

RSA Insurance Group Limited

an **[intact]** company

Solvency and Financial Condition Report (SFCR) 2022



Contents

Introduction	3
Summary	5
A. Business and Performance	8
A.1 Business	9
A.2 Underwriting performance	15
A.3 Investment performance	16
A.4 Performance of other activities	18
A.5 Any other information	18
B. System of Governance	19
B.1 General information on the system of governance	20
B.2 Fit and proper requirements	26
B.3 Risk management system including the Own Risk and Solvency Assessment (ORSA)	28
B.4 Internal control system	34
B.5 Internal audit function	36
B.6 Actuarial function	38
B.7 Outsourcing	39
B.8 Any other information	40
C. Risk Profile	41
C.1 Underwriting risk	42
C.2 Market risk	47
C.3 Credit risk	50
C.4 Liquidity risk	56
C.5 Operational risk	58
C.6 Other material risks	62
C.7 Any other information	65
D. Valuation for Solvency Purposes	66
D.1 Assets	69
D.2 Technical provisions	76
D.3 Other liabilities	80
D.4 Alternative methods for valuation	84
D.5 Any other information	84
E. Capital Management	85
E.1 Own funds	86
E.2 Solvency capital requirement and minimum Group consolidated capital requirement	94
E.3 Use of the duration-based equity risk sub-module in the calculation of the SCR	97
E.4 Differences between the standard formula and any internal model used	97
E.5 Non-compliance with the MSCR and non-compliance with the SCR	100
E.6 Any other information	100
Appendix 1. Group Branches	
Appendix 2. Royal & Sun Alliance Insurance Limited Solo SFCR Sections	
Appendix 3. Royal & Sun Alliance Reinsurance Limited Solo SFCR Sections	
Appendix 4. The Marine Insurance Company Limited Solo SFCR Sections	
Appendix 5. Directors' Statements in respect of the SFCR	
Appendix 6. KPMG Audit Report	
Appendix 7. Abbreviations and Terms used in this Report	
Appendix 8. Quantitative Reporting Templates (QRTs)	

Introduction

RSA Insurance Group Limited (“the Company” or “RSAIG”) is a limited company incorporated and domiciled in England and Wales and, through its subsidiaries (together referred to in this report as “the Group” or “RSA”), provides personal and commercial insurance products, operating in the United Kingdom (“UK”), Ireland and Continental Europe.

The Solvency II regulatory framework (“SII”), which governs industry regulation and prudential capital requirements within the European Union (“EU”) and the UK, became effective from 1 January 2016. For the year ended 31 December 2022, the Group has prepared its reporting in line with the requirements of the SII regime enacted in the UK. The purpose of the Solvency and Financial Condition Report (“SFCR”) is to provide information required by the SII regulatory framework for the Group.

RSA Insurance Group Limited

RSAIG is a wholly owned subsidiary of Intact Financial Corporation (“IFC”), a public company incorporated in Canada.

At 31 December 2022, RSAIG was wholly owned by 2283485 Alberta Limited. Regent Bidco Limited (“RBL”), the previous parent of RSAIG was incorporated solely for the purposes of the transaction to acquire RSAIG and during 2022, with no impact on the ability of either RSAIG or its subsidiaries to continue as going concerns, RBL entered liquidation and ownership of RSAIG was transferred to 2283485 Alberta Limited, a company incorporated in Alberta, Canada. As a result, the PRA’s group supervision has reverted as per 2020 and prior to the RSAIG level. The Group sections of the 2022 SFCR represent the consolidated position of RSAIG and its subsidiaries. Figures in all sections of the report for the Group therefore represent the consolidated position of the Group’s parent company, RSAIG, and all subsidiaries held at 31 December 2022.

Owing to the change of Group parent during the year and the Group sections of the 2021 SFCR representing the consolidated position of the Group including RBL, comparative information has not been provided in section E Capital Management, as this could be misleading to the users of this report. The comparatives in section A Business and Performance represent the 2021 consolidated position of RSAIG and its subsidiaries.

This report sets out aspects of the Group’s business performance, system of governance, risk profile, valuation methods used for solvency purposes and its capital management practices, as prescribed by the SII regulatory framework. Where information that is required to be reported by SII is not applicable to the Group, the report contains the heading, with a note to explain the rationale for its exclusion.

For further details of abbreviations and terms used in this report, see Appendix 7.

Subsidiaries

This Group SFCR also covers information on the solvency and financial condition of the Group’s three UK regulated insurance and reinsurance subsidiaries that are themselves subject to SII. This information is set out in Appendices 2, 3 and 4 of this report.

The three UK subsidiaries are:

- Royal & Sun Alliance Insurance Limited (“RSAI”)
- Royal & Sun Alliance Reinsurance Limited (“RSA Re”)
- The Marine Insurance Company Limited (“MIC”)

RSAI, RSA Re and MIC are legal entities meeting all relevant 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 Group as a whole.

As at 31 December 2022 the Group has two non-UK insurance subsidiaries that are subject to the SII regulatory framework within the European Union and these companies publish their own SFCRs:

- RSA Insurance Ireland DAC
- RSA Luxembourg S.A.

Transitional and long-term guarantee measures

The only SII transitional measure that is applied is with respect to the Group's debt arrangements as referred to in Rule 4.1 of the Transitional Measures Part of the PRA Rulebook applicable to SII firms. Further information relating to this transitional measure is shown in section E.1.6 of this report.

The only long-term guarantee measure that is applied is the volatility adjustment as referred to in Regulation 43 of the Solvency 2 Regulations 2015. Further information relating to this measure is shown in section D.2.4 of this report.

As a general insurance business, during the year the Group has not placed any reliance on the matching adjustment as referred to in Regulation 42 of the Solvency 2 Regulations 2015. Consequently, there will be no information regarding this measure in this report.

Summary

The principal activity of the Group is the transaction of insurance and related financial services predominantly in the UK, Ireland and Continental Europe.

Business and performance

Underwriting result

Total Group underwriting profit was £16m (2021: £(137)m)

The underwriting result is impacted by a £30m de-recognition of software assets (2021: £72m). The results include losses related to prolonged sub-zero temperatures in December, which resulted in burst pipes in thousands of homes across the UK. In addition, there were a number of non-catastrophe large losses, and inflationary pressures continue to weigh on both Motor and Home.

Following announcement on 28th March 2023, RSA are to Exit from UK Personal Lines Motor market. The personal lines motor market in the UK remains extremely competitive and requires significant scale to drive meaningful outperformance. After a thorough review, RSA is exiting the UK personal lines motor market, representing £120 million of premium for the company. The exit includes an agreement to introduce MORE THAN direct motor customers to Swinton Group, a brand of Atlanta Insurance Intermediaries Limited (Swinton), upon renewal.

Re the Exit from UK Personal Lines Motor market:

- Restructuring costs of approximately £35 million are expected in Q1 2023, mostly related to a one-time write-off of intangibles.
- Proceeds from the agreement with Swinton will be received as policies are renewed and are not expected to be material.
- We expect to release approximately £60 million of capital held against motor-related insurance risk over time as the portfolio runs off.

For details of the Group's business and performance, including Underwriting and Investment performance see Section A.

System of governance

RSA's System of Governance falls under the umbrella of the IFC Group Governance Framework and promotes the safety and soundness of RSA for the benefit of its ultimate shareholder IFC, customers, employees and other stakeholders. This is achieved through a robust governance structure designed to deliver a well-managed business with effective decision making, good procedures and strong controls. The components of the System of Governance result in a clear allocation and appropriate segregation of responsibilities and the effective transmission of information internally and externally. Details about this and changes during the year are provided in Section B.

Risk profile

RSA's risk management and control frameworks were created to ensure that risks across the Group are identified, measured and managed before they adversely impact on customers or the business. See Section B.3.1 for further details of the Group's risk management system.

The Group is exposed to the following main categories of risk:

- Insurance risk, including underwriting, claims and reserving risks
- Market risk (including currency risk)
- Credit risk
- Liquidity risk
- Operational risk
- Pension risk

The Group quantifies its exposure to different types of risk as part of its Solvency Capital Requirement ("SCR") calculation, details of which can be seen in Quantitative Reporting Template ("QRT") S.25.03 in Appendix 8.

The Group has limited direct underwriting or investment exposure to the war between Ukraine and Russia and is vigilant in its adherence to sanctions. The situation will continue to be closely monitored for any indirect impacts that could emerge.

The Group observed the emergence of increased inflationary trends as a key area of focus during 2022 due to its direct impact on the expected cost of claims across various lines of business, and indirect impact on the Group's investment portfolio through the central bank's decision to increase interest rates. The Group will maintain claims inflation as a key area of risk and uncertainty throughout 2023 and will continue to monitor changes in wider macroeconomic conditions to ensure pricing and investment strategies are adapted appropriately in response.

See Section C for further details regarding the Group's risk profile.

Valuation for solvency purposes

Section D sets out details regarding the basis of preparation and assumptions used in the valuation of assets, technical provisions and other liabilities for SII, as well as a description of the differences between these and International Financial Reporting Standards ("IFRS").

At 31 December 2022, the Group's excess of assets over liabilities on an SII basis was £2,007m.

Recognition and valuation bases have been used and estimation approaches have been applied consistently during the period.

Capital management

Capital Position

Solvency II position	Requirement (SCR) (unaudited) £m	Eligible Own Funds £m	Surplus (unaudited) £m	Coverage (unaudited) %
31 December 2022	1,225	2,142	917	175%

The SII coverage ratio was 175% at 31 December 2022.

Capital activity

RSA operates a programme of continuous development in relation to the internal model and a Group-level regulatory approval was received in 2022 as part of the change in control process.

