

Avon Insurance plc

Solvency and Financial Condition Report

Disclosures

31 December

2016

(Monetary amounts in GBP thousands)

General information

Undertaking name	Avon Insurance plc
Undertaking identification code	213800XFUL3GDVFD4U46
Type of code of undertaking	LEI
Type of undertaking	Non-life undertakings
Country of authorisation	GB
Language of reporting	en
Reporting reference date	31 December 2016
Currency used for reporting	GBP
Accounting standards	The undertaking is using local GAAP (other than IFRS)
Method of Calculation of the SCR	Standard formula
Matching adjustment	No use of matching adjustment
Volatility adjustment	No use of volatility adjustment
Transitional measure on the risk-free interest rate	No use of transitional measure on the risk-free interest rate
Transitional measure on technical provisions	No use of transitional measure on technical provisions

List of reported templates

- S.02.01.02 - Balance sheet
- S.05.01.02 - Premiums, claims and expenses by line of business
- S.05.02.01 - Premiums, claims and expenses by country
- S.17.01.02 - Non-Life Technical Provisions
- S.19.01.21 - Non-Life insurance claims
- S.23.01.01 - Own Funds
- S.25.01.21 - Solvency Capital Requirement - for undertakings on Standard Formula
- S.28.01.01 - Minimum Capital Requirement - Only life or only non-life insurance or reinsurance activity

S.02.01.02

Balance sheet

Solvency II value	
C0010	
	0
	221
	0
	0
	46,083
	0
	0
	0
	0
	26,083
	10,113
	15,970
	0
	0
	0
	20,000
	0
	0
	0
	24,783
	24,783
	23,855
	928
	0
	0
	0
	0
	0
	347
	0
	3,294
	0
	0
	1,582
	1
	76,311

Assets

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

S.02.01.02

Balance sheet

		Solvency II value
		C0010
Liabilities		
R0510	Technical provisions - non-life	29,994
R0520	<i>Technical provisions - non-life (excluding health)</i>	25,819
R0530	<i>TP calculated as a whole</i>	0
R0540	<i>Best Estimate</i>	23,968
R0550	<i>Risk margin</i>	1,851
R0560	<i>Technical provisions - health (similar to non-life)</i>	4,174
R0570	<i>TP calculated as a whole</i>	0
R0580	<i>Best Estimate</i>	3,708
R0590	<i>Risk margin</i>	466
R0600	Technical provisions - life (excluding index-linked and unit-linked)	0
R0610	<i>Technical provisions - health (similar to life)</i>	0
R0620	<i>TP calculated as a whole</i>	
R0630	<i>Best Estimate</i>	
R0640	<i>Risk margin</i>	
R0650	<i>Technical provisions - life (excluding health and index-linked and unit-linked)</i>	0
R0660	<i>TP calculated as a whole</i>	
R0670	<i>Best Estimate</i>	
R0680	<i>Risk margin</i>	
R0690	Technical provisions - index-linked and unit-linked	0
R0700	<i>TP calculated as a whole</i>	
R0710	<i>Best Estimate</i>	
R0720	<i>Risk margin</i>	
R0740	Contingent liabilities	0
R0750	Provisions other than technical provisions	0
R0760	Pension benefit obligations	0
R0770	Deposits from reinsurers	0
R0780	Deferred tax liabilities	0
R0790	Derivatives	
R0800	Debts owed to credit institutions	0
R0810	Financial liabilities other than debts owed to credit institutions	0
R0820	Insurance & intermediaries payables	0
R0830	Reinsurance payables	1,295
R0840	Payables (trade, not insurance)	0
R0850	Subordinated liabilities	0
R0860	<i>Subordinated liabilities not in BOF</i>	0
R0870	<i>Subordinated liabilities in BOF</i>	0
R0880	Any other liabilities, not elsewhere shown	13,369
R0900	Total liabilities	44,657
R1000	Excess of assets over liabilities	31,654

