Gross Provisions	Statements
	2020	2020	Value	Value
	USD'000	USD'000	USD'000	USD'000
<b>By material line of business:</b>				
Liability	39,069	4,209	43,278	37,203
Motor	19	2	21	18
Property	1,948	209	2,157	1,854
Marine, Aviation and Transport	2,980	321	3,301	2,838
Workers Compensation	1,667	180	1,847	1,588
Other	360	39	399	343
	<b>46,043</b>	<b>4,960</b>	<b>51,003</b>	<b>43,844</b>
<hr/>				
2019	2019	2019	2019	2019
	USD'000	USD'000	USD'000	USD'000
<b>By material line of business:</b>				
Liability	38,807	4,172	42,979	38,420
Motor	18	2	20	18
Property	1,931	208	2,139	1,912
Marine, Aviation and Transport	3,570	384	3,954	3,535
Workers Compensation	1,579	170	1,749	1,564
Other	700	74	774	692
	<b>46,605</b>	<b>5,010</b>	<b>51,615</b>	<b>46,141</b>

The bases, methods and assumptions used to value the above technical provisions are consistent across the Catalina UK Group, and are detailed in Section D of the main body of the report.

The Company has adopted a deterministic approach to estimating Best Estimate Liabilities by making the following adjustments to the GAAP reserves in the Company's Financial Statements:

Solvency II Liability Adjustments	2020	2019
Increase /(decrease)	USD'000	USD'000
Event Not In Data (ENID) included in Solvency II Balance Sheet	963	1,451
Expense Provision increase included in Solvency II Balance Sheet	3,034	3,156
Discounting at the Risk Free Rate	(1,798)	(4,143)
Risk Margin	4,960	5,010
<b>Total Solvency II Liability Adjustments</b>	<b>7,159</b>	<b>5,474</b>

The differences between the company Financial Statements and Solvency II valuations are consistent across the Catalina UK Group, and are detailed in Section D of the main body of the report.

## D.3 Other liabilities

The table below shows for Catalina London Limited the value of each material class of Solvency II liabilities other than Technical Provisions.

Solvency II Classification	Solvency II	Valuation	Reclassification	Financial
	Value	Differences	Differences	Statements
	2020	2020	2020	Value
	USD'000	USD'000	USD'000	USD'000
Derivatives	222	-	-	222
Reinsurance Payables	2,717	-	-	2,717
Payables (trade, not insurance)	194	-	-	194
<b>Total Other Liabilities</b>	<b>3,133</b>	-	-	<b>3,133</b>
	<b>2019</b>	<b>2019</b>	<b>2019</b>	<b>2019</b>
	USD'000	USD'000	USD'000	USD'000
Derivatives	105	-	-	105
Reinsurance Payables	5,844	-	-	5,844
Payables (trade, not insurance)	2,795	-	-	2,795
<b>Total Other Liabilities</b>	<b>8,744</b>	-	-	<b>8,744</b>

The bases, methods and assumptions used to value the above liabilities are consistent across the Catalina UK Group, and are detailed in Section D of the main body of the report.

#### D.4 Alternative methods for valuation

Unless otherwise explained in Sections D.1 to D.3 of the main body of the report, no other alternative methods for valuation are used.

#### D.5 Any other information

Not applicable.

## E. Capital Management

The objectives, policies and processes used to manage capital are consistent across the Catalina UK Group, and are detailed in Section E of the main body of the report.

### E.1 Own Funds

Own funds represent Ordinary Share Capital and Reconciliation Reserve. The explanation for their categorisation as Tier 1 is included in section E.1 of the main body of the report.

	Tier 1 2020 USD'000	Tier 2 2020 USD'000	Tier 3 2020 USD'000	Total 2020 USD'000
<b>Basic Own Funds</b>				
Ordinary Share Capital	1,000	-	-	1,000
Reconciliation Reserve	32,632	-	-	32,632
<b>Total basic Own Funds</b>	<b>33,632</b>	<b>-</b>	<b>-</b>	<b>33,632</b>
	2019 USD'000	2019 USD'000	2019 USD'000	2019 USD'000
<b>Basic Own Funds</b>				
Ordinary Share Capital	1,000	-	-	1,000
Reconciliation Reserve	36,608	-	-	36,608
<b>Total basic Own Funds</b>	<b>37,608</b>	<b>-</b>	<b>-</b>	<b>37,608</b>

The following shows the movement in Own Funds:

	2020 USD'000	2019 USD'000
<b>Opening own funds</b>	<b>37,608</b>	<b>39,752</b>
Movement Financial Statements Retained Deficit	(3,701)	(574)
Movement Solvency II Asset Valuation differences – refer Section D.1 Assets	1,410	609
Movement Solvency II Liability Valuation differences – refer Section D.2 Technical Provisions	(1,685)	(1,621)
Movement Solvency II Liability Valuation differences – refer Section D.3 Other Liabilities	-	(558)
<b>Closing Own Funds</b>	<b>33,632</b>	<b>37,608</b>

Within Own Funds, the Reconciliation Reserve represents the retained earnings and capital reserve as reported in the Company Financial Statements less differences in valuations between Solvency II and Company Financial Statements valuations for assets and liabilities. The components of the Reconciliation Reserve at 31 December are:

Reconciliation Reserve Components	2020 USD'000	2019 USD'000	Movement USD'000
Financial Statements Capital Reserve	51,643	51,643	-
Financial Statements Retained Deficit	(11,498)	(7,797)	(3,701)
Solvency II Asset Valuation differences – refer Section D.1 Assets	(354)	(1,764)	1,410
Solvency II Liability Valuation differences – refer Sections D.2 Technical Provisions	(7,159)	(5,474)	(1,685)
<b>Total Reconciliation Reserve</b>	<b>32,632</b>	<b>36,608</b>	<b>(3,976)</b>

The eligibility of tiered Capital to cover the SCR and Minimum Capital requirement (“MCR”) depends on the tiering levels of the Company’s Own Funds. The Company’s Own Funds are all Tier 1 and comply with the Solvency II Regulations that:

- Eligible tier 1 items shall be at least 50% of the SCR; and
- Eligible tier 1 items shall be at least 80% of the MCR.

	Tier 1 2020 USD'000	Tier 2 2020 USD'000	Tier 3 2020 USD'000	Total 2020 USD'000
<b>Available and eligible own funds</b>				
Total available own funds to meet the SCR	33,632	-	-	33,632
Total available own funds to meet the MCR	33,632	-	-	33,632
Total eligible own funds to meet the SCR	33,632	-	-	33,632
Total eligible own funds to meet the MCR	33,632	-	-	33,632
<b>SCR</b>				<b>15,553</b>
<b>MCR</b>				<b>4,328</b>
<b>Ratio of Eligible own funds to SCR</b>				<b>216%</b>
<b>Ratio of Eligible own funds to MCR</b>				<b>777%</b>

	Tier 1 2019 USD'000	Tier 2 2019 USD'000	Tier 3 2019 USD'000	Total 2019 USD'000
<b>Available and eligible own funds</b>				
Total available own funds to meet the SCR	37,608	-	-	37,608
Total available own funds to meet the MCR	37,608	-	-	37,608
Total eligible own funds to meet the SCR	37,608	-	-	37,608
Total eligible own funds to meet the MCR	37,608	-	-	37,608
<b>SCR</b>				<b>15,940</b>
<b>MCR</b>				<b>4,127</b>
<b>Ratio of Eligible own funds to SCR</b>				<b>236%</b>
<b>Ratio of Eligible own funds to MCR</b>				<b>911%</b>

## E.2 Solvency Capital Requirement and Minimum Capital Requirement

CLL, in line with the Catalina UK Group, currently uses the Standard Formula to calculate its Solvency Capital Requirement ("SCR").

	2020 USD'000	2019 USD'000
<b>By risk module</b>		
Market risk	4,487	3,300
Default risk	3,973	5,421
Non-life risk	10,210	10,259
<b>Basic SCR before diversification</b>	<b>18,670</b>	<b>18,980</b>
Diversification Benefits	(4,498)	(4,438)
<b>Basic SCR</b>	<b>14,172</b>	<b>14,542</b>
Operational risk	1,381	1,398
<b>SCR</b>	<b>15,553</b>	<b>15,940</b>
<b>MCR</b>	<b>4,328</b>	<b>4,127</b>

Market risk, counterparty default risk, non-life premium and reserve risk and operational risk all contribute to the SCR, although the main drivers of the SCR are the market risk and non-life premium and reserve risk. These modules are discussed in more detail in Section C of the main body of the report.

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

The Company has not used the duration-based equity risk sub-module in the calculation of the SCR.

## E.4 Internal model

The Company calculates the SCR using the standard formula. No internal or partial internal model is used in the calculation of the SCR.

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

There has not been any non-compliance with the SCR or the MCR over the financial year nor is there expected to be any non-compliance with the SCR and MCR in the Business Planning period.

#### **E.6 Any other information**

Not applicable.

## Appendix 4: Reporting templates

The quantitative reporting templates which form part of the Annual Regulatory Templates listed below are required to be published alongside the SFCR.