In March 2022 RSAIG redeemed its floating rate Restricted Tier 1 notes. The Restricted Tier 1 notes were redeemed in full at their principal amount together with accrued and unpaid interest up to (but excluding) the first call date on 27 March 2022. The redemption was fully funded by an equity capital injection from IFC and there is no impact to the total capital position of the Group.

Subsequent to the 2022 year-end, on 27 February 2023, the Trustees of the two major defined benefit pension schemes in the UK, the Royal Insurance Group Pension Scheme and the Sal Pension Scheme ("the Schemes"), entered into an agreement with Pension Insurance Corporation plc ("PIC") to purchase bulk annuity insurance policies that operate as investment assets.

Such arrangements are commonly referred to as a "buy-in". The Schemes made up around 99% of total defined benefit assets and obligations on the balance sheet at 31 December 2022. The buy-in removes all remaining material pension exposure from the balance sheet, while maintaining the security of benefits to the Scheme members.

The buy-in premium has initially been funded through the transfer of the majority of the Schemes' assets to PIC, as well as by an upfront contribution from the Group of approximately £480m. The Schemes have retained ownership of various assets, including some less liquid investments, which will be liquidated over the next 12-18 months in order to settle the remainder of the buy-in premium, and cash, some of which will be required to meet ongoing expenses.

The upfront contribution was part funded through a capital injection by IFC of approximately £480m. In addition, the annual pension deficit funding contribution of £75m was paid in January 2023.

The transaction is positive from a SII perspective:

- Insuring all pension benefits removes the remaining market and longevity risks associated with the Schemes
- In addition, no further deficit funding is required, thereby improving free capital generation

The transaction results in a material change to the risk profile of the Group and, as such, we expect to seek approval for a Major Model Change during 2023.

A. Business and Performance

In this section

A.1 Business

A.2 Underwriting performance

A.3 Investment performance

A.4 Performance of other activities

A.5 Any other information

A.1 Business

A.1.1 Company name & legal form

RSAIG is a private limited company incorporated in England and Wales. RSAIG is owned by IFC, a public company incorporated in Canada. RSAIG together with its subsidiaries make up the Group which is covered by this SFCR.

A.1.2 Supervisory authority

The PRA is the authority responsible for prudential supervision of the Group. The contact details of the PRA are as follows:

PRA
20 Moorgate
London
EC2R 6DA

Telephone: 020 3461 4444

Website: <https://www.bankofengland.co.uk/prudential-regulation>

A.1.3 External auditor

The external auditor of the Group is:

KPMG LLP
15 Canada Square
Canary Wharf
London
E14 5GL

Telephone: 020 7311 1000

A.1.4 Holders of qualifying holdings

RSAIG's sole shareholder is 2283485 Alberta Limited, a company incorporated in Alberta, Canada.

A.1.5 Position within the Group legal structure

RSAIG is the parent company of the Group and is ultimately owned by IFC.

A.1.5.1 Group structure

Please see the following sections of this report:

- Section A.1.7 for the simplified Group Structure
- Appendix 1 for a list of all branches

- Appendix 8, QRT S.32.01.22 (Undertakings in the scope of the group) for further details of each subsidiary and associate

Refer to Appendix C of RSAIG's 2022 Consolidated financial statements for a list of all subsidiaries and associates.

Refer to note 31.4 of Intact Financial Corporation's Consolidated financial statements for significant operating entities which share common ownership with the Group.

See Section B for details of the Group's governance structure.

Organisational structure

The Group operates in the UK, Ireland and Continental Europe. Each region is managed by a member of the UK and International (known as UK&I) Executive Committee who is directly accountable to the UK&I Chief Executive Office ("CEO") and the Board of RSAIG.

The UK is the Group's country of domicile and one of its principal markets.

A.1.6 Material related undertakings

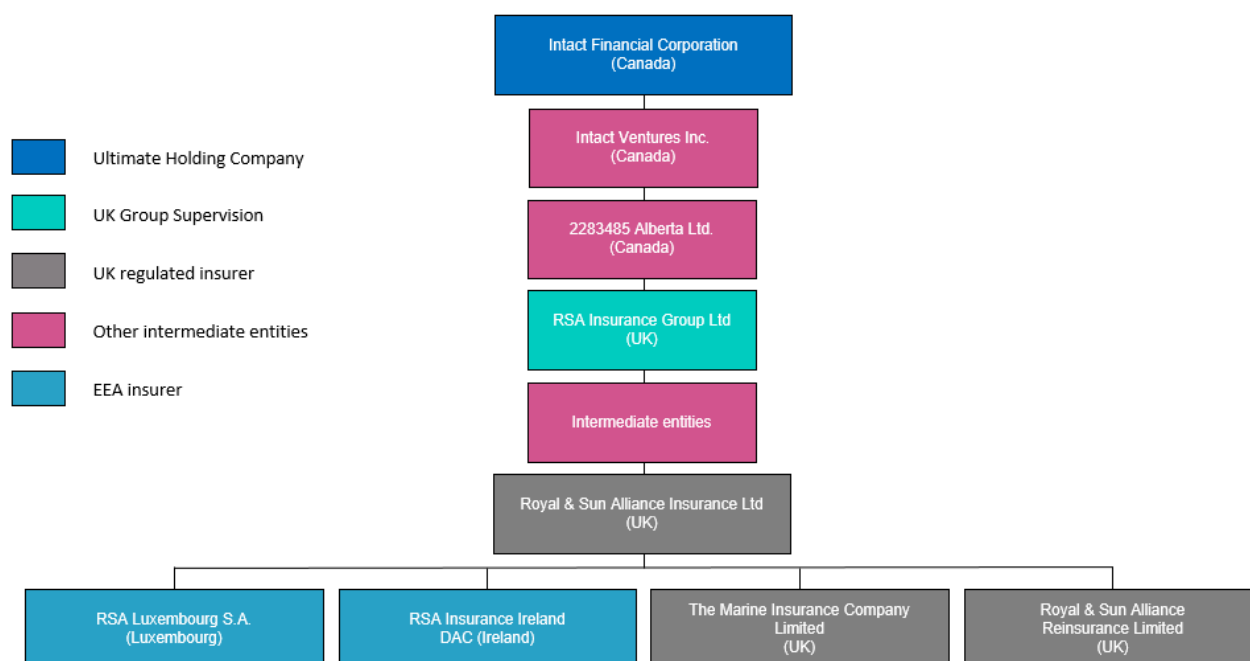
See Appendix C of RSAIG's 2022 Consolidated financial statements for a list of all subsidiaries and associates of the Group.

Refer to Note 31.4 of Intact Financial Corporation's Consolidated financial statements for significant operating entities which share common ownership with the Group.

Material related undertakings of the Group are listed below (no branches are material) – all are companies limited by shares:

Country	Name
Guernsey	Insurance Corporation of the Channel Islands Limited
Ireland	EGI Holdings Limited
Ireland	RSA Insurance Ireland DAC
Isle of Man	Tower Insurance Company Limited
Luxembourg	RSA Luxembourg S.A.
United Kingdom	Royal & Sun Alliance Insurance Limited
United Kingdom	Royal & Sun Alliance Reinsurance Limited
United Kingdom	Royal Insurance Holdings Limited
United Kingdom	Royal International Insurance Holdings Limited
United Kingdom	RSA Accident Repairs Limited
United Kingdom	RSA Finance
United Kingdom	RSA Overseas (Netherlands) B.V.
United Kingdom	RSA Overseas Holdings B.V.
United Kingdom	Sun Alliance and London Insurance Limited
United Kingdom	Sun Alliance Insurance Overseas Limited
United Kingdom	Sun Insurance Office Limited
United Kingdom	The Globe Insurance Company Limited
United Kingdom	The Marine Insurance Company Limited
United Kingdom	Westgate Properties Limited

A.1.7 Simplified Group structure



A.1.8 Business lines and geographical areas

The Group's material lines of business and material geographical areas where it has carried out business during the year are detailed in the table below:

Geographic regions
UK
Europe
Ireland
Canada (proportional reinsurance accepted)
Line of businesses – non-life
Miscellaneous Financial Loss
Motor vehicle liability
Other Motor
Marine, aviation and transport
Fire and other damage to property
General liability

A.1.9 Significant events

Supervision level

During 2022, RBL entered liquidation and ownership of RSAIG was transferred to 2283485 Alberta Limited, a company incorporated in Alberta, Canada. As a result, the PRA's group supervision has reverted to the RSAIG level and the Group sections of the 2022 SFCR represent the consolidated position of RSAIG and its subsidiaries. Figures in all sections of the report for the Group therefore represent the consolidated position of the Group's parent company, RSAIG, and all subsidiaries held at 31 December 2022.

Ukraine War, Inflation and Cost of Living

Russia's invasion of Ukraine and the ongoing conflict has led to significant economic impacts with higher fuel and energy costs and supply chain constraints adding to already rising inflation. We continue to carry out detailed monitoring of claims, supply chain and settlement delay, both within RSA and the industry, and make appropriate allowance for the impact on our experience of potential operational, economic or other disruptions arising from inflation increases. Steps have also been taken to support customers and employees including a review of salaries and one-off payment in Q4 2022

Disposal of Royal & Sun Alliance Insurance Agency Inc. and Middle East Operations

On 1 January 2022 the Group sold its 100% shareholding in Royal & Sun Alliance Insurance Agency Inc. recording a profit of £5m on the sale.

On 7 July 2022, the Group sold its 50% shareholding in Royal & Sun Alliance Insurance (Middle East) BSC (c). The Group recorded a profit of £31m on the sale. The results for Royal & Sun Alliance Insurance (Middle East) BSC (c) are included in continuing operations as it did not represent a separate major line of business or a geographical area of operation.

A.1.10 Group operations & transactions within the Group

See Section D. for information on the method and scope of group consolidation.