Premiums, claims and expenses by line of business

Line of Business for: non-life insurance and reinsurance obligations (direct business and accepted proportional reinsurance)												Line of business for: accepted non-proportional reinsurance				Total	
Medical expense insurance	Income protection insurance	Workers' compensation insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance	Legal expenses insurance	Assistance	Misc. financial loss	Health	Casualty	Marine, aviation and transport	Property		
C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0120	C0130	C0140	C0150	C0160	C0200	
	28,166		510	0	0	1	161		0	1	199					29,038	
	0		0	0	0	0	0		0	0	0					0	
																	0
	9,820		510	0	0	1	195		0	1	199					10,727	
	18,346		0	0	0	0	-35		0	0	0					18,311	
	28,294		511	0	0	3	173		0	1	232					29,214	
	0		0	0	0	0	0		0	0	0					0	
																	0
	9,862		511	0	0	3	208		0	1	232					10,817	
	18,432		0	0	0	0	-35		0	0	0					18,397	
	3,437		377	0	0	2	2,238		0	0	693					6,748	
	0		0	0	0	0	0		0	0	0					0	
																	0
	978		475	0	0	7	-975		0	0	1,100					1,585	
	2,459		-98	0	0	-5	3,214		0	0	-407					5,163	
	1		-98	0	0	-98	-4,755		0	0	206					-4,744	
	0		0	0	0	0	0		0	0	0					0	
																	0
	0		30	0	0	0	1,841		0	0	45					1,916	
	1		-128	0	0	-98	-6,595		0	0	160					-6,660	
	7,075		86	0	0	0	27		0	0	34					7,223	
																0	
																7,223	

S.05.02.01

Premiums, claims and expenses by country

Non-life

R0010

C0010	C0020	C0030	C0040	C0050	C0060	C0070
Home Country	Top 5 countries (by amount of gross premiums written) - non-life obligations			Top 5 countries (by amount of gross premiums written) - non-life obligations		Total Top 5 and home country
C0080	C0090	C0100	C0110	C0120	C0130	C0140

Premiums written

R0110	Gross - Direct Business	29,038					29,038
R0120	Gross - Proportional reinsurance accepted	0					0
R0130	Gross - Non-proportional reinsurance accepted	0					0
R0140	Reinsurers' share	10,727					10,727
R0200	Net	18,311	0	0	0	0	18,311

Premiums earned

R0210	Gross - Direct Business	29,214					29,214
R0220	Gross - Proportional reinsurance accepted	0					0
R0230	Gross - Non-proportional reinsurance accepted	0					0
R0240	Reinsurers' share	10,817					10,817
R0300	Net	18,397	0	0	0	0	18,397

Claims incurred

R0310	Gross - Direct Business	6,748					6,748
R0320	Gross - Proportional reinsurance accepted	0					0
R0330	Gross - Non-proportional reinsurance accepted	0					0
R0340	Reinsurers' share	1,585					1,585
R0400	Net	5,163	0	0	0	0	5,163

Changes in other technical provisions

R0410	Gross - Direct Business	-4,744					-4,744
R0420	Gross - Proportional reinsurance accepted	0					0
R0430	Gross - Non-proportional reinsurance accepted	0					0
R0440	Reinsurers' share	1,916					1,916
R0500	Net	-6,660	0	0	0	0	-6,660