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### Catalina Holdings UK Limited

S.02.01.02	Balance Sheet Information
S.05.01.02	Information on Premiums, Claims and Expenses, applying the valuation and recognition principles used in the company's financial statements.
S.23.01.22	Information on Own funds
S.25.01.22	Information on the SCR using the Standard Formula
S.32.01.22	Undertakings in the scope of the Group

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### Catalina Worthing Insurance Limited

S.02.01.02	Balance Sheet Information
S.05.01.02	Information on Premiums, Claims and Expenses, applying the valuation and recognition principles used in the company's financial statements.
S.05.02.01	Information on Premiums, Claims and Expenses - by Country, applying the valuation and recognition principles used in the company's financial statements.
S.12.01.02	Life and Health SLT Technical Provisions
S.17.01.02	Information on non-life technical provisions by LOB
S.19.01.21	Information on non-life insurance claims by LOB in the format of development triangles.
S.23.01.01	Information on Own funds
S.25.01.21	Information on the SCR using the Standard Formula
S.28.01.01	Minimum Capital Requirement for the Entity

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### AGF Insurance Limited

S.02.01.02	Balance Sheet Information
S.05.01.02	Information on Premiums, Claims and Expenses, applying the valuation and recognition principles used in the company's financial statements.
S.17.01.02	Information on non-life technical provisions by LOB
S.19.01.21	Information on non-life insurance claims by LOB in the format of development triangles.
S.23.01.01	Information on Own funds
S.25.01.21	Information on the SCR using the Standard Formula
S.28.01.01	Minimum Capital Requirement for the Entity

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### Catalina London Limited

S.02.01.02	Balance Sheet Information
S.05.01.02	Information on Premiums, Claims and Expenses, applying the valuation and recognition principles used in the company's financial statements.
S.17.01.02	Information on non-life technical provisions by LOB
S.19.01.21	Information on non-life insurance claims by LOB in the format of development triangles.
S.23.01.01	Information on Own funds
S.25.01.21	Information on the SCR using the Standard Formula
S.28.01.01	Minimum Capital Requirement for the Entity

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# CATALINA HOLDINGS UK LIMITED

## Annex I

### S.02.01.02

#### Balance sheet

	Solvency II value	
	C0010	
<b>Assets</b>	<b>R0030</b>	
Intangible assets	<b>R0040</b>	
Deferred tax assets	<b>R0050</b>	
Pension benefit surplus	<b>R0060</b>	194
Property, plant & equipment held for own use	<b>R0070</b>	506,242
Investments (other than assets held for index-linked and unit-linked contracts)	<b>R0080</b>	
Property (other than for own use)	<b>R0090</b>	
Holdings in related undertakings, including participations	<b>R0100</b>	43,166
Equities	<b>R0110</b>	1,844
Equities - listed	<b>R0120</b>	41,322
Equities - unlisted	<b>R0130</b>	302,946
Bonds	<b>R0140</b>	47,878
Government Bonds	<b>R0150</b>	252,557
Corporate Bonds	<b>R0160</b>	
Structured notes	<b>R0170</b>	2,511
Collateralised securities	<b>R0180</b>	67,183
Collective Investments Undertakings	<b>R0190</b>	800
Derivatives	<b>R0200</b>	92,147
Deposits other than cash equivalents	<b>R0210</b>	
Other investments	<b>R0220</b>	
Assets held for index-linked and unit-linked contracts	<b>R0230</b>	53,747
Loans and mortgages	<b>R0240</b>	
Loans on policies	<b>R0250</b>	
Loans and mortgages to individuals	<b>R0260</b>	53,747
Other loans and mortgages	<b>R0270</b>	501,596
Reinsurance recoverables from:	<b>R0280</b>	482,272
Non-life and health similar to non-life	<b>R0290</b>	482,272
Non-life excluding health	<b>R0300</b>	
Health similar to non-life	<b>R0310</b>	19,324
Life and health similar to life, excluding health and index-linked and unit-linked	<b>R0320</b>	
Health similar to life	<b>R0330</b>	19,324
Life excluding health and index-linked and unit-linked	<b>R0340</b>	
Life index-linked and unit-linked	<b>R0350</b>	9,156
Deposits to cedants	<b>R0360</b>	7,343
Insurance and intermediaries receivables	<b>R0370</b>	30,668
Reinsurance receivables	<b>R0380</b>	28,281
Receivables (trade, not insurance)	<b>R0390</b>	
Own shares (held directly)	<b>R0400</b>	
Amounts due in respect of own fund items or initial fund called up but not yet paid in	<b>R0410</b>	40,132
Cash and cash equivalents	<b>R0420</b>	
Any other assets, not elsewhere shown	<b>R0500</b>	1,177,360
<b>Total assets</b>		
	Solvency II value	
	C0010	
<b>Liabilities</b>	<b>R0510</b>	752,474
Technical provisions – non-life	<b>R0520</b>	750,326
Technical provisions – non-life (excluding health)	<b>R0530</b>	
TP calculated as a whole	<b>R0540</b>	699,379
Best Estimate	<b>R0550</b>	50,947
Risk margin	<b>R0560</b>	2,148
Technical provisions - health (similar to non-life)	<b>R0570</b>	
TP calculated as a whole	<b>R0580</b>	2,002
Best Estimate	<b>R0590</b>	146
Risk margin	<b>R0600</b>	20,731
Technical provisions - life (excluding index-linked and unit-linked)	<b>R0610</b>	
Technical provisions - health (similar to life)	<b>R0620</b>	
TP calculated as a whole	<b>R0630</b>	
Best Estimate	<b>R0640</b>	
Risk margin	<b>R0650</b>	20,731
Technical provisions – life (excluding health and index-linked and unit-linked)	<b>R0660</b>	
TP calculated as a whole	<b>R0670</b>	19,324
Best Estimate	<b>R0680</b>	1,408
Risk margin	<b>R0690</b>	
Technical provisions – index-linked and unit-linked	<b>R0700</b>	
TP calculated as a whole	<b>R0710</b>	
Best Estimate	<b>R0720</b>	
Risk margin	<b>R0740</b>	
Contingent liabilities	<b>R0750</b>	
Provisions other than technical provisions	<b>R0760</b>	
Pension benefit obligations	<b>R0770</b>	98,649
Deposits from reinsurers	<b>R0780</b>	
Deferred tax liabilities	<b>R0790</b>	222
Derivatives	<b>R0800</b>	13,673
Debts owed to credit institutions	<b>R0810</b>	
Financial liabilities other than debts owed to credit institutions	<b>R0820</b>	829
Insurance & intermediaries payables	<b>R0830</b>	11,194
Reinsurance payables	<b>R0840</b>	7,451
Payables (trade, not insurance)	<b>R0850</b>	
Subordinated liabilities	<b>R0860</b>	
Subordinated liabilities not in BOF	<b>R0870</b>	
Subordinated liabilities in BOF	<b>R0880</b>	
Any other liabilities, not elsewhere shown	<b>R0900</b>	905,223
<b>Total liabilities</b>	<b>R1000</b>	272,136
<b>Excess of assets over liabilities</b>		



# CATALINA HOLDINGS UK LIMITED

Annex I

S.05.01.02

Premiums, claims and expenses by line of business

		Line of Business for: life insurance obligations				Life reinsurance obligations		Total
		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	Health reinsurance	Life-reinsurance	
		C0230	C0240	C0250	C0260	C0270	C0280	C0300
<b>Premiums written</b>								
Gross	R1410							
Reinsurers' share	R1420							
Net	R1500							
<b>Premiums earned</b>								
Gross	R1510							
Reinsurers' share	R1520							
Net	R1600							
<b>Claims incurred</b>								
Gross	R1610				818			818
Reinsurers' share	R1620				818			818
Net	R1700							
<b>Changes in other technical provisions</b>								
Gross	R1710							
Reinsurers' share	R1720							
Net	R1800							
<b>Expenses incurred</b>	R1900				171			171
<b>Other expenses</b>	R2500							
<b>Total expenses</b>	R2600							171

# CATALINA HOLDINGS UK LIMITED

Annex I

S.23.01.22

Own funds

## Basic own funds before deduction for participations in other financial sector

Ordinary share capital (gross of own shares)  
 Non-available called but not paid in ordinary share capital at group level  
 Share premium account related to ordinary share capital  
 Initial funds, members' contributions or the equivalent basic own - fund item for mutual and mutual-type undertakings  
 Subordinated mutual member accounts  
 Non-available subordinated mutual member accounts at group level  
 Surplus funds  
 Non-available surplus funds at group level  
 Preference shares  
 Non-available preference shares at group level  
 Share premium account related to preference shares  
 Non-available share premium account related to preference shares at group level  
 Reconciliation reserve  
 Subordinated liabilities  
 Non-available subordinated liabilities at group level  
 An amount equal to the value of net deferred tax assets  
 The amount equal to the value of net deferred tax assets not available at the group level  
 Other items approved by supervisory authority as basic own funds not specified above  
 Non available own funds related to other own funds items approved by supervisory authority  
 Minority interests (if not reported as part of a specific own fund item)  
 Non-available minority interests at group level

## Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds

Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds

## Deductions

Deductions for participations in other financial undertakings, including non-regulated undertakings carrying out financial activities  
 whereof deducted according to art 228 of the Directive 2009/138/EC  
 Deductions for participations where there is non-availability of information (Article 229)  
 Deduction for participations included by using D&A when a combination of methods is used  
 Total of non-available own fund items