Other significant intra-group transactions occurring between entities in the Group include:

Dividends

Dividends are paid by various Group companies to their respective parents as part of normal Group treasury management and capital optimisation.

During the first half of 2022, an RSA Group-wide project was undertaken to rationalise the intra-group loan position. As part of the project, RSAI received £4,000m of dividends from subsidiary entities which were offset against intra-group payables.

Separate to the above, RSAI received a £279m dividend in specie from its subsidiary entity RSA Finance, consisting of preference shares in another subsidiary entity, Royal International Insurance Holdings Limited.

Please refer to Note 21 of RSAIG's Consolidated financial statements, the Business review within the Strategic Report of RSAIG's Consolidated financial statements and Note 17 of RSAI's Annual Report and Accounts for further details.

Intercompany loans

A number of statutory entities within the Group have entered into intercompany loan agreements as part of the Group's cash management strategy or for other general corporate purposes.

Derivatives

RSAI continued to enter into derivative transactions with Royal International Insurance Holdings Limited, The Globe Insurance Company Limited and RSA Luxembourg S.A. during the year. Derivatives are entered into for the purpose of reducing foreign exchange risk in net investments in certain overseas subsidiaries.

Reinsurance excess of loss and quota share treaties

RSAI has continued to provide capital support to RSA Insurance Ireland Designed Activity Company via an Adverse Development Cover for reserves existing up to end-2014 and a Quota Share for 2015 business onwards. The Adverse Development Cover has an attachment point of €400m and a limit of €325m for a premium of €250m.

RSAI has an 83% quota share agreement with RSA Luxembourg S.A for reserves existing up to end-2018 and for 2019 business onwards. This agreement covers all classes of business.

Expense reimbursement

RSAI reimbursed RSA Accident Repairs Limited £200m for motor claim expenses incurred during the year ended 31 December 2022.

Guarantees

RSAI has issued guarantees in favour of RSAIG in respect of the following:

- The US \$9m 8.95% subordinated guaranteed bonds due 15 October 2029; and
- The issue of £159m 5.125% fixed rate reset guaranteed subordinated notes due 2045. There is an option to repay the notes on specific dates from 10 October 2025

A.2 Underwriting performance

The underwriting result for the period by material SII lines of business is shown below and is calculated on the same basis as the RSAIG underwriting result as shown in the Alternative Performance Measures section of its Consolidated financial statements. Refer to the Jargon Buster section of RSAIG's Consolidated financial statements for further details.

	Net Written Premium		Underwriting Result	
	2022	2021	2022	2021
	£m	£m	£m	£m
Non-life				
Fire and Other Damage to Property	1,386	1,424	(26)	(111)
Motor Vehicle Liability	572	745	(23)	(2)
Other Motor	219	232	(49)	(14)
Marine, Aviation and Transport	249	222	59	3
General Liability	419	415	59	(23)
Medical Expense	10	231	(1)	12
Total Material Lines of Business	2,855	3,269	19	(135)
Non-Material	255	24	(1)	1
Total Non-Life	3,110	3,293	18	(134)
Total Life/Annuities	-	-	(2)	(3)
Total	3,110	3,293	16	(137)

The SII line of business view takes the RSAIG underwriting result but splits it along regulatory risk lines.

Consequently, the Commercial and Personal distinction is lost as these channels are combined, whilst some other lines are disaggregated further as different types of risk may be included within one product.

Total life/annuities refers to Periodic Payment Orders ("PPOs"), shown separately under SII risk lines.

Household and Commercial Property are combined to form Fire and Other Damage to Property. The Underwriting loss across these portfolios is driven predominantly by the UK being adversely impacted by a number of Large and Weather events including Q1 2022 storms (Dudley, Eunice and Franklin), elevated subsidence claims following summer drought conditions, and the December Freeze event. Europe was also impacted by a number of large losses following the spring hail storms.

Personal and Commercial Motor are combined and then split into Motor Vehicle Liability and Other Motor (Property damage). The deterioration in the result across UK and Ireland has been driven mainly by inflationary pressures on claims and shortfalls in premium revenue following adverse market conditions.

UK and Europe Marine is the key contributor of the Marine, Aviation and Transport line. Improved performance in the UK is mainly driven by premium growth and benign current year large and weather claims performance, partly offset by adverse prior year development. Europe includes performance improvement actions in attritional claims and favourable prior year development.

General liability is largely from the Group's Commercial Liability portfolio and some elements of Commercial Property. The improvement of the result is predominantly driven by prior year development in the UK and Europe.

Medical expense relates to the Middle East business in 2022 H1 prior to the sale of the Middle East business.

Within Non Material, the Miscellaneous Financial Losses class relates to the UK Pet book, which benefitted from changing market conditions post-COVID.

A.3 Investment performance

A.3.1 Income and expenses by class

A summary of the gross investment income, net realised and net unrealised gains/(losses) included in the income statement is given below:

	Investment income		Net realised gains/(losses)		Net unrealised gains/(losses)		Impairments		Total investment return	
	2022 £m	2021 £m	2022 £m	2021 £m	2022 £m	2021 £m	2022 £m	2021 £m	2022 £m	2021 £m
Investment property	14	17	14	-	(27)	45	-	-	1	62
Equity securities										
Available for sale	14	6	(9)	3	-	-	(10)	(7)	(5)	2
Debt securities										
Available for sale	98	86	(10)	(2)	-	-	-	-	88	84
At fair value through the P&L account	-	-	-	-	-	(12)	-	-	-	(12)
Other loans and receivables:										
Other loans	14	28	-	-	-	-	-	-	14	28
Deposits, cash and cash equivalents	1	-	1	-	-	-	-	-	2	-
Derivatives	3	-	(1)	(1)	(14)	(3)	-	-	(12)	(4)
Other	1	2	-	(2)	-	-	-	-	1	-
Total net investment return	145	139	(5)	(2)	(41)	30	(10)	(7)	89	160

A summary of the investment management expenses by asset class is given below:

	2022 £m	2021 £m
Investment property	(1)	(1)
Equity securities	-	(1)
Debt securities	(6)	(20)
Loans and receivables	(1)	(1)
Total investment management expenses	(8)	(23)

A.3.2 Gains and losses recognised in equity

Unrealised gains and losses recognised in other comprehensive income for available for sale assets are as follows:

	Net unrealised gains / (losses)		Net realised (gains) / losses transferred to income statement ¹		Impairments transferred to income statement		Net movement recognised in other comprehensive income	
	2022 £m	2021 £m	2022 £m	2021 £m	2022 £m	2021 £m	2022 £m	2021 £m
Equity securities	(20)	5	9	(3)	10	7	(1)	9
Debt securities	(468)	(135)	13	2	-	-	(455)	(133)
Other	-	-	-	3	-	-	-	3
Total	(488)	(130)	22	2	10	7	(456)	(121)

A.3.3 Investments in securitisation

The Group invests in securitised investments, whereby the credit risk associated with an exposure, or pool of exposures, is tranching and the payments associated with this investment are dependent on the performance of the exposure, or pool of exposures, and the subordination of tranches determines the distribution of losses during the ongoing life of the investment. These investments are created and managed by external specialist investment managers. The use of these products allows the Group to broaden the diversification of its investment portfolio in a cost-efficient manner.

The Group's exposure to securitised investments at 31 December 2022 is summarised in the table below:

Class of investments	Nature of the underlying investments of the vehicle	Exposure	
		2022 £m	2021 £m
Collateralised Loan Obligations and Asset Backed Securities	Structured debt security backed by loans or receivables	250	247

A.4 Performance of other activities

A.4.1 Other material income & expenses

For details of other material income and expenses, see notes 12-15 of the RSAIG consolidated financial statements.

A.4.2 Operating and finance leasing arrangements

The Group acts as lessee and lessor in a number of lease arrangements across each of its core regions. All leases have been entered in to by RSAIG or its subsidiaries.

For further details of the Group's leasing arrangements, see note 44 of RSAIG's 2022 Consolidated financial statements.

A.5 Any other information

Nothing to report.

B. System of Governance

In this section

- B.1 General information on the system of governance
- B.2 Fit and proper requirements
- B.3 Risk management system including the Own Risk and Solvency Assessment (ORSA)
- B.4 Internal control system
- B.5 Internal audit function
- B.6 Actuarial function
- B.7 Outsourcing
- B.8 Any other information

Purpose of RSA's System of Governance

RSA's System of Governance falls under the umbrella of the IFC Group Governance Framework and promotes the safety and soundness of RSA for the benefit of its ultimate shareholder IFC, customers, employees and other stakeholders. This is achieved through a robust governance structure designed to deliver a well-managed business with effective decision making, good procedures and strong controls. The components of the System of Governance result in a clear allocation and appropriate segregation of responsibilities and the effective transmission of information internally and externally.

B.1 General information on the system of governance

B.1.1 Board structure

RSA's business is overseen by a single Board of Directors. A minimum of fifty percent of the members have been determined by the Board to be independent Non-Executive Directors. The Chair meets regularly with the other Non-Executive Directors individually and collectively without the Executive Directors being present.

The Board may exercise all the powers of the relevant company subject to the Articles of Association, relevant laws, and any directions as may be given by shareholder resolution. The directors may delegate any of their powers or discretions to committees except for matters specifically reserved for the whole Board in the Schedule of Matters Reserved, which is reviewed annually.