R0550 Expenses incurred

R1200 Other expenses

R1300 Total expenses

7,223						7,223
						0
						7,223

S.17.01.02

Non-Life Technical Provisions

		Direct business and accepted proportional reinsurance											Accepted non-proportional reinsurance				Total Non-Life obligation	
		Medical expense insurance	Income protection insurance	Workers' compensation insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance	Legal expenses insurance	Assistance	Miscellaneous financial loss	Non-proportional health reinsurance	Non-proportional casualty reinsurance	Non-proportional marine, aviation and transport reinsurance		Non-proportional property reinsurance
		C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0120	C0130	C0140	C0150	C0160	C0170	C0180
R0010	Technical provisions calculated as a whole		0		0	0	0	0	0		0	0	0					0
R0050	Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP calculated as a whole		0		0	0	0	0	0		0	0	0					0
Technical provisions calculated as a sum of BE and RM																		
Best estimate																		
Premium provisions																		
R0060	Gross		303		5	2	0	0	219		0	0	0					529
R0140	Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default		73		5	2	0	0	219		0	0	0					298
R0150	Net Best Estimate of Premium Provisions		231		0	0	0	0	0		0	0	0					231
Claims provisions																		
R0160	Gross		3,404		502	193	0	0	23,048		0	0	0					27,147
R0240	Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default		855		500	192	0	0	22,938		0	0	0					24,485
R0250	Net Best Estimate of Claims Provisions		2,549		2	1	0	0	110		0	0	0					2,663
R0260	Total best estimate - gross		3,708		507	195	0	0	23,267		0	0	0					27,676
R0270	Total best estimate - net		2,779		2	1	0	0	111		0	0	0					2,893
R0280	Risk margin		466		39	15	0	0	1,797		0	0	0					2,318
Amount of the transitional on Technical Provisions																		
R0290	Technical Provisions calculated as a whole		0		0	0	0	0	0		0	0	0					0
R0300	Best estimate		0		0	0	0	0	0		0	0	0					0
R0310	Risk margin		0		0	0	0	0	0		0	0	0					0
R0320	Technical provisions - total		4,174		546	210	0	0	25,064		0	0	0					29,994
R0330	Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total		928		504	194	0	0	23,156		0	0	0					24,783
R0340	Technical provisions minus recoverables from reinsurance/SPV and Finite Re - total		3,246		42	16	0	0	1,907		0	0	0					5,211

Non-Life insurance claims

Z0010

R0100
R0160
R0170
R0180
R0190
R0200
R0210
R0220
R0230
R0240
R0250
R0260

R0100
R0160
R0170
R0180
R0190
R0200
R0210
R0220
R0230
R0240
R0250
R0260

S.23.01.01
Own Funds

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

R0010	Ordinary share capital (gross of own shares)
R0030	Share premium account related to ordinary share capital
R0040	Initial funds, members' contributions or the equivalent basic own-fund item for mutual and mutual-type undertakings
R0050	Subordinated mutual member accounts
R0070	Surplus funds
R0090	Preference shares
R0110	Share premium account related to preference shares
R0130	Reconciliation reserve
R0140	Subordinated liabilities
R0160	An amount equal to the value of net deferred tax assets
R0180	Other own fund items approved by the supervisory authority as basic own funds not specified above
R0220	Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds
R0230	Deductions for participations in financial and credit institutions
R0290	Total basic own funds after deductions

Ancillary own funds

R0300	Unpaid and uncalled ordinary share capital callable on demand
R0310	Unpaid and uncalled initial funds, members' contributions or the equivalent basic own fund item for mutual and mutual - type undertakings, callable on demand
R0320	Unpaid and uncalled preference shares callable on demand
R0330	A legally binding commitment to subscribe and pay for subordinated liabilities on demand
R0340	Letters of credit and guarantees under Article 96(2) of the Directive 2009/138/EC
R0350	Letters of credit and guarantees other than under Article 96(2) of the Directive 2009/138/EC
R0360	Supplementary members calls under first subparagraph of Article 96(3) of the Directive 2009/138/EC
R0370	Supplementary members calls - other than under first subparagraph of Article 96(3) of the Directive 2009/138/EC
R0390	Other ancillary own funds
R0400	Total ancillary own funds

Available and eligible own funds

R0500	Total available own funds to meet the SCR
R0510	Total available own funds to meet the MCR
R0540	Total eligible own funds to meet the SCR
R0550	Total eligible own funds to meet the MCR

R0580 SCR

R0600 MCR

R0620 Ratio of Eligible own funds to SCR

R0640 Ratio of Eligible own funds to MCR

Reconciliation reserve

R0700	Excess of assets over liabilities
R0710	Own shares (held directly and indirectly)
R0720	Foreseeable dividends, distributions and charges
R0730	Other basic own fund items
R0740	Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds
R0760	Reconciliation reserve

Expected profits

R0770	Expected profits included in future premiums (EPIFP) - Life business
R0780	Expected profits included in future premiums (EPIFP) - Non- life business
R0790	Total Expected profits included in future premiums (EPIFP)