## Total deductions

## Total basic own funds after deductions

## Ancillary own funds

Unpaid and uncalled ordinary share capital callable on demand  
 Unpaid and uncalled initial funds, members' contributions or the equivalent basic own fund item for mutual and mutual - type undertakings, callable on demand  
 Unpaid and uncalled preference shares callable on demand  
 Letters of credit and guarantees other than under Article 96(2) of the Directive 2009/138/EC  
 Letters of credit and guarantees under Article 96(2) of the Directive 2009/138/EC

Supplementary members calls under first subparagraph of Article 96(3) of the Directive 2009/138/EC  
 Supplementary members calls - other than under first subparagraph of Article 96(3) of the Directive 2009/138/EC  
 Non available ancillary own funds at group level  
 Other ancillary own funds

## Total ancillary own funds

## Own funds of other financial sectors

## Reconciliation reserve

Institutions for occupational retirement provision  
 Non regulated entities carrying out financial activities  
 Total own funds of other financial sectors

## Own funds when using the D&A, exclusively or in combination of method 1

Own funds aggregated when using the D&A and combination of method  
 Own funds aggregated when using the D&A and a combination of method net of IGT

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 )

Total available own funds to meet the minimum consolidated group SCR

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 )

Total-eligible own funds to meet the minimum consolidated group SCR

## Minimum consolidated Group SCR

## Ratio of Eligible own funds to Minimum Consolidated Group SCR

Total eligible own funds to meet the group SCR (including own funds from other financial sector and from the undertakings included via D&A )

## Group SCR

Ratio of Eligible own funds to group SCR including other financial sectors and the undertakings included via D&A

## Reconciliation reserve

Excess of assets over liabilities  
 Own shares (included as assets on the balance sheet)  
 Forseeable dividends, distributions and charges  
 Other basic own fund items  
 Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds  
 Other non available own funds

## Reconciliation reserve before deduction for participations in other financial sector

## Expected profits

Expected profits included in future premiums (EPIFP) - Life business  
 Expected profits included in future premiums (EPIFP) - Non- life business

## Total EPIFP

	Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
	C0010	C0020	C0030	C0040	C0050
R0010	1,000	1,000			
R0020					
R0030					
R0040					
R0050					
R0060					
R0070					
R0080					
R0090					
R0100					
R0110					
R0120					
R0130	271,136	271,136			
R0140					
R0150					
R0160					
R0170					
R0180					
R0190					
R0200					
R0210					
R0220					
R0230					
R0240					
R0250					
R0260					
R0270					
R0280					
R0290	272,136	272,136			
R0300					
R0310					
R0320					
R0350					
R0340					
R0360					
R0370					
R0380					
R0390					
R0400					
R0410					
R0420					
R0430					
R0440					
R0450					
R0460					
R0520	272,136	272,136			
R0530	272,136	272,136			
R0560	272,136	272,136			
R0570	272,136	272,136			
R0610	41,855				
R0650	650.19%				
R0660	272,136	272,136			
R0680	167,416				
R0690	162.55%				

	C0060				
R0700	272,136				
R0710					
R0720					
R0730	1,000				
R0740					
R0750					
R0760	271,136				
R0770					
R0780					
R0790					

# CATALINA HOLDINGS UK LIMITED

## Annex I

### S.25.01.22

#### Solvency Capital Requirement - for groups on Standard Formula

Market risk  
 Counterparty default risk  
 Life underwriting risk  
 Health underwriting risk  
 Non-life underwriting risk  
 Diversification  
 Intangible asset risk  
**Basic Solvency Capital Requirement**

#### Calculation of Solvency Capital Requirement

Operational risk  
 Loss-absorbing capacity of technical provisions  
 Loss-absorbing capacity of deferred taxes  
 Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC

#### Solvency capital requirement excluding capital add-on

Capital add-on already set

#### Solvency capital requirement

#### Other information on SCR

Capital requirement for duration-based equity risk sub-module  
 Total amount of Notional Solvency Capital Requirements for remaining part  
 Total amount of Notional Solvency Capital Requirements for ring fenced funds  
 Total amount of Notional Solvency Capital Requirements for matching adjustment portfolios  
 Diversification effects due to RFF nSCR aggregation for article 304  
 Minimum consolidated group solvency capital requirement

#### Information on other entities

Capital requirement for other financial sectors (Non-insurance capital requirements)  
 Capital requirement for other financial sectors (Non-insurance capital requirements) - Credit institutions, investment firms and financial institutions, alternative investment funds managers, UCITS management companies

Capital requirement for other financial sectors (Non-insurance capital requirements) - Institutions for occupational retirement provisions

Capital requirement for other financial sectors (Non-insurance capital requirements) - Capital requirement for non-regulated entities carrying out financial activities

Capital requirement for non-controlled participation requirements

Capital requirement for residual undertakings

#### Overall SCR

SCR for undertakings included via D and A

#### Solvency capital requirement

	Gross solvency capital requirement	USP	Simplifications
	C0110	C0090	C0120
R0010	98,236		
R0020	24,112		
R0030			
R0040	549		
R0050	69,643		
R0060	-46,253		
R0070			
R0100	146,288		
	C0100		
R0130	21,128		
R0140			
R0150			
R0160			
R0200	167,416		
R0210			
R0220	167,416		
R0400			
R0410			
R0420			
R0430			
R0440			
R0470	41,855		
R0500			
R0510			
R0520			
R0530			
R0540			
R0550			
R0560			
R0570	167,416		

**CATALINA HOLDINGS UK LIMITED**

Annex I

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	Criteria of influence						Inclusion in the scope of group supervision		Group solvency calculation
								% capital share	% used for the establishment of consolidated accounts	% voting rights	Other criteria	Level of influence	Proportional share used for group solvency calculation	YES/NO	Date of decision if art. 214 is applied	Method used and under method 1, treatment of the undertaking
C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0180	C0190	C0200	C0210	C0220	C0230	C0240	C0250	C0260
GB	13800RACEL2PXX1QU1	LEI	AGF Insurance Company Limited	2	Limited	2	Prudential Regulation Authority	100.00%	1	100.00%		1	100.00%	1		1
GB	549300H9ZV454BK2FJ76	LEI	Catalina London Limited	3	Limited	2	Prudential Regulation Authority	100.00%	1	100.00%		1	100.00%	1		1
GB	0TGWLOTZ6EKVQ66GB	SC	Catalina Services UK Limited	10	Limited	2		100.00%	1	100.00%		1	100.00%	1		1
GB	213800JEV93JTFJ41Q27	LEI	Catalina Worthing Insurance Limited	3	Limited	2	Prudential Regulation Authority	100.00%	1	100.00%		1	100.00%	1		1
GB	49300TGWLOTZ6EKVQ6	LEI	Catalina Holdings UK Limited	5	Limited	2		100.00%	1	100.00%		1	100.00%	1		1