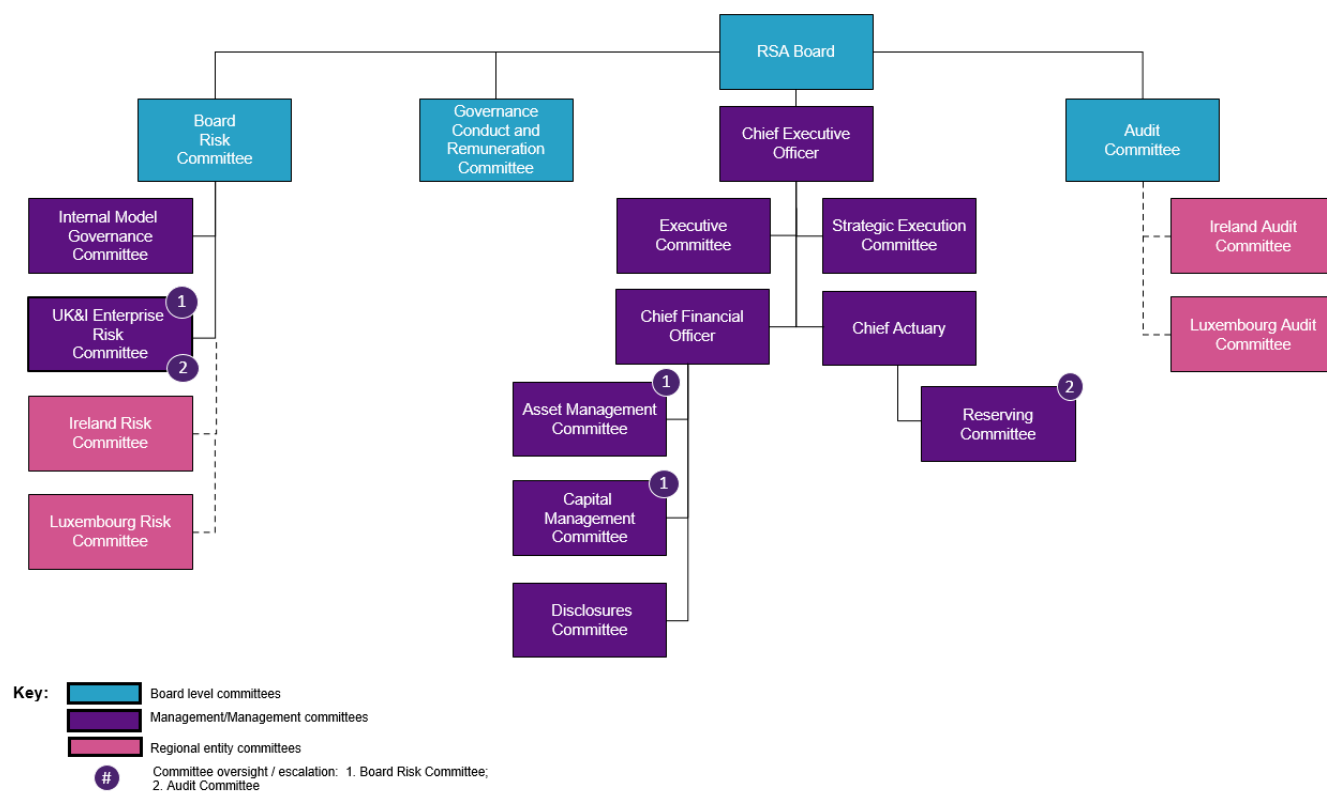
The Board promotes high standards of corporate governance and conduct throughout RSA. It also plays a key role in relation to culture, aligning culture with IFC's purpose, values and strategy and aligning policies and practices with IFC's values. RSA's senior leaders are responsible for embedding culture throughout RSA and then escalating any cultural 'red flags'. The Chair is responsible for ensuring a formal and rigorous evaluation of Board effectiveness is undertaken on an annual basis.

The Board is accountable to RSA's ultimate shareholder IFC, for the creation and delivery of sustainable performance and the creation of long-term shareholder value, while having regard to RSA's other stakeholders. The Board believes that open and collaborative dialogue and interaction with all of its stakeholders is in the best interests of the companies and helps RSA to make a positive contribution to society. The Board meets frequently and is responsible for organising and directing the affairs of RSA in a manner that will promote the success of RSA and is consistent with good corporate governance practice, ensuring that in carrying out their duties, the companies meet legal and regulatory requirements. RSA's website can be found at www.rsainsurance.co.uk. The website hosts copies of the RSAIG Consolidated financial statements and other publicly available information.

Board Directors have access to the services and advice of the UK&I General Counsel and Company Secretary and in addition may take independent professional advice at the expense of the company in furtherance of their duties.

The Board sets annual objectives for the RSA businesses in line with the current IFC and RSA strategy and monitors the achievement of RSA's objectives through regular reports which include updates from the UK&I Executive team, the UK&I CEO and the UK&I CFO on all material business matters.

The RSA Board committees, RSA's executive committees and regional entity committees and the relationships between them, are shown below:

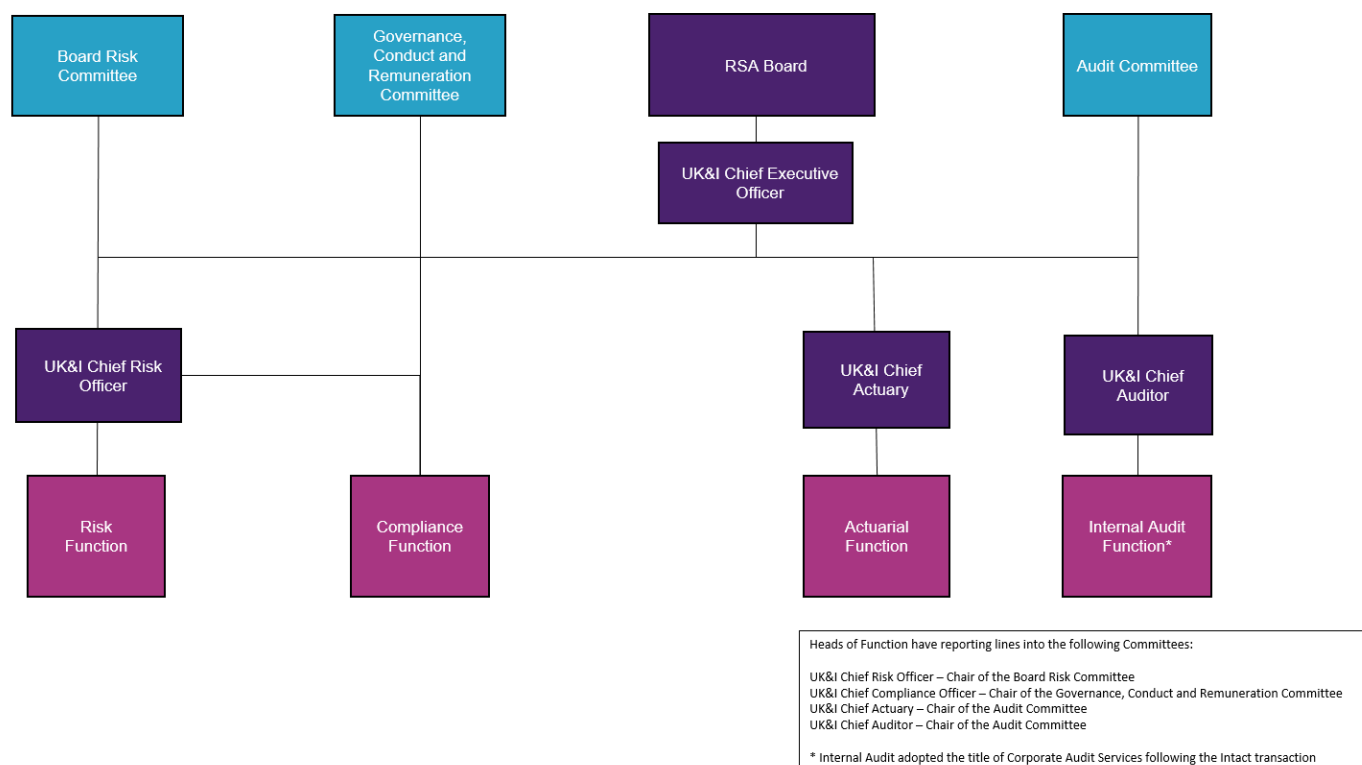


The role and responsibilities of each Board level committee can be found in section B.1.2 of this SFCR.

B.1.2 Independent Key Functions

The diagram below of the RSA Executive Management structure shows the senior management and the day-to-day reporting lines of those functions which the Board has determined to be Independent Key Functions: Risk, Compliance, Actuarial and Internal Audit.

The Boards of RSAI and RSAIG are referred to collectively as the “RSA Board”.



The Audit Committee is responsible for assisting RSA's Board of Directors in discharging its responsibilities in relation to: the integrity of the financial statements for the RSA companies; oversight of the effectiveness of the systems of internal control for RSA; and monitoring the effectiveness and objectivity of the internal and external auditor. Each year, the Committee shall have at least one meeting (or part thereof) with the external auditor, the UK&I Chief Actuary and the UK&I Chief Auditor without any employed executives who are members of the Board or management being present.

The Board Risk Committee ("BRC") supports the Board in ensuring the key risks to RSA companies are identified and understood, effectively managed within risk appetite with regard to the views and interests of its stakeholders and are appropriately reflected in the Internal Model. The following specific responsibilities have been delegated to the Committee to assist the Board in discharging its responsibilities: advising the Board on risk management matters, including solvency needs; overseeing RSA's risk management arrangements; monitoring the emerging and principal material risks facing RSA, ensuring appropriate arrangements are in place to identify, manage and mitigate risks effectively, and that appropriate levels of capital are held in relation to these risks; recommending RSA's risk strategy and risk appetite; approval of the Risk Management Plan; reviewing the outputs of the Own Risk and Solvency Assessment ("ORSA") process, the internal model and the conclusions of model validation, making recommendations to the Board on capital adequacy and the ORSA Report; reviewing the investment strategy framework and investment portfolio disposition and performance to ensure these remain within risk appetite and consistent with the Company's investment strategy; and oversight of the Risk function. Each year, the Committee shall have at least one meeting (or part thereof) with the UK&I Chief Risk Officer ("CRO") in the absence of other members of executive management. In addition, the UK&I CRO shall be offered direct access to the BRC Committee Chair and the Chair of the Board.