Total	Tier 1 unrestricted	Tier 1 restricted	Tier 2	Tier 3
C0010	C0020	C0030	C0040	C0050
20,000	20,000		0	
0	0		0	
0	0		0	
0		0	0	0
0	0			
0		0	0	0
0		0	0	0
11,434	11,434			
0		0	0	0
221				221
0	0	0	0	0
0				
0				
31,654	31,434	0	0	221

0			
0			
0			
0			
0			
0			
0			
0			
0			
0			
0		0	0

31,654	31,434	0	0	221
31,434	31,434	0	0	
31,654	31,434	0	0	221
31,434	31,434	0	0	
8,303				
3,332				
381.24%				
943.43%				

C0060
31,654
0
0
20,221
0
11,434

0
0
0

S.25.01.21

Solvency Capital Requirement - for undertakings on Standard Formula

R0010 Market risk
 R0020 Counterparty default risk
 R0030 Life underwriting risk
 R0040 Health underwriting risk
 R0050 Non-life underwriting risk
 R0060 Diversification

R0070 Intangible asset risk

R0100 **Basic Solvency Capital Requirement**

Calculation of Solvency Capital Requirement

R0130 Operational risk
 R0140 Loss-absorbing capacity of technical provisions
 R0150 Loss-absorbing capacity of deferred taxes
 R0160 Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC
 R0200 **Solvency Capital Requirement excluding capital add-on**
 R0210 Capital add-ons already set
 R0220 **Solvency capital requirement**

Other information on SCR

R0400 Capital requirement for duration-based equity risk sub-module
 R0410 Total amount of Notional Solvency Capital Requirements for remaining part
 R0420 Total amount of Notional Solvency Capital Requirements for ring fenced funds
 R0430 Total amount of Notional Solvency Capital Requirements for matching adjustment portfolios
 R0440 Diversification effects due to RFF nSCR aggregation for article 304

Gross solvency capital requirement	USP	Simplifications
C0110	C0080	C0090
3,603		
3,689		
0		
5,790		
0		
-3,708		
0		
9,374		
C0100		
876		
0		
-1,948		
0		
8,303		
0		
8,303		
0		
0		
0		
0		
0		

S.28.01.01

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

Linear formula component for non-life insurance and reinsurance obligations

R0010 MCR_{NL} Result

C0010

1,935

Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance) written premiums in the last 12 months
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C0020

C0030

R0020	Medical expense insurance and proportional reinsurance
R0030	Income protection insurance and proportional reinsurance
R0040	Workers' compensation insurance and proportional reinsurance
R0050	Motor vehicle liability insurance and proportional reinsurance
R0060	Other motor insurance and proportional reinsurance
R0070	Marine, aviation and transport insurance and proportional reinsurance
R0080	Fire and other damage to property insurance and proportional reinsurance
R0090	General liability insurance and proportional reinsurance
R0100	Credit and suretyship insurance and proportional reinsurance
R0110	Legal expenses insurance and proportional reinsurance
R0120	Assistance and proportional reinsurance
R0130	Miscellaneous financial loss insurance and proportional reinsurance
R0140	Non-proportional health reinsurance
R0150	Non-proportional casualty reinsurance
R0160	Non-proportional marine, aviation and transport reinsurance
R0170	Non-proportional property reinsurance

0	0
2,779	18,346
0	0
2	0
1	0
0	0
0	0
111	0
0	0
0	0
0	0
0	0
0	0
0	0
0	0
0	0

Linear formula component for life insurance and reinsurance obligations

R0200 MCR_L Result

C0040

0

Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance/SPV) total capital at risk
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C0050

C0060

R0210	Obligations with profit participation - guaranteed benefits
R0220	Obligations with profit participation - future discretionary benefits
R0230	Index-linked and unit-linked insurance obligations
R0240	Other life (re)insurance and health (re)insurance obligations
R0250	Total capital at risk for all life (re)insurance obligations

Overall MCR calculation

C0070

R0300	Linear MCR
R0310	SCR
R0320	MCR cap
R0330	MCR floor
R0340	Combined MCR
R0350	Absolute floor of the MCR
R0400	Minimum Capital Requirement

1,935
8,303
3,736
2,076
2,076
3,332
3,332