**CATALINA WORTHING INSURANCE LIMITED**

**Annex I**

**S.02.01.02**

**Balance sheet**

	Solvency II value	
	C0010	
<b>Assets</b>	<b>R0030</b>	
Intangible assets	<b>R0040</b>	
Deferred tax assets	<b>R0050</b>	
Pension benefit surplus	<b>R0060</b>	
Property, plant & equipment held for own use	<b>R0070</b>	135,895
Investments (other than assets held for index-linked and unit-linked contracts)	<b>R0080</b>	
Property (other than for own use)	<b>R0090</b>	
Holdings in related undertakings, including participations	<b>R0100</b>	15,817
Equities	<b>R0110</b>	761
Equities - listed	<b>R0120</b>	15,057
Equities - unlisted	<b>R0130</b>	48,799
Bonds	<b>R0140</b>	2,624
Government Bonds	<b>R0150</b>	46,175
Corporate Bonds	<b>R0160</b>	
Structured notes	<b>R0170</b>	
Collateralised securities	<b>R0180</b>	14,632
Collective Investments Undertakings	<b>R0190</b>	158
Derivatives	<b>R0200</b>	56,488
Deposits other than cash equivalents	<b>R0210</b>	
Other investments	<b>R0220</b>	
Assets held for index-linked and unit-linked contracts	<b>R0230</b>	17,400
Loans and mortgages	<b>R0240</b>	
Loans on policies	<b>R0250</b>	
Loans and mortgages to individuals	<b>R0260</b>	17,400
Other loans and mortgages	<b>R0270</b>	346,867
Reinsurance recoverables from:	<b>R0280</b>	332,734
Non-life and health similar to non-life	<b>R0290</b>	332,734
Non-life excluding health	<b>R0300</b>	
Health similar to non-life	<b>R0310</b>	14,133
Life and health similar to life, excluding health and index-linked and unit-linked	<b>R0320</b>	
Health similar to life	<b>R0330</b>	14,133
Life excluding health and index-linked and unit-linked	<b>R0340</b>	
Life index-linked and unit-linked	<b>R0350</b>	6,580
Deposits to cedants	<b>R0360</b>	2,588
Insurance and intermediaries receivables	<b>R0370</b>	14,510
Reinsurance receivables	<b>R0380</b>	18,676
Receivables (trade, not insurance)	<b>R0390</b>	
Own shares (held directly)	<b>R0400</b>	
Amounts due in respect of own fund items or initial fund called up but not yet paid in	<b>R0410</b>	9,458
Cash and cash equivalents	<b>R0420</b>	
Any other assets, not elsewhere shown	<b>R0500</b>	551,974
<b>Total assets</b>		
	Solvency II value	
	C0010	
<b>Liabilities</b>	<b>R0510</b>	366,305
Technical provisions – non-life	<b>R0520</b>	366,305
Technical provisions – non-life (excluding health)	<b>R0530</b>	
TP calculated as a whole	<b>R0540</b>	351,320
Best Estimate	<b>R0550</b>	14,985
Risk margin	<b>R0560</b>	
Technical provisions - health (similar to non-life)	<b>R0570</b>	
TP calculated as a whole	<b>R0580</b>	
Best Estimate	<b>R0590</b>	
Risk margin	<b>R0600</b>	14,736
Technical provisions - life (excluding index-linked and unit-linked)	<b>R0610</b>	
Technical provisions - health (similar to life)	<b>R0620</b>	
TP calculated as a whole	<b>R0630</b>	
Best Estimate	<b>R0640</b>	
Risk margin	<b>R0650</b>	14,736
Technical provisions – life (excluding health and index-linked and unit-linked)	<b>R0660</b>	
TP calculated as a whole	<b>R0670</b>	14,133
Best Estimate	<b>R0680</b>	603
Risk margin	<b>R0690</b>	
Technical provisions – index-linked and unit-linked	<b>R0700</b>	
TP calculated as a whole	<b>R0710</b>	
Best Estimate	<b>R0720</b>	
Risk margin	<b>R0740</b>	
Contingent liabilities	<b>R0750</b>	
Provisions other than technical provisions	<b>R0760</b>	
Pension benefit obligations	<b>R0770</b>	72,149
Deposits from reinsurers	<b>R0780</b>	
Deferred tax liabilities	<b>R0790</b>	
Derivatives	<b>R0800</b>	
Debts owed to credit institutions	<b>R0810</b>	
Financial liabilities other than debts owed to credit institutions	<b>R0820</b>	
Insurance & intermediaries payables	<b>R0830</b>	7,585
Reinsurance payables	<b>R0840</b>	993
Payables (trade, not insurance)	<b>R0850</b>	
Subordinated liabilities	<b>R0860</b>	
Subordinated liabilities not in BOF	<b>R0870</b>	
Subordinated liabilities in BOF	<b>R0880</b>	
Any other liabilities, not elsewhere shown	<b>R0900</b>	461,768
<b>Total liabilities</b>	<b>R1000</b>	90,206
<b>Excess of assets over liabilities</b>		

CATALINA WORTHING INSURANCE LIMITED  
Annex I  
S.05.01.02  
Premiums, claims and expenses by line of business

		Line of Business for: non-life insurance and reinsurance obligations (direct business and accepted proportional reinsurance)						Line of business for: accepted non-proportional reinsurance				Total	
		Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance	Legal expenses insurance	Assistance	Miscellaneous financial loss	Health	Casualty	Marine, aviation, transport		Property
		C0060	C0070	C0080	C0090	C0100	C0110	C0120	C0130	C0140	C0150		C0160
<b>Premiums written</b>													
Gross - Direct Business	R0110												
Gross - Proportional reinsurance accepted	R0120			1									1
Gross - Non-proportional reinsurance accepted	R0130								3		3		6
Reinsurers' share	R0140			1					3		3		7
Net	R0200												
<b>Premiums earned</b>													
Gross - Direct Business	R0210												
Gross - Proportional reinsurance accepted	R0220			1									1
Gross - Non-proportional reinsurance accepted	R0230								3		3		6
Reinsurers' share	R0240			1					3		3		7
Net	R0300												
<b>Claims incurred</b>													
Gross - Direct Business	R0310	-7,261	64	10,850									3,653
Gross - Proportional reinsurance accepted	R0320												
Gross - Non-proportional reinsurance accepted	R0330								3,214	369	183		3,766
Reinsurers' share	R0340	-7,261	64	10,850					3,214	369	183		7,419
Net	R0400												
<b>Changes in other technical provisions</b>													
Gross - Direct Business	R0410												
Gross - Proportional reinsurance accepted	R0420												
Gross - Non-proportional reinsurance accepted	R0430												
Reinsurers' share	R0440												
Net	R0500												
<b>Expenses incurred</b>	R0550	224	11	3,293					1,728	25	158		5,439
<b>Other expenses</b>	R1200												
<b>Total expenses</b>	R1300												5,439

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

		Line of Business for: life insurance obligations		Total	
		Life reinsurance obligations			
		Annuities stemming from non-life insurance contracts and relating to insurance obligations other than health insurance obligations	Health reinsurance		
		C0260	C0270	C0280	C0300
<b>Premiums written</b>					
Gross	R1410				
Reinsurers' share	R1420				
Net	R1500				
<b>Premiums earned</b>					
Gross	R1510				
Reinsurers' share	R1520				
Net	R1600				
<b>Claims incurred</b>					
Gross	R1610	632			632
Reinsurers' share	R1620	632			632
Net	R1700				
<b>Changes in other technical provisions</b>					
Gross	R1710				
Reinsurers' share	R1720				
Net	R1800				
<b>Expenses incurred</b>	R1900	132			132
<b>Other expenses</b>	R2500				
<b>Total expenses</b>	R2600				132

CATALINA WORTHING INSURANCE LIMITED  
Annex I  
S.12.01.02  
Life and Health SLT Technical Provisions

	Insurance with profit participation	Index-linked and unit-linked insurance		Other life insurance		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, incl. Unit-Linked)	Health insurance (direct business)		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
<b>Technical provisions calculated as a whole</b>	R0010															
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP as a whole	R0020															
<b>Technical provisions calculated as a sum of BE and RM</b>																
<b>Best Estimate</b>																
<b>Gross Best Estimate</b>	R0030							14,133		14,133						
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0080							14,133		14,133						
Best estimate minus recoverables from reinsurance/SPV and Finite Re - total	R0090															
<b>Risk Margin</b>	R0100							603		603						
<b>Amount of the transitional on Technical Provisions</b>																
Technical Provisions calculated as a whole	R0110															
Best estimate	R0120															
Risk margin	R0130															
<b>Technical provisions - total</b>	R0200							14,736		14,736						

CATALINA WORTHING INSURANCE LIMITED

Annex I

S.17.01.02

Non-life Technical Provisions

**Technical provisions calculated as a whole**

Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP as a whole

**Technical provisions calculated as a sum of BE and RM**

**Best estimate**

Premium provisions

Gross

Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default

Net Best Estimate of Premium Provisions

**Claims provisions**

Gross

Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default

Net Best Estimate of Claims Provisions

**Total Best estimate - gross**

**Total Best estimate - net**

**Risk margin**

**Amount of the transitional on Technical Provisions**

Technical Provisions calculated as a whole

Best estimate

Risk margin

**Technical provisions - total**

Technical provisions - total

Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total

Technical provisions minus recoverables from reinsurance/SPV and Finite Re - total

	Direct business and accepted proportional reinsurance					Accepted non-proportional reinsurance			Total Non-Life obligation
	Motor vehicle liability insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance	Non-proportional casualty reinsurance	Non-proportional marine, aviation and transport reinsurance	Non-proportional property reinsurance	
	C0050	C0070	C0080	C0090	C0100	C0150	C0160	C0170	C0180
<b>R0010</b>									
<b>R0050</b>									
<b>R0060</b>									
<b>R0140</b>									
<b>R0150</b>									
<b>R0160</b>	11,179	14,079	721	215,396	76	101,255	1,564	7,049	351,320
<b>R0240</b>	11,179	14,079	721	196,810	76	101,255	1,564	7,049	332,734
<b>R0250</b>				18,586					18,586
<b>R0260</b>	11,179	14,079	721	215,396	76	101,255	1,564	7,049	351,320
<b>R0270</b>				18,586					18,586
<b>R0280</b>	477	601	31	9,188	3	4,319	67	301	14,985
<b>R0290</b>									
<b>R0300</b>									
<b>R0310</b>									
<b>R0320</b>	11,655	14,679	752	224,584	80	105,574	1,631	7,350	366,305
<b>R0330</b>	11,179	14,079	721	196,810	76	101,255	1,564	7,049	332,734
<b>R0340</b>	477	601	31	27,773	3	4,319	67	301	33,571

CATALINA WORTHING INSURANCE LIMITED

Annex I

S.19.01.21

Non-life Insurance Claims Information

Total Non-Life Business

Accident year /  
Underwriting year

<b>Z0020</b>	Underwriting year [UWY]
--------------	-------------------------

Gross Claims Paid (non-cumulative)

(absolute amount)

Year	Development year										In Current year	Sum of years (cumulative)			
	C0010	1	2	3	4	5	6	7	8	9			10 & +	C0170	C0180
Prior	R0100											41,094	R0100	41,094	41,094
2011	R0160							4,552					R0160		4,552
2012	R0170												R0170		
2013	R0180												R0180		
2014	R0190												R0190		
2015	R0200												R0200		
2016	R0210												R0210		
2017	R0220												R0220		
2018	R0230												R0230		
2019	R0240												R0240		
2020	R0250												R0250		
	<b>Total</b>												<b>R0260</b>	41,094	45,645