The Governance, Conduct and Remuneration Committee ("GCR") is responsible for oversight of the governance and the conduct framework of the companies, the Compliance function and the compliance framework of the companies and remuneration principles, policy and practices, including determination of the remuneration of the Chair of the Board, the Executive Directors and other senior executives. Each year, the Committee shall have at least one meeting (or part thereof) with the UK&I CRO, the UK&I Chief Compliance Officer ("CCO") and the UK&I Chief Operations Officer ("COO") in the absence of other members of executive management. In addition, the UK&I CRO, the UK&I CCO and the UK&I COO shall be offered direct access to the Committee Chair and the Chair of the Board.

Each year, at the request of the Chair of the Board or the respective Committee Chairs, the Committees may hold a joint meeting with the BRC, the Audit Committee and/or the Governance, Conduct and Remuneration Committee.

Board committees operate on behalf of the Group and RSAI and this is made clear within their Terms of Reference.

Those working in the Key Governance Functions in the UK/EEA entities are subject to the provisions of the Fit & Proper policy as described in Section B.2 below.

B.1.3 Changes in system of governance

The changes to the Group's system of governance over the reporting period were:

- On 7 July, RSA sold its shareholding in Royal & Sun Alliance Insurance (Middle East) BSC (c) and therefore its subsidiaries and other interests in the Middle East
- On 20 September RBL was liquidated and RSAIG became directly owned by 2283485 Alberta Ltd – the company next above in the direct line of companies beneficially owned by IFC. RSAIG reverted to being the top UK company in the UK regulated RSA sub-group

B.1.4 Principles of remuneration policy

The Group ensures that it has appropriate remuneration arrangements through the adoption of a remuneration policy. This policy outlines the Group's overall approach to remuneration, and also the governance framework for making remuneration decisions.

The policy is designed to support the business strategy by appropriately rewarding performance and promoting sound and effective risk management, compliance with external regulatory requirements and alignment to the long-term interests of the Group and its shareholders.

The policy establishes over-arching principles and standards to guide local remuneration decision-making, which is aligned to local market norms and regulations. These principles are based around alignment to long-term Company success, pay-for-performance and risk alignment. A total reward approach is used to support talent attraction and retention, such that the reward framework includes both fixed remuneration elements (reflecting an employee's professional experience and responsibility, and can include elements such as base salary, benefits and pension), and variable remuneration elements (which can be awarded to eligible employees, reflecting performance).

The policy establishes specific remuneration provisions for jobholders whose professional activities have a material impact on the risk profile, or have accountability for Key Governance Functions. These provisions are intended to promote effective risk management and include:

- The balancing of fixed and variable remuneration to enable a fully flexible approach to incentives (including the possibility of paying no variable remuneration)
- The design of incentive plans to encourage performance within the Group's risk appetite, including the consideration of material risk factors in incentive award decisions, the operation of deferral and malus adjustments and the operation of clawback provisions for Executive Directors, and customised arrangements for those accountable for Key Governance Functions to preserve the independence of their roles
- Arrangements to avoid reward for failure in termination payments, and to exclude personal hedging strategy usage

Governance measures aimed at avoiding conflicts of interest are incorporated.

The policy is reviewed regularly, to ensure that it complies with the principles of good risk management and reward governance, taking into account regulatory requirements and the nature of the business.

B.1.5 Variable remuneration performance criteria

Incentive plans encourage performance in line with the business strategy and within the Group's risk appetite, and take into account material risk factors and the Group's ability to maintain an adequate capital base.

Incentive plan performance measures:

- Reflect the Group's priority to create shareholder value through sustained growth and profitability, based on its risk profiles. Measures can include for example, profit, underwriting performance, capital, strategic and shareholder value measures, and personal objectives
- Are quantified on an 'underlying' basis where appropriate, to provide an undistorted view of business performance and avoid the creation of adverse incentives

For jobholders whose professional activities have a material impact on the Group's risk profile, a number of mechanisms are included to ensure remuneration does not encourage excessive risk taking:

- Total performance-related variable remuneration is based on a combination of the assessment of the performance of the individual, the business unit concerned and the overall result of the Group
- Targets take account of the Group's operating plan which is set with reference to the risk appetite with input from the Risk function
- Incentive award funding is subject to risk adjustment for exposure to current and future risks, taking into account the Group's risk profile and cost of capital. An adjustment can take place prior to the payment of Annual Bonus awards, and prior to the vesting of long-term incentive award cycles
- Individual performance assessments take account of financial and non-financial criteria, and are based on consideration of what is delivered and also how goals are achieved
- A portion of variable remuneration is subject to deferral to ensure it is aligned with longer-term risk management. The percentage that is deferred, the type of deferred award(s) and the length of the deferral period are determined by taking into account regulatory requirements, the level of the jobholder and the business context

The Group has provisions to apply malus adjustments and clawback. The GCR has the ability to reduce or forfeit awards that have yet to be paid or vest in the case of shares, to delay the payment or vesting date, or to amend another form of award or benefit which has yet to be received.

For cash bonuses and long-term incentive awards, GCR may also recover sums already paid to Executive Directors if it considers it appropriate to do so. This can be applied during a two-year period after receipt (in the case of cash bonuses) or, in the case of long-term incentives, vesting.

Variable remuneration arrangements for those accountable for Key Governance Functions are designed to be independent from the performance of the operational units and areas under their control.

In addition to its short, and long-term, incentive plans, the Group operates all-employee share plans (Sharesave and Sharebuild) in a number of countries. Participation is voluntary and available to all qualifying employees. Sharesave is an HM Revenue & Customs ("HMRC") tax-advantaged Save as You Earn scheme (in the UK) under which options are not subject to performance conditions, but service conditions apply. Sharebuild is an HMRC tax-advantaged Share Incentive Plan (in the UK). Shares are not subject to performance conditions, but the Matching Shares are subject to service conditions.

B.1.6 Supplementary pensions/early retirement

No supplementary pensions are operated by the Group for the members of the administrative, management or supervisory body and other key function holders. All employees in the UK have the opportunity to participate in the Group's defined contribution pension plan, or receive a cash allowance in lieu of pension, or receive a combination thereof. The Group's UK defined benefit pension plans are closed to all new entrants, but some employees, including three Executive Directors, have historic benefits built up. IFC operates a registered defined benefits plan and supplementary executive retirement plan for Executives based in Canada. In accordance with the current policies, and the Scheme rules, both can be paid early without reduction in certain circumstances. This does not apply to members of the Group Board who do not have historic defined benefit pension benefits but does apply where employees, including Executive Directors, have historic benefits or are contracted to IFC on assignment as Executive Directors of the Group.

B.1.7 Shareholder and Key management transactions

Shareholder transactions

An Ancillary Own Funds ("AOF") structure was approved for RSAI by the PRA for a period of 2 years in 2021, permitting a maximum of £250m of nil-paid uncalled share capital in favour of its ultimate parent, IFC. The AOF counts as Tier 2 capital in RSAI's Solo solvency calculations, subject to eligibility rules, however, it does not count towards covering its Minimum Capital Requirement ("MCR"). The AOF item also counts as Tier 2 capital for Group solvency purposes.

Regulatory re-approval on the same terms for a further three years is currently being sought. For further details of share capital issued by RSAIG, refer to Section E.

Key management personnel transactions

For further information, refer to note 17 of the RSAIG 2022 Consolidated financial statements for detail of transactions carried out with key management during the year ended 31 December 2022.

B.2 Fit and proper requirements

B.2.1 Specific fit & proper requirements

The Fitness and Propriety policy and certain HR policies provide a framework across RSA's UK/EEA operations for assessment of fitness and propriety of all employees with additional requirements for both new and on-going appointees in the Key Governance Functions, Executive Management, and for directors. The UK Compliance team works with the regional and country Compliance teams (where applicable) to ensure the consistent implementation of this policy across RSA.

In addition to the Solvency II requirements, in the UK, the Senior Managers and Certification Regime ("SMCR") implements a requirement for regulator pre-approval of persons appointed to Senior Manager positions in firms and a Certification Regime that covers Significant Harm Functions (defined as functions performed by employees who are not Senior Managers but who could pose a risk of significant harm to the regulated firm or its customers). In broad terms, Certified Persons are those individuals who through the conduct of their activities could conceivably do harm either to the firm, its customers or the wider market. These individuals are "certified", in the sense that the firm itself (rather than the PRA or the Financial Conduct Authority ("FCA")) certifies their "fitness and propriety" annually and on an on-going basis. The Certification Regime reinforces the onus on firms to ensure that their staff are fit and proper.

The Fitness and Propriety Policy does not apply to non-UK/EEA entities as they are not subject to Solvency II. These entities are subject to their own fit and proper requirements as mandated by the relevant local regulatory authorities.

B.2.2 Assessment process

The Fitness and Propriety policy outlines the minimum requirements to assess and ensure fitness and propriety, including the governance over roles and responsibilities, to ensure compliance. Responsibility for complying with local regulatory rules and requirements rests with the Board of each relevant legal entity within RSA.

Fit requirements

The assessment of whether someone is fit must also include an assessment of the person's professional and formal qualifications, knowledge and relevant experience within the insurance sector, other financial sectors or other businesses and shall take into account the respective duties allocated to that person, and, where appropriate, the insurance, financial, accounting, actuarial and management skills of the person.

This must include an assessment of the person's:

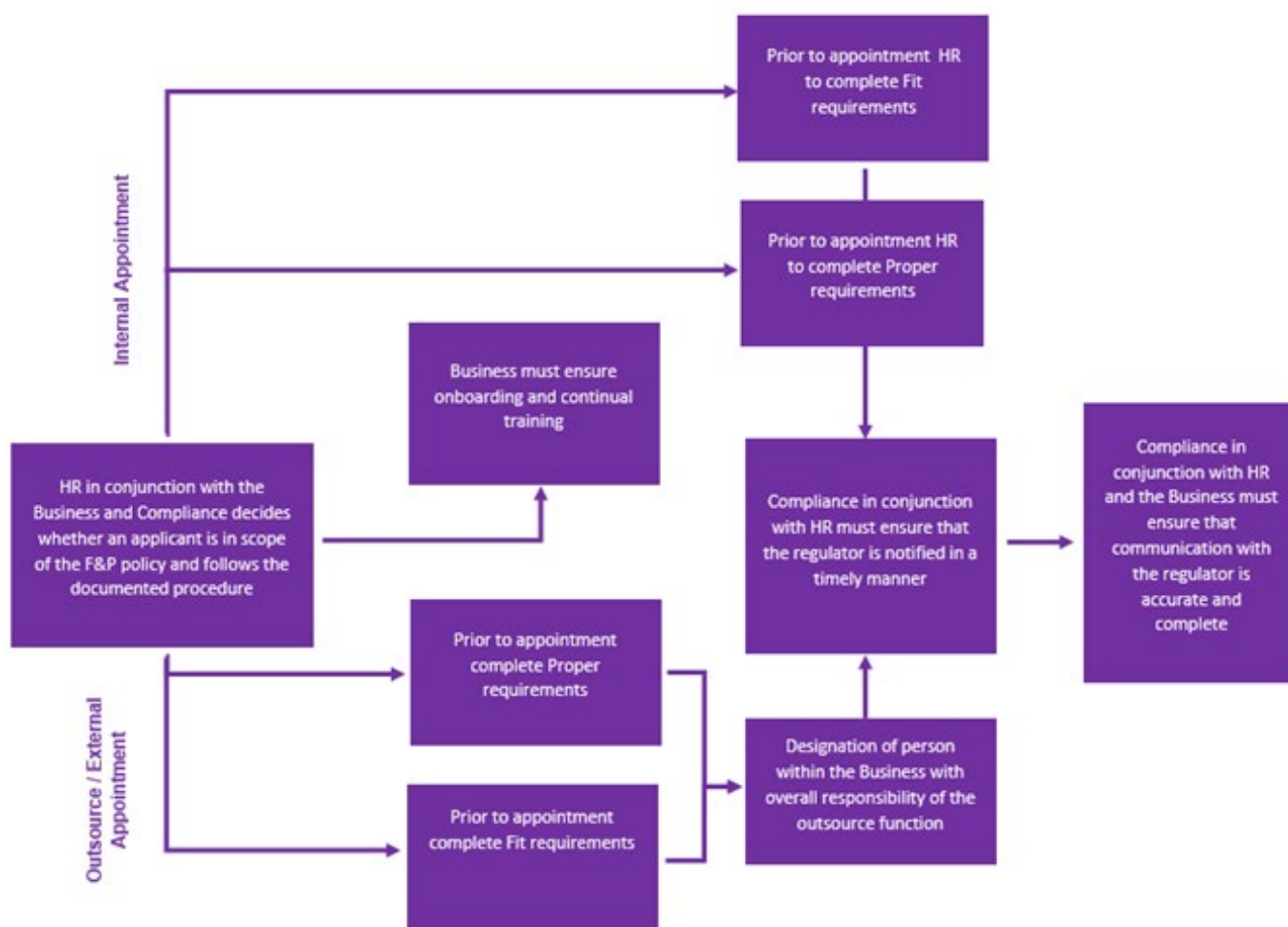
- Honesty, integrity and reputation
- Competence and capability
- Financial soundness

Proper requirements

When assessing whether a person is 'proper', the following is considered:

- Relevant criminal offences, including any offence under the laws governing banking, financial, securities, or insurance activity
- Laws on money laundering, market manipulation, or insider dealing
- Criminal offences under legislation relating to companies, bankruptcy, insolvency or consumer protection

The following diagram outlines the process for determining fitness and propriety for new appointments. The Fitness and Propriety policy also requires continued assessment of both fitness and propriety post appointment.



Where the business outsources a Key Governance Function, it designates a suitable person within the business to have overall responsibility for that function. The designated individual who is responsible for the outsourced Key Governance Function must meet the fit and proper requirements and possess sufficient knowledge and experience regarding the outsourced Key Governance Function to be able to challenge the performance and results of the service provider.

B.3 Risk management system including the Own Risk and Solvency Assessment (ORSA)

B.3.1 Description of the risk management system

The three lines of defence

The Group has a comprehensive risk management system which includes a full range of risk policies, procedures, measuring, reporting and monitoring techniques, and a series of stress tests and scenario analysis to ensure that the risk exposures that arise from operating the Group's businesses are managed appropriately.

The risk management system is underpinned by the three lines of defence model (see Section B.3.2). The Board are responsible for ensuring the effectiveness of the Group's risk management system, for setting the Group's overall risk strategy and risk appetite (including Group level risk limits and tolerances), and for approving the main risk management strategies and policies.

Risk appetite and strategy

The Board is responsible for setting the business strategy which is used to inform the risk strategy statement. The risk strategy statement, which is prepared by the Group Risk function and approved by the Board, describes the Group's overall strategy and objectives for managing risks based on a set of key principles.

The risk appetite is set annually by the Board. It establishes the appetite for risk by risk category plus high level risk limits and tolerances, and drills down into more detailed risk statements. These are expressed through associated Key Risk Indicators with associated risk limits and risk tolerances.

Risk management cycle

The risk management cycle describes the process used to set, identify, assess, respond, monitor and report on risk impacting each business.

Risk identification (new and emerging risks)

Risk identification is the process of understanding and capturing any material threats or opportunities that could have a significant impact on the achievement of business objectives. Risk can be identified using a range of techniques and builds on the wide range of risk related management information gathered through the wider risk management system. This includes policy management and control assessment including control validation and assurance, stakeholder scenario workshops (attended by internal and external subject matter experts), incident reporting, and any analysis of risk incidents including a root cause analysis. Every member of the organisation should be continually evaluating the risks to their business area with formal governance required at a functional, regional and legal entity level.

Emerging risks are defined as newly developing or changing risks which are difficult to quantify, and which may have a major impact on the organisation. Emerging risks are identified and assessed through a number of forums throughout the business. These are then consolidated by Line 2 and reported at the UK&I Enterprise Risk Committee and BRC.

Risk assessment

Once risks have been identified the business assesses how material the risks are and whether the risk is inside appetite or outside appetite. At a functional, regional, and legal entity level this is used to update the risk profile. The identified risks are documented in the business function's risk reports and risk profile 5*5 matrix. This records the likelihood of occurrence, the expected residual loss impact, and whether the residual risk is within risk appetite, and if not, whether there is an appropriate action plan. Significant risks are periodically reviewed for potential inclusion in the internal model, which is the primary tool for measuring risk. The outputs of the internal model and the stress and scenario testing process are also used to inform the risk assessment process.

Response, monitoring and reporting risk

All significant residual risks are assessed and monitored to determine if the risk is within risk appetite and, if not, whether there is a plan with an owner to bring it within appetite within a reasonable timeframe.

Action owners must track all action plans to ensure risk is brought within appetite within a planned timeframe and report progress at least quarterly.

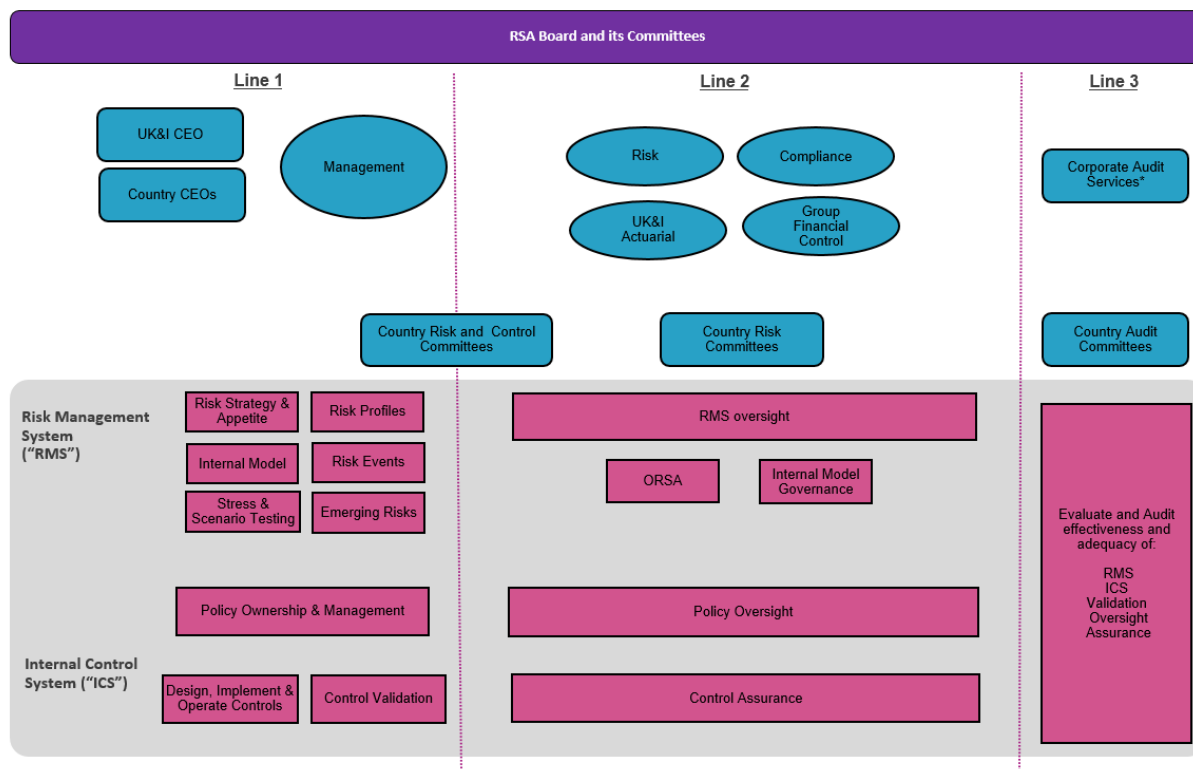
Risk reporting at the aggregate Group level is to the BRC and the Group executive level committees.

Outputs of the internal model are used by the BRC as an integral part of its decision making on matters from setting the risk appetite and adjusting investment exposure and hedges to reinsurance strategy, insurance portfolio risk assessment, allocating capital to individual lines of business and key strategic decisions such as disposals.

B.3.2 Implementation and integration

The Group has established a consistent group-wide approach to the implementation of the System of Governance through the Risk Management System, internal control system and risk policies.

The application of the three lines of defence and its interaction with the internal control system is shown below.



* Internal Audit adopted the title of Corporate Audit Services following 1 June Intact transaction

B.3.2.1 RSA Internal model governance & assurance

The Group has approval from the PRA to use its internal model to calculate the Group SCR. This approval also applies to the UK insurance entities – RSAI, MIC and RSA Re.

As well as being used to calculate the SCR, the model is used for calculating RSA's own internal views of capital requirements at a Group, regional and entity level. Outputs of the internal model are used as an integral part of its decision making on matters from setting the risk appetite and adjusting investment exposure and hedges to reinsurance strategy, insurance portfolio risk assessment, allocating capital to individual lines of business, to key strategic decisions such as disposals.

The model has a common governance and assurance framework which oversees how the model is run, updated and results reported.

The structure of the Group governance framework is shown in the following table:

Responsibility	Body/Function	Activity
Held accountable but delegates Internal Model oversight responsibility to the BRC	Board	Monitors BRC activity and receives sufficient information to oversee the model and understand the output
Ensures the internal model has appropriate design, operation, risk coverage and compliance	BRC	Reviews and challenges Internal Model Governance Committee ("IMGC") and planned model development activity, including through regular reporting of validation, internal model changes, results of model runs and associated sensitivities, as well as monitors the ongoing appropriateness of the internal model
Ensures operation within regulatory requirements and co-ordinates internal and regulatory economic capital processes	IMGC	Receives and challenges results of the internal model runs, identifies the need for and assesses changes to the internal model including updates to calibrations and structure. Reviews validation findings and undertakes programmes of model improvement including enhancing uses of the model
Undertakes programme of independent validation and reports results to BRC (with debate at IMGC)	Risk Function (Assurance Provider)	Performs model validation activity, identifies and monitors issues including closure. Reviews and challenges the outputs of the model including estimated capital positions and forecasts

The IMGC is responsible for providing overall direction and for the governance of the internal model in addition to acting as the coordinating body for the internal and regulatory economic capital process. It regularly provides updates to the BRC.

The IMGC ensures that the Group's model change policy is adhered to and remains compliant with regulation, that Data Quality and Assurance processes are in place, and that independent model validation is performed. The IMGC provides this oversight for all entities approved to use the Internal Model.

B.3.2.2 Internal model governance changes in the year

There were no material changes to the internal model governance during the reporting period.

B.3.2.3 Internal model validation

Rule 14.1 of the SCR-Internal Models Part of the PRA Rulebook applicable to Solvency II firms requires firms to establish independent validation processes to ensure that the Internal Model is properly designed, developed, tested, documented, implemented and used appropriately.

Validation is a regular process, the primary goal of which is to provide the Board with assurance that:

- The internal model is fit for purpose
- The internal model achieves its objectives as defined by the business

Validation assesses the key assumptions and outputs of the model and involves a number of tools and activities such as sensitivity testing, backtesting and benchmarking.

There is segregation of roles and responsibilities between the model validation team and the capital modelling team which develops and operates the model. Model validation is a Line 2 function reporting to the CRO whilst capital modelling is a Line 1 function reporting to the UK&I CFO.

Results and findings from the validation activities are regularly reported to the IMGC, BRC and ultimately the relevant legal entity Board, at least annually in the form of a formal validation report.

B.3.3 ORSA

B.3.3.1 ORSA process

The ORSA process is a continuous process that takes input throughout the year, to assess how the risks of the business change over time and the consequential impact on the solvency needs and strategy of the business. During the year, the Board and BRC consider a range of activities and a final report is presented to the BRC and the Board at an appropriate time each year. This summarises papers and associated decisions taken during the period and highlights key areas of action needed over the forthcoming year.

B.3.3.2 ORSA review and approval

Papers are presented to the RSAIG and UK/EEA insurance entity Boards throughout the year dealing with individual elements of the ORSA.

The ORSA report is presented annually to management, the BRC and the relevant Board.

B.3.3.3 Own Solvency needs

As part of the ORSA process, the Group looks at the capital it needs using various bases including:

- Solvency II SCR
- Economic Requirement (including looking at risk to ultimate)

Using these measures, it is then able to assess in aggregate its Own Solvency needs and corresponding capital available. The internal model is used for the calculation of the SCR and internal economic measures and is calibrated based upon the risk exposures of the Group.

In addition, when setting the risk appetite, various levels of buffer to cover potential operating shocks are allowed for. Finally, as part of the Operational Plan and ORSA processes, the capital position of the Group is projected over the period of the operating plan to ensure that the Group will have sufficient capital to meet its needs.

B.3.4 Group consistency

The Group has established a consistent group-wide approach to the implementation of the System of Governance with the Risk Management System, Internal Control System and risk policies developed at Group and cascaded to the regions and insurance subsidiaries, with overall Group oversight to ensure consistency.

The Group operates under a common framework through which risk management and control is embedded. Each business within the Group is required to follow consistent processes, using a common language, to identify, measure, manage, monitor and report its risks, in line with a consistent and comprehensive set of policies.

Policies set out risk assessment standards and risk appetite together with detailed procedures including minimum requirements and internal controls and details of controls testing. Each policy is assigned a Group Managing Owner with responsibility for ensuring that the policy is embedded across the Group through regional/local owners.

Risk policies are linked to risk appetite and address the Group's material risk categories, i.e.:

- Insurance Risk
- Market Risk
- Credit Risk
- Liquidity Risk
- Operational Risk (including Customer Risk)
- Reputational Risk
- Pension Risk

These policies set out how the business should identify, measure, manage, monitor and report material risks. They all require localisation and implementation by all businesses and formal adoption by all of the Group's UK/EEA insurance entity Boards.

B.3.5 Use of single Group ORSA

Having received approval from the PRA, a single ORSA report is produced for the Group and its UK regulated entities.

B.4 Internal control system

B.4.1 Description of the internal control system

The Group has put in place an effective internal control system which contains administrative and accounting procedures, an internal control framework, with appropriate validation, assurance and reporting arrangements at all levels of the Group, a delegated authority framework, and a compliance framework. The internal control system is underpinned by the three lines of defence model.

The internal control system comprises three key elements:

- **Internal control framework** - whereby policies establish standard controls, which are implemented and operated by the business; supplemented by objective line 1 validation and independent line 2 assurance processes. The internal control framework includes financial controllership which is subject to assurance through the Financial Control Framework and its Independent Quality Assurance process
- **Delegated authority framework** - whereby authority is cascaded down from the Board to the business
- **Compliance framework** - sets out the standard control processes to minimise and/or prevent the risk of material loss, reputational damage or liability arising from the failure to comply with regulatory requirements. Ultimate responsibility for compliance with the relevant rules and regulations rests with the Board, the executive and the senior management in each business. Advice, challenge, interpretation and assurance are provided to these bodies by the Compliance function

Internal control framework

The internal control framework is designed to identify and mitigate, rather than eliminate, the potential risk of failure to achieve business objectives and can only provide reasonable, and not absolute, assurance against material financial misstatement or loss.

Group policies cover all material risk types to which the Group is exposed and set out both minimum requirements, and standard control sets, for business activities, including delegated activities. This allows the Group to achieve its objectives including effectiveness and efficiency of operations, reliability of financial reporting, and compliance with applicable laws and regulations.

Policies also establish control validation activities (Line 1 checks) which ensure controls are designed and operating effectively and assurance activities (Line 2) which examine and oversee business control validation activities to provide additional independent comfort that objectives are being achieved and adequate controls are in place and working effectively.

Adherence to the control sets, and the progress and findings of assurance and validation activity, are reviewed by regional Risk and Control Committees, which have been established with similar terms of reference in all regions. Key issues identified in the committee meetings are escalated to local entity boards or audit committees. Relevant trends and risks will also be notified to the BRC as appropriate.

Delegated authority framework

The delegated authority framework specifies how executive authority is delegated from the Board to the UK&I CEO, and onwards to senior management within RSA. The UK&I CEO and senior executives across RSA receive an executive licence setting out their specific limits of authority in terms of entering into financial, underwriting, claims and other business commitments. Each executive is responsible for ensuring a similar process of delegation is in place within their area of responsibility.

Effective management of delegated authority enables the business to:

- Ensure that all employees execute their responsibilities within a clearly defined set of limits and subject to specified terms and conditions appropriate to their role, competence, experience and technical capability so as to mitigate the risk of the Group being exposed/committed to material financial, operational, legal, reputational and/or regulatory risk and/or loss
- Ensure consistency is applied across operational and technical matters, covered by separate policies
- Ensure that the risks associated with managing and delegating authorities are mitigated through the use of appropriate preventative and detective controls and remain within risk appetite
- Ensure compliance with relevant regulatory and statutory requirements

The delegated authority framework is applied across the Group's businesses where individuals must operate and/or authorise within limits delegated by the UK&I CEO, their direct reports and/or governing bodies, and ensures consistency between each of the operating subsidiaries within the Group. The powers of the Board, and the extent to which these powers may be delegated or must be retained, are set out in detail in the Matters Reserved for the Board or Terms of Reference for the Board Committees.

Compliance framework

The compliance framework is owned by the Compliance function. Its purpose is to safeguard RSA, its customers, reputation and assets by promoting identification, understanding and compliance with all applicable conduct and regulatory risks and requirements. It does this through relevant policies, frameworks, effective communications, guidance and horizon scanning, so supporting the business to promote a compliant culture throughout the organisation.

The compliance framework has been developed to deliver assurance over RSA's compliance with regulatory requirements to both internal and external stakeholders. It consists of a Compliance Mandate, Compliance Policy and related processes and tools. The policy documents the requirements that a Compliance function must have in place in order to provide advice, guidance and assurance to the business, and operate as an effective line 2 function within RSA's governance model. The framework establishes the minimum standards and controls to be applied in order to identify and mitigate the risk of regulatory breaches and censure relating to areas covered by the Compliance function.

Each business is responsible for implementing controls to comply with all applicable regulatory requirements and ensuring these controls remain effective with ultimate responsibility resting with the local board, executive and senior management.

B.4.2. Compliance function

The Compliance Policy requires each region of RSA to have either a Compliance team or a person responsible for compliance. The Compliance function, led by the UK&I CCO, comprises the Group legal entity Compliance teams.

The Compliance function provides support, challenge and guidance across RSA operations to ensure that regulatory risks are identified, managed and mitigated to within appetite by the business, whilst promoting good customer outcomes.

In respect of RSA-wide activities, the Group Compliance team provides leadership, oversight, challenge and support to the Group country Compliance teams. The Group Compliance team undertakes assurance reviews to ensure that appropriate resources and processes are in place to comply with the Compliance Policy and so support the business need to meet regulatory requirements effectively. The Compliance function reports quarterly to the Governance, Conduct and Remuneration Committee with an assessment of how the RSA businesses and functions are meeting those requirements.

The Compliance function establishes, implements and maintains an annual Compliance Plan for RSA setting out the compliance work to be undertaken in the upcoming year. The Group Compliance Plans are presented annually to the Governance, Conduct and Remuneration Committee for approval. The Plans for the regional and country Compliance teams are presented annually to the Governance, Conduct and Remuneration Committee for review and approved locally by their Boards. Updates on progress and material changes are provided to the Governance, Conduct and Remuneration Committee.

The Group Compliance function leads and develops the relationship with the UK PRA and FCA to achieve a mutually beneficial relationship with the regulators for RSA and the UK legal entities. It supports the organisation in dealings with regulators in an open and co-operative manner and keeping them fully and promptly informed of all matters they may reasonably expect to have disclosed to them.

B.5 Internal audit function

B.5.1 Implementation

The primary purpose of the Corporate Audit Services (“CAS”) function is “to keep the company safe and improving”. Specifically, it helps the Board and Executive Management to protect the assets, reputation and sustainability of the Group business.

CAS does this by assessing whether all significant risks are identified and appropriately reported by management and the second line of defence to the Board and Executive Management; assessing whether they are adequately controlled, and by challenging Executive Management to improve the effectiveness of governance, risk management and internal controls.

CAS is an independent and objective function reporting to the UK&I Board through the Audit Committee. The UK&I Chief Auditor is a member of the UK&I Executive Committee and has a primary reporting line to the Chair of the Audit Committee, with a secondary line to the UK&I CEO.

CAS’s scope of activities is unrestricted and its audit universe extends to all legal entities, joint-ventures and other business partnerships, outsourcing and reinsurance arrangements. Its scope includes first line control validation, second line control assurance and the system of governance as set out under SII. Whilst it is not the role of CAS to second guess any decisions made by the Board and its Committees, its scope does include information presented to the Board and its Committees.

On a semi-annual basis the UK&I Chief Auditor will submit a six-monthly rolling risk based audit plan (i.e. detailed plan for the upcoming six months, together with an outlook for the subsequent six months), including emerging and systemic risks to the Audit Committee for review and approval. The six-monthly rolling audit plan is developed based on CAS’s independent risk assessment and a prioritisation of the audit universe, considering inputs from Executives, Senior Management and the Audit Committee, and CAS’s assessment of various “planning lenses” which include fraud risk, culture trends and emerging issues that could impact the organisation.

CAS coverage of the audit universe should be based on the principle of a three-year rolling coverage, during which it shall aim to cover all inherent high risks twice and all inherent medium risks once. Any high or medium risk areas not covered within the three-year time period shall be made transparent to the Audit Committee.

The UK&I Chief Auditor will review and adjust the plan, as necessary, in response to changes in the business, risks, operations, programmes, systems, and controls. Any material changes to the CAS plan will be communicated through quarterly reporting to the Audit Committee for approval. When necessary, CAS may conduct audit engagements which are not included in the audit plan, these may be carried out without notice.

In addition to the six-monthly rolling audit plan that is reviewed and approved by the Audit Committee, the UK&I Chief Auditor ensures that the function has a multi-year outlook in line with the business’s strategic and operational plan.

The UK&I Chief Auditor will ensure that CAS has the appropriate budget and resources and that CAS collectively has the skills and capabilities to effectively deliver on its purpose and mandate. This includes consideration of trends and emerging issues

that could impact the organisation. Where appropriate, independent internal or external co-sourced resources may be engaged to supplement the core team and deliver all or part of an audit engagement.

Annually, the UK&I Chief Auditor provides the Audit Committee with an assessment of the skills and capabilities required to conduct the work needed, and whether the budget is sufficient to allow the function to recruit and retain staff with the expertise and experience necessary to provide effective challenge throughout the business and to Executive Management. The Audit Committee is responsible for approval of CAS's plan and budget, and reviews and confirms annually that CAS is staffed appropriately and operating effectively.

CAS operates an ongoing Quality Assurance programme that is outsourced to Deloitte. Annually, Deloitte reports a summary of the Quality Assurance results to the Audit Committee. Further, CAS performs an annual assessment of compliance with professional standards of which the results are reported to the Audit Committee. The function is governed by an Internal Audit Charter which sets out the function's role, mandate and authority, and includes independence and objectivity criteria.

B.5.2 Independence and objectivity

CAS must be independent from management at all times in order to be effective in delivering on its purpose and mandate. Internal auditors shall have no operational responsibility or authority over any business activities, day-to-day risk management or control activities.

Internal auditors are expected to remain independent and objective in all assignments and do nothing that might prejudice or be perceived as prejudicing independence and objectivity. Impairments to independence and objectivity may include, but are not limited to:

- Auditing business areas for which an individual previously worked, was seconded to, or was previously responsible for (auditors must refrain for a period of at least 12 months); and
- Auditing an area where an individual has a close relationship with one of its staff (e.g. partner, family member)

Independence and objectivity may also be impaired if an individual is approached about, or receives, an offer of employment from an area that they will be, or are, auditing. To prevent undue influence, the Chief Auditor must be advised of any approach and has the option to defer the offer for up to six months following completion of the audit.

If independence or objectivity is impaired in fact or appearance, the details of the impairment must be disclosed immediately to the Chief Auditor, who will determine whether the Audit Committee will need to be informed.

Audit activity will remain free from interference by any element in the organisation, including matters of audit selection, scope, procedures, frequency, timing, or report content to permit maintenance of a necessary independent and objective mind-set.

The Chief Auditor reports, at least annually, to the Audit Committee on the independence of the Function and its staff. This is supported by a formal assessment of independence and objectivity for long serving staff, together with an independence self-certification signed by all members of CAS. The Chief Auditor will disclose any interference and its implications to the Board via the Audit Committee.

Where the tenure of the Chief Auditor exceeds seven years, the Audit Committee will discuss the Chair of the Audit Committee's assessment of the Chief Auditor's independence and objectivity. Thereafter the Audit Committee will consider the Chief Auditor's independence and objectivity annually.

B.6 Actuarial function

The Actuarial Function coordinates the calculation of technical provisions. It provides assurance that the approach to setting technical provisions uses appropriate homogenous risk groupings, methods, models, and assumptions and it assesses the appropriateness, completeness and accuracy of the underlying data and ensures that any limitations of data used have been appropriately dealt with. It applies methodologies and procedures to assess the sufficiency of the SII technical provisions in order to provide an opinion on the reliability and adequacy of technical provision estimates. The Actuarial Function assesses the sources and degree of uncertainty associated with the technical provision estimates and carries out sensitivity analysis to understand how key areas of judgement could impact estimates. It informs on areas where experience has been different to expectation and how this has influenced methods, models and assumptions. The Actuarial Function also provides an opinion on the underwriting policy and the adequacy of reinsurance arrangements. The Actuarial Function cooperates closely with the Risk Management Function on issues such as oversight of our Internal Model, and contributes to the effective implementation of the risk management system.

Independence of the Actuarial Function is achieved by business unit actuarial teams and their Head of Reserving retaining 1st line responsibility for calculation of technical provisions. The line 1 work and recommendations are reviewed by the Head of the Actuarial Function, as required at regional level for separate legal entities within RSAIG and at consolidated RSAIG level. The business units and the entity level Actuarial Functions where required confirm that appropriate data, assumptions and methodologies have been used in preparing their estimates, and that all controls and governance have been successfully completed, in line with RSAIG reserving policy. The RSAIG Actuarial Function consolidates the business unit results into the total Group position and carries out an independent review of the regional provision calculations in a 2nd line capacity in order to fulfil