Gross undiscounted Best Estimate Claims Provisions

(absolute amount)

Year	Development year										Year end (discounted data)			
	C0200	1	2	3	4	5	6	7	8	9		10 & +	C0360	
Prior	R0100											377,740	R0100	351,320
2011	R0160							1,457	7,002				R0160	
2012	R0170							5,687	3,398				R0170	
2013	R0180												R0180	
2014	R0190												R0190	
2015	R0200												R0200	
2016	R0210												R0210	
2017	R0220												R0220	
2018	R0230												R0230	
2019	R0240												R0240	
2020	R0250												R0250	
	<b>Total</b>												<b>R0260</b>	351,320

CATALINA WORTHING INSURANCE LIMITED  
Annex I  
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 (EU) 2015/35**

- Ordinary share capital (gross of own shares)
- Share premium account related to ordinary share capital
- Initial funds, members' contributions or the equivalent basic own - fund item for mutual and mutual-type undertakings
- Subordinated mutual member accounts
- Surplus funds
- Preference shares
- Share premium account related to preference shares
- Reconciliation reserve
- Subordinated liabilities
- An amount equal to the value of net deferred tax assets
- Other own fund items approved by the supervisory authority as basic own funds not specified above

**Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds**

- Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds

**Deductions**

- Deductions for participations in financial and credit institutions

**Total basic own funds after deductions**

**Ancillary own funds**

- Unpaid and uncalled ordinary share capital callable on demand
- Unpaid and uncalled initial funds, members' contributions or the equivalent basic own fund item for mutual and mutual - type undertakings, callable on demand
- Unpaid and uncalled preference shares callable on demand
- A legally binding commitment to subscribe and pay for subordinated liabilities on demand
- Letters of credit and guarantees under Article 96(2) of the Directive 2009/138/EC
- Letters of credit and guarantees other than under Article 96(2) of the Directive 2009/138/EC
- Supplementary members calls under first subparagraph of Article 96(3) of the Directive 2009/138/EC
- Supplementary members calls - other than under first subparagraph of Article 96(3) of the Directive 2009/138/EC
- Other ancillary own funds

**Total ancillary own funds**

**Available and eligible own funds**

- Total available own funds to meet the SCR
- Total available own funds to meet the MCR
- Total eligible own funds to meet the SCR
- Total eligible own funds to meet the MCR

**SCR**

**MCR**

**Ratio of Eligible own funds to SCR**

**Ratio of Eligible own funds to MCR**

**Reconciliation reserve**

- Excess of assets over liabilities
- Own shares (held directly and indirectly)
- Foreseeable dividends, distributions and charges
- Other basic own fund items
- Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds

**Reconciliation reserve**

**Expected profits**

- Expected profits included in future premiums (EPIFP) - Life business
- Expected profits included in future premiums (EPIFP) - Non- life business

**Total Expected profits included in future premiums (EPIFP)**

	Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
	C0010	C0020	C0030	C0040	C0050
R0010	158,000	158,000			
R0030					
R0040					
R0050					
R0070					
R0090					
R0110					
R0130	-67,794	-67,794			
R0140					
R0160					
R0180					
R0220					
R0230					
R0290	90,206	90,206			
R0300					
R0310					
R0320					
R0330					
R0340					
R0350					
R0360					
R0370					
R0390					
R0400					
R0500	90,206	90,206			
R0510	90,206	90,206			
R0540	90,206	90,206			
R0550	90,206	90,206			
R0580	35,436				
R0600	8,859				
R0620	254.56%				
R0640	1018.24%				

	C0060
R0700	90,206
R0710	
R0720	
R0730	158,000
R0740	
R0760	-67,794
R0770	
R0780	
R0790	

CATALINA WORTHING INSURANCE LIMITED

Annex I

S.25.01.21

Solvency Capital Requirement - for undertakings on Standard Formula

Market risk  
 Counterparty default risk  
 Life underwriting risk  
 Health underwriting risk  
 Non-life underwriting risk  
 Diversification  
 Intangible asset risk

**Basic Solvency Capital Requirement**

**Calculation of Solvency Capital Requirement**

Operational risk  
 Loss-absorbing capacity of technical provisions  
 Loss-absorbing capacity of deferred taxes  
 Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC

**Solvency capital requirement excluding capital add-on**

Capital add-on already set

**Solvency capital requirement**

**Other information on SCR**

Capital requirement for duration-based equity risk sub-module  
 Total amount of Notional Solvency Capital Requirement for remaining part  
 Total amount of Notional Solvency Capital Requirements for ring fenced funds  
 Total amount of Notional Solvency Capital Requirement for matching adjustment portfolios  
 Diversification effects due to RFF nSCR aggregation for article 304

	Gross solvency capital requirement	USP	Simplifications
	C0110	C0090	C0120
<b>R0010</b>	15,202		
<b>R0020</b>	14,924		
<b>R0030</b>			
<b>R0040</b>			
<b>R0050</b>	6,133		
<b>R0060</b>	-9,001		
<b>R0070</b>			
<b>R0100</b>	27,258		
	<b>C0100</b>		
<b>R0130</b>	8,178		
<b>R0140</b>			
<b>R0150</b>			
<b>R0160</b>			
<b>R0200</b>	35,436		
<b>R0210</b>			
<b>R0220</b>	35,436		
<b>R0400</b>			
<b>R0410</b>			
<b>R0420</b>			
<b>R0430</b>			
<b>R0440</b>			

**CATALINA WORTHING INSURANCE LIMITED**

**Annex I**

**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**

MCR <sub>NL</sub> Result	C0010		Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance) written premiums in the last 12 months
	R0010	1,914		
			C0020	C0030
Medical expense insurance and proportional reinsurance	R0020			
Income protection insurance and proportional reinsurance	R0030			
Workers' compensation insurance and proportional reinsurance	R0040			
Motor vehicle liability insurance and proportional reinsurance	R0050			
Other motor insurance and proportional reinsurance	R0060			
Marine, aviation and transport insurance and proportional reinsurance	R0070			
Fire and other damage to property insurance and proportional reinsurance	R0080			
General liability insurance and proportional reinsurance	R0090		18,586	
Credit and suretyship insurance and proportional reinsurance	R0100			
Legal expenses insurance and proportional reinsurance	R0110			
Assistance and proportional reinsurance	R0120			
Miscellaneous financial loss insurance and proportional reinsurance	R0130			
Non-proportional health reinsurance	R0140			
Non-proportional casualty reinsurance	R0150			
Non-proportional marine, aviation and transport reinsurance	R0160			
Non-proportional property reinsurance	R0170			

**Linear formula component for life insurance and reinsurance obligations**

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

**Overall MCR calculation**

	C0070	
Linear MCR	R0300	1,914
SCR	R0310	35,436
MCR cap	R0320	15,946
MCR floor	R0330	8,859
Combined MCR	R0340	8,859
Absolute floor of the MCR	R0350	3,338
		C0070
<b>Minimum Capital Requirement</b>	<b>R0400</b>	<b>8,859</b>

**AGF INSURANCE LIMITED**

**Annex I**

**S.02.01.02**

**Balance sheet**

	Solvency II value	
	C0010	
<b>Assets</b>		
Intangible assets	R0030	
Deferred tax assets	R0040	
Pension benefit surplus	R0050	
Property, plant & equipment held for own use	R0060	
Investments (other than assets held for index-linked and unit-linked contracts)	R0070	195,058
Property (other than for own use)	R0080	
Holdings in related undertakings, including participations	R0090	
Equities	R0100	11,976
Equities - listed	R0110	
Equities - unlisted	R0120	11,976
Bonds	R0130	152,808
Government Bonds	R0140	30,494
Corporate Bonds	R0150	120,799
Structured notes	R0160	
Collateralised securities	R0170	1,516
Collective Investments Undertakings	R0180	29,846
Derivatives	R0190	427
Deposits other than cash equivalents	R0200	
Other investments	R0210	
Assets held for index-linked and unit-linked contracts	R0220	
Loans and mortgages	R0230	21,909
Loans on policies	R0240	
Loans and mortgages to individuals	R0250	
Other loans and mortgages	R0260	21,909
Reinsurance recoverables from:	R0270	9,136
Non-life and health similar to non-life	R0280	9,136
Non-life excluding health	R0290	9,136
Health similar to non-life	R0300	
Life and health similar to life, excluding health and index-linked and unit-linked	R0310	
Health similar to life	R0320	
Life excluding health and index-linked and unit-linked	R0330	
Life index-linked and unit-linked	R0340	
Deposits to cedants	R0350	
Insurance and intermediaries receivables	R0360	2,532
Reinsurance receivables	R0370	1,429
Receivables (trade, not insurance)	R0380	54
Own shares (held directly)	R0390	
Amounts due in respect of own fund items or initial fund called up but not yet paid in	R0400	
Cash and cash equivalents	R0410	15,264
Any other assets, not elsewhere shown	R0420	
<b>Total assets</b>	<b>R0500</b>	<b>245,382</b>
	Solvency II value	
	C0010	
<b>Liabilities</b>		
Technical provisions – non-life	R0510	154,284
Technical provisions – non-life (excluding health)	R0520	154,284
TP calculated as a whole	R0530	
Best Estimate	R0540	130,498
Risk margin	R0550	23,787
Technical provisions - health (similar to non-life)	R0560	
TP calculated as a whole	R0570	
Best Estimate	R0580	
Risk margin	R0590	
Technical provisions - life (excluding index-linked and unit-linked)	R0600	
Technical provisions - health (similar to life)	R0610	
TP calculated as a whole	R0620	
Best Estimate	R0630	
Risk margin	R0640	
Technical provisions – life (excluding health and index-linked and unit-linked)	R0650	
TP calculated as a whole	R0660	
Best Estimate	R0670	
Risk margin	R0680	
Technical provisions – index-linked and unit-linked	R0690	
TP calculated as a whole	R0700	
Best Estimate	R0710	
Risk margin	R0720	
Contingent liabilities	R0740	
Provisions other than technical provisions	R0750	
Pension benefit obligations	R0760	
Deposits from reinsurers	R0770	
Deferred tax liabilities	R0780	
Derivatives	R0790	
Debts owed to credit institutions	R0800	
Financial liabilities other than debts owed to credit institutions	R0810	
Insurance & intermediaries payables	R0820	606
Reinsurance payables	R0830	
Payables (trade, not insurance)	R0840	907
Subordinated liabilities	R0850	
Subordinated liabilities not in BOF	R0860	
Subordinated liabilities in BOF	R0870	
Any other liabilities, not elsewhere shown	R0880	
<b>Total liabilities</b>	<b>R0900</b>	<b>155,798</b>
<b>Excess of assets over liabilities</b>	<b>R1000</b>	<b>89,583</b>

**AGF INSURANCE LIMITED**

**Annex I**

**S.05.01.02**

**Premiums, claims and expenses by line of business**

		Line of Business for: <b>non-life insurance and reinsurance obligations (direct business and accepted proportional reinsurance)</b>	Total
		General liability insurance	
		<b>C0080</b>	<b>C0200</b>
<b>Premiums written</b>			
Gross - Direct Business	<b>R0110</b>		
Gross - Proportional reinsurance accepted	<b>R0120</b>		
Gross - Non-proportional reinsurance accepted	<b>R0130</b>		
Reinsurers' share	<b>R0140</b>		
Net	<b>R0200</b>		
<b>Premiums earned</b>			
Gross - Direct Business	<b>R0210</b>		
Gross - Proportional reinsurance accepted	<b>R0220</b>		
Gross - Non-proportional reinsurance accepted	<b>R0230</b>		
Reinsurers' share	<b>R0240</b>		
Net	<b>R0300</b>		
<b>Claims incurred</b>			
Gross - Direct Business	<b>R0310</b>	10,381	10,381
Gross - Proportional reinsurance accepted	<b>R0320</b>		
Gross - Non-proportional reinsurance accepted	<b>R0330</b>		
Reinsurers' share	<b>R0340</b>	1,348	1,348
Net	<b>R0400</b>	9,033	9,033
<b>Changes in other technical provisions</b>			
Gross - Direct Business	<b>R0410</b>		
Gross - Proportional reinsurance accepted	<b>R0420</b>		
Gross - Non- proportional reinsurance accepted	<b>R0430</b>		
Reinsurers' share	<b>R0440</b>		
Net	<b>R0500</b>		
<b>Expenses incurred</b>	<b>R0550</b>	4,319	4,319
<b>Other expenses</b>	<b>R1200</b>		
<b>Total expenses</b>	<b>R1300</b>		4,319

**AGF INSURANCE LIMITED**  
**Annex I**  
**S.17.01.02**  
**Non-life Technical Provisions**

**Technical provisions calculated as a whole**

Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP as a whole

**Technical provisions calculated as a sum of BE and RM**

**Best estimate**

Premium provisions

Gross

Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default

Net Best Estimate of Premium Provisions

**Claims provisions**

Gross

Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default

Net Best Estimate of Claims Provisions

**Total Best estimate - gross**

**Total Best estimate - net**

**Risk margin**

**Amount of the transitional on Technical Provisions**

Technical Provisions calculated as a whole

Best estimate

Risk margin

**Technical provisions - total**

Technical provisions - total

Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total

Technical provisions minus recoverables from reinsurance/SPV and Finite Re - total

	<b>Direct business and accepted proportional reinsurance</b>	Total Non-Life obligation
	General liability insurance	
	<b>C0090</b>	<b>C0180</b>
<b>R0010</b>		
<b>R0050</b>		
<b>R0060</b>		
<b>R0140</b>		
<b>R0150</b>		
<b>R0160</b>	130,498	130,498
<b>R0240</b>	9,136	9,136
<b>R0250</b>	121,362	121,362
<b>R0260</b>	130,498	130,498
<b>R0270</b>	121,362	121,362
<b>R0280</b>	23,787	23,787
<b>R0290</b>		
<b>R0300</b>		
<b>R0310</b>		
<b>R0320</b>	154,284	154,284
<b>R0330</b>	9,136	9,136
<b>R0340</b>	145,149	145,149

AGF INSURANCE LIMITED

Annex I

S.19.01.21

Non-life Insurance Claims Information

Total Non-Life Business

Accident year / Underwriting year	<b>Z0020</b>	Underwriting year [UWY]
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Gross Claims Paid (non-cumulative)

(absolute amount)

Year	Development year										In Current year	Sum of years (cumulative)			
	C0010	1	2	3	4	5	6	7	8	9			10 & +	C0170	C0180
Prior	R0100											4,872	R0100	4,872	4,872
2011	R0160												R0160		
2012	R0170												R0170		
2013	R0180												R0180		
2014	R0190												R0190		
2015	R0200												R0200		
2016	R0210												R0210		
2017	R0220												R0220		
2018	R0230												R0230		
2019	R0240												R0240		
2020	R0250												R0250		
<b>Total</b>													<b>R0260</b>	4,872	4,872

Gross undiscounted Best Estimate Claims Provisions

(absolute amount)

Year	Development year										Year end (discounted data)			
	C0200	1	2	3	4	5	6	7	8	9		10 & +	C0360	
Prior	R0100											134,287	R0100	130,498
2011	R0160												R0160	
2012	R0170												R0170	
2013	R0180												R0180	
2014	R0190												R0190	
2015	R0200												R0200	
2016	R0210												R0210	
2017	R0220												R0220	
2018	R0230												R0230	
2019	R0240												R0240	
2020	R0250												R0250	
<b>Total</b>													<b>R0260</b>	130,498

AGF INSURANCE LIMITED  
Annex I  
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 (EU) 2015/35**

Ordinary share capital (gross of own shares)  
Share premium account related to ordinary share capital  
Initial funds, members' contributions or the equivalent basic own - fund item for mutual and mutual-type undertakings  
Subordinated mutual member accounts  
Surplus funds  
Preference shares  
Share premium account related to preference shares  
Reconciliation reserve  
Subordinated liabilities  
An amount equal to the value of net deferred tax assets  
Other own fund items approved by the supervisory authority as basic own funds not specified above

**Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds**

Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds

**Deductions**

Deductions for participations in financial and credit institutions

**Total basic own funds after deductions**

**Ancillary own funds**

Unpaid and uncalled ordinary share capital callable on demand  
Unpaid and uncalled initial funds, members' contributions or the equivalent basic own fund item for mutual and mutual - type undertakings, callable on demand  
Unpaid and uncalled preference shares callable on demand  
A legally binding commitment to subscribe and pay for subordinated liabilities on demand  
Letters of credit and guarantees under Article 96(2) of the Directive 2009/138/EC  
Letters of credit and guarantees other than under Article 96(2) of the Directive 2009/138/EC  
Supplementary members calls under first subparagraph of Article 96(3) of the Directive 2009/138/EC  
Supplementary members calls - other than under first subparagraph of Article 96(3) of the Directive 2009/138/EC  
Other ancillary own funds

**Total ancillary own funds**

**Available and eligible own funds**

Total available own funds to meet the SCR  
Total available own funds to meet the MCR  
Total eligible own funds to meet the SCR  
Total eligible own funds to meet the MCR

**SCR**

**MCR**

**Ratio of Eligible own funds to SCR**

**Ratio of Eligible own funds to MCR**

**Reconciliation reserve**

Excess of assets over liabilities  
Own shares (held directly and indirectly)  
Foreseeable dividends, distributions and charges  
Other basic own fund items  
Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds

**Reconciliation reserve**

**Expected profits**

Expected profits included in future premiums (EPIFP) - Life business  
Expected profits included in future premiums (EPIFP) - Non- life business

**Total Expected profits included in future premiums (EPIFP)**

	Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
	C0010	C0020	C0030	C0040	C0050
R0010	210,485	210,485			
R0030					
R0040					
R0050					
R0070					
R0090					
R0110					
R0130	-120,902	-120,902			
R0140					
R0160					
R0180					
R0220					
R0230					
R0290	89,583	89,583			
R0300					
R0310					
R0320					
R0330					
R0340					
R0350					
R0360					
R0370					
R0390					
R0400					
R0500	89,583	89,583			
R0510	89,583	89,583			
R0540	89,583	89,583			
R0550	89,583	89,583			
R0580	57,898				
R0600	14,475				
R0620	154.73%				
R0640	618.90%				

	C0060
R0700	89,583
R0710	
R0720	
R0730	210,485
R0740	
R0760	-120,902
R0770	
R0780	
R0790	

**AGF INSURANCE LIMITED**

**Annex I**

**S.25.01.21**

**Solvency Capital Requirement - for undertakings on Standard Formula**

Market risk  
 Counterparty default risk  
 Life underwriting risk  
 Health underwriting risk  
 Non-life underwriting risk  
 Diversification  
 Intangible asset risk  
**Basic Solvency Capital Requirement**

**Calculation of Solvency Capital Requirement**

Operational risk  
 Loss-absorbing capacity of technical provisions  
 Loss-absorbing capacity of deferred taxes  
 Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC

**Solvency capital requirement excluding capital add-on**

Capital add-on already set

**Solvency capital requirement**

**Other information on SCR**

Capital requirement for duration-based equity risk sub-module  
 Total amount of Notional Solvency Capital Requirement for remaining part  
 Total amount of Notional Solvency Capital Requirements for ring fenced funds  
 Total amount of Notional Solvency Capital Requirement for matching adjustment portfolios  
 Diversification effects due to RFF nSCR aggregation for article 304

	Gross solvency capital requirement	USP	Simplifications
	C0110	C0090	C0120
<b>R0010</b>	26,476		
<b>R0020</b>	1,446		
<b>R0030</b>			
<b>R0040</b>			
<b>R0050</b>	40,049		
<b>R0060</b>	-13,987		
<b>R0070</b>			
<b>R0100</b>	53,984		
	<b>C0100</b>		
<b>R0130</b>	3,915		
<b>R0140</b>			
<b>R0150</b>			
<b>R0160</b>			
<b>R0200</b>	57,898		
<b>R0210</b>			
<b>R0220</b>	57,898		
<b>R0400</b>			
<b>R0410</b>			
<b>R0420</b>			
<b>R0430</b>			
<b>R0440</b>			

**AGF INSURANCE LIMITED**

**Annex I**

**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**

MCR <sub>NL</sub> Result	C0010		Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance) written premiums in the last 12 months
	R0010	12,500		
Medical expense insurance and proportional reinsurance	R0020			
Income protection insurance and proportional reinsurance	R0030			
Workers' compensation insurance and proportional reinsurance	R0040			
Motor vehicle liability insurance and proportional reinsurance	R0050			
Other motor insurance and proportional reinsurance	R0060			
Marine, aviation and transport insurance and proportional reinsurance	R0070			
Fire and other damage to property insurance and proportional reinsurance	R0080			
General liability insurance and proportional reinsurance	R0090		121,362	
Credit and suretyship insurance and proportional reinsurance	R0100			
Legal expenses insurance and proportional reinsurance	R0110			
Assistance and proportional reinsurance	R0120			
Miscellaneous financial loss insurance and proportional reinsurance	R0130			
Non-proportional health reinsurance	R0140			
Non-proportional casualty reinsurance	R0150			
Non-proportional marine, aviation and transport reinsurance	R0160			
Non-proportional property reinsurance	R0170			

**Linear formula component for life insurance and reinsurance obligations**

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

**Overall MCR calculation**

	C0070	
Linear MCR	R0300	12,500
SCR	R0310	57,898
MCR cap	R0320	26,054
MCR floor	R0330	14,475
Combined MCR	R0340	14,475
Absolute floor of the MCR	R0350	2,255
		<b>C0070</b>
<b>Minimum Capital Requirement</b>	<b>R0400</b>	<b>14,475</b>

**CATALINA LONDON LIMITED**

**Annex I**

**S.02.01.02**

**Balance sheet**

	Solvency II value	
	C0010	
<b>Assets</b>		
Intangible assets	<b>R0030</b>	
Deferred tax assets	<b>R0040</b>	
Pension benefit surplus	<b>R0050</b>	
Property, plant & equipment held for own use	<b>R0060</b>	
Investments (other than assets held for index-linked and unit-linked contracts)	<b>R0070</b>	53,732
Property (other than for own use)	<b>R0080</b>	
Holdings in related undertakings, including participations	<b>R0090</b>	
Equities	<b>R0100</b>	5,164
Equities - listed	<b>R0110</b>	804
Equities - unlisted	<b>R0120</b>	4,359
Bonds	<b>R0130</b>	27,289
Government Bonds	<b>R0140</b>	2,597
Corporate Bonds	<b>R0150</b>	24,253
Structured notes	<b>R0160</b>	
Collateralised securities	<b>R0170</b>	440
Collective Investments Undertakings	<b>R0180</b>	6,369
Derivatives	<b>R0190</b>	
Deposits other than cash equivalents	<b>R0200</b>	14,910
Other investments	<b>R0210</b>	
Assets held for index-linked and unit-linked contracts	<b>R0220</b>	
Loans and mortgages	<b>R0230</b>	
Loans on policies	<b>R0240</b>	
Loans and mortgages to individuals	<b>R0250</b>	
Other loans and mortgages	<b>R0260</b>	
Reinsurance recoverables from:	<b>R0270</b>	18,331
Non-life and health similar to non-life	<b>R0280</b>	18,331
Non-life excluding health	<b>R0290</b>	18,331
Health similar to non-life	<b>R0300</b>	
Life and health similar to life, excluding health and index-linked and unit-linked	<b>R0310</b>	
Health similar to life	<b>R0320</b>	
Life excluding health and index-linked and unit-linked	<b>R0330</b>	
Life index-linked and unit-linked	<b>R0340</b>	
Deposits to cedants	<b>R0350</b>	159
Insurance and intermediaries receivables	<b>R0360</b>	342
Reinsurance receivables	<b>R0370</b>	10,768
Receivables (trade, not insurance)	<b>R0380</b>	1,100
Own shares (held directly)	<b>R0390</b>	
Amounts due in respect of own fund items or initial fund called up but not yet paid in	<b>R0400</b>	
Cash and cash equivalents	<b>R0410</b>	3,338
Any other assets, not elsewhere shown	<b>R0420</b>	
<b>Total assets</b>	<b>R0500</b>	87,769
	Solvency II value	
	C0010	
<b>Liabilities</b>		
Technical provisions – non-life	<b>R0510</b>	51,003
Technical provisions – non-life (excluding health)	<b>R0520</b>	48,785
TP calculated as a whole	<b>R0530</b>	
Best Estimate	<b>R0540</b>	44,041
Risk margin	<b>R0550</b>	4,745
Technical provisions - health (similar to non-life)	<b>R0560</b>	2,218
TP calculated as a whole	<b>R0570</b>	
Best Estimate	<b>R0580</b>	2,002
Risk margin	<b>R0590</b>	216
Technical provisions - life (excluding index-linked and unit-linked)	<b>R0600</b>	
Technical provisions - health (similar to life)	<b>R0610</b>	
TP calculated as a whole	<b>R0620</b>	
Best Estimate	<b>R0630</b>	
Risk margin	<b>R0640</b>	
Technical provisions – life (excluding health and index-linked and unit-linked)	<b>R0650</b>	
TP calculated as a whole	<b>R0660</b>	
Best Estimate	<b>R0670</b>	
Risk margin	<b>R0680</b>	
Technical provisions – index-linked and unit-linked	<b>R0690</b>	
TP calculated as a whole	<b>R0700</b>	
Best Estimate	<b>R0710</b>	
Risk margin	<b>R0720</b>	
Contingent liabilities	<b>R0740</b>	
Provisions other than technical provisions	<b>R0750</b>	
Pension benefit obligations	<b>R0760</b>	
Deposits from reinsurers	<b>R0770</b>	
Deferred tax liabilities	<b>R0780</b>	
Derivatives	<b>R0790</b>	222
Debts owed to credit institutions	<b>R0800</b>	
Financial liabilities other than debts owed to credit institutions	<b>R0810</b>	
Insurance & intermediaries payables	<b>R0820</b>	
Reinsurance payables	<b>R0830</b>	2,717
Payables (trade, not insurance)	<b>R0840</b>	194
Subordinated liabilities	<b>R0850</b>	
Subordinated liabilities not in BOF	<b>R0860</b>	
Subordinated liabilities in BOF	<b>R0870</b>	
Any other liabilities, not elsewhere shown	<b>R0880</b>	
<b>Total liabilities</b>	<b>R0900</b>	54,137
<b>Excess of assets over liabilities</b>	<b>R1000</b>	33,632



CATALINA LONDON LIMITED  
Annex I  
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	Workers' compensation insurance	Motor vehicle liability insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Miscellaneous financial loss	Non-proportional health reinsurance	Non-proportional casualty reinsurance	Non-proportional marine, aviation and transport reinsurance		Non-proportional property reinsurance	
	C0020	C0040	C0050	C0070	C0080	C0090	C0130	C0140	C0150	C0160		C0170	C0180
<b>Technical provisions calculated as a whole</b>	<b>R0010</b>												
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP as a whole	<b>R0050</b>												
<b>Technical provisions calculated as a sum of BE and RM</b>													
<b>Best estimate</b>													
Premium provisions													
Gross	<b>R0060</b>												
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	<b>R0140</b>												
Net Best Estimate of Premium Provisions	<b>R0150</b>												
<b>Claims provisions</b>													
Gross	<b>R0160</b>	14	1,667	19	886	291	15,475	24	321	23,594	2,095	1,657	46,043
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	<b>R0240</b>			0	457	181	4,674	1		10,490	2,008	520	18,331
Net Best Estimate of Claims Provisions	<b>R0250</b>	14	1,667	19	428	111	10,801	23	321	13,105	87	1,136	27,712
<b>Total Best estimate - gross</b>	<b>R0260</b>	14	1,667	19	886	291	15,475	24	321	23,594	2,095	1,657	46,043
<b>Total Best estimate - net</b>	<b>R0270</b>	14	1,667	19	428	111	10,801	23	321	13,105	87	1,136	27,712
<b>Risk margin</b>	<b>R0280</b>	2	180	2	95	31	1,667	3	35	2,542	226	179	4,961
<b>Amount of the transitional on Technical Provisions</b>													
Technical Provisions calculated as a whole	<b>R0290</b>												
Best estimate	<b>R0300</b>												
Risk margin	<b>R0310</b>												
<b>Technical provisions - total</b>													
Technical provisions - total	<b>R0320</b>	16	1,847	21	981	323	17,142	26	355	26,136	2,320	1,835	51,003
Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total	<b>R0330</b>			0	457	181	4,674	1		10,490	2,008	520	18,331
Technical provisions minus recoverables from reinsurance/SPV and Finite Re - total	<b>R0340</b>	16	1,847	21	524	142	12,468	26	355	15,647	312	1,315	32,673

CATALINA LONDON LIMITED

Annex I

S.19.01.21

Non-life Insurance Claims Information

Total Non-Life Business

Accident year / Underwriting year	<b>Z0020</b>	Underwriting year [UWY]
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Gross Claims Paid (non-cumulative)

(absolute amount)

Year	Development year										In Current year	Sum of years (cumulative)			
	C0010	1	2	3	4	5	6	7	8	9			10 & +	C0170	C0180
Prior	R0100											3,070	R0100	3,070	3,070
2011	R0160												R0160		
2012	R0170												R0170		
2013	R0180												R0180		
2014	R0190												R0190		
2015	R0200												R0200		
2016	R0210												R0210		
2017	R0220												R0220		
2018	R0230												R0230		
2019	R0240												R0240		
2020	R0250												R0250		
<b>Total</b>													<b>R0260</b>	3,070	3,070

Gross undiscounted Best Estimate Claims Provisions

(absolute amount)

Year	Development year										Year end (discounted data)			
	C0200	1	2	3	4	5	6	7	8	9		10 & +	C0360	
Prior	R0100											47,841	R0100	46,043
2011	R0160												R0160	
2012	R0170												R0170	
2013	R0180												R0180	
2014	R0190												R0190	
2015	R0200												R0200	
2016	R0210												R0210	
2017	R0220												R0220	
2018	R0230												R0230	
2019	R0240												R0240	
2020	R0250												R0250	
<b>Total</b>													<b>R0260</b>	46,043

CATALINA LONDON LIMITED  
Annex I  
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 (EU) 2015/35**

Ordinary share capital (gross of own shares)  
Share premium account related to ordinary share capital  
Initial funds, members' contributions or the equivalent basic own - fund item for mutual and mutual-type undertakings  
Subordinated mutual member accounts  
Surplus funds  
Preference shares  
Share premium account related to preference shares  
Reconciliation reserve  
Subordinated liabilities  
An amount equal to the value of net deferred tax assets  
Other own fund items approved by the supervisory authority as basic own funds not specified above

**Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds**

Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds

**Deductions**

Deductions for participations in financial and credit institutions

**Total basic own funds after deductions**

**Ancillary own funds**

Unpaid and uncalled ordinary share capital callable on demand  
Unpaid and uncalled initial funds, members' contributions or the equivalent basic own fund item for mutual and mutual - type undertakings, callable on demand  
Unpaid and uncalled preference shares callable on demand  
A legally binding commitment to subscribe and pay for subordinated liabilities on demand  
Letters of credit and guarantees under Article 96(2) of the Directive 2009/138/EC  
Letters of credit and guarantees other than under Article 96(2) of the Directive 2009/138/EC  
Supplementary members calls under first subparagraph of Article 96(3) of the Directive 2009/138/EC  
Supplementary members calls - other than under first subparagraph of Article 96(3) of the Directive 2009/138/EC  
Other ancillary own funds

**Total ancillary own funds**

**Available and eligible own funds**

Total available own funds to meet the SCR  
Total available own funds to meet the MCR  
Total eligible own funds to meet the SCR  
Total eligible own funds to meet the MCR

**SCR**

**MCR**

**Ratio of Eligible own funds to SCR**

**Ratio of Eligible own funds to MCR**

**Reconciliation reserve**

Excess of assets over liabilities  
Own shares (held directly and indirectly)  
Foreseeable dividends, distributions and charges  
Other basic own fund items  
Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds

**Reconciliation reserve**

**Expected profits**

Expected profits included in future premiums (EPIFP) - Life business  
Expected profits included in future premiums (EPIFP) - Non- life business

**Total Expected profits included in future premiums (EPIFP)**

	Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
	C0010	C0020	C0030	C0040	C0050
R0010	1,000	1,000			
R0030					
R0040					
R0050					
R0070					
R0090					
R0110					
R0130	32,632	32,632			
R0140					
R0160					
R0180					
R0220					
R0230					
R0290	33,632	33,632			
R0300					
R0310					
R0320					
R0330					
R0340					
R0350					
R0360					
R0370					
R0390					
R0400					
R0500	33,632	33,632			
R0510	33,632	33,632			
R0540	33,632	33,632			
R0550	33,632	33,632			
R0580	15,553				
R0600	4,328				
R0620	216.24%				
R0640	777.04%				

	C0060
R0700	33,632
R0710	
R0720	
R0730	1,000
R0740	
R0760	32,632
R0770	
R0780	
R0790	

CATALINA LONDON LIMITED

Annex I

S.25.01.21

Solvency Capital Requirement - for undertakings on Standard Formula

Market risk

Counterparty default risk

Life underwriting risk

Health underwriting risk

Non-life underwriting risk

Diversification

Intangible asset risk

**Basic Solvency Capital Requirement**

**Calculation of Solvency Capital Requirement**

Operational risk

Loss-absorbing capacity of technical provisions

Loss-absorbing capacity of deferred taxes

Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC

**Solvency capital requirement excluding capital add-on**

Capital add-on already set

**Solvency capital requirement**

**Other information on SCR**

Capital requirement for duration-based equity risk sub-module

Total amount of Notional Solvency Capital Requirement for remaining part

Total amount of Notional Solvency Capital Requirements for ring fenced funds

Total amount of Notional Solvency Capital Requirement for matching adjustment portfolios

Diversification effects due to RFF nSCR aggregation for article 304

	Gross solvency capital requirement	USP	Simplifications
	C0110	C0090	C0120
R0010	4,487		
R0020	3,973		
R0030			
R0040	549		
R0050	9,661		
R0060	-4,498		
R0070			
R0100	14,172		
	C0100		
R0130	1,381		
R0140			
R0150			
R0160			
R0200	15,553		
R0210			
R0220	15,553		
R0400			
R0410			
R0420			
R0430			
R0440			

**CATALINA LONDON LIMITED**

**Annex I**

**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**

MCR <sub>NL</sub> Result	C0010		Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance) written premiums in the last 12 months
	R0010	4,078		
			C0020	C0030
Medical expense insurance and proportional reinsurance	R0020		14	
Income protection insurance and proportional reinsurance	R0030			
Workers' compensation insurance and proportional reinsurance	R0040		1,667	
Motor vehicle liability insurance and proportional reinsurance	R0050		19	
Other motor insurance and proportional reinsurance	R0060			
Marine, aviation and transport insurance and proportional reinsurance	R0070		428	
Fire and other damage to property insurance and proportional reinsurance	R0080		111	
General liability insurance and proportional reinsurance	R0090		10,801	
Credit and suretyship insurance and proportional reinsurance	R0100			
Legal expenses insurance and proportional reinsurance	R0110			
Assistance and proportional reinsurance	R0120			
Miscellaneous financial loss insurance and proportional reinsurance	R0130		23	
Non-proportional health reinsurance	R0140		321	
Non-proportional casualty reinsurance	R0150		13,105	6
Non-proportional marine, aviation and transport reinsurance	R0160		87	
Non-proportional property reinsurance	R0170		1,136	

**Linear formula component for life insurance and reinsurance obligations**

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

**Overall MCR calculation**

	C0070	
Linear MCR	R0300	4,078
SCR	R0310	15,553
MCR cap	R0320	6,999
MCR floor	R0330	3,888
Combined MCR	R0340	4,078
Absolute floor of the MCR	R0350	4,328
		<b>C0070</b>
<b>Minimum Capital Requirement</b>	<b>R0400</b>	<b>4,328</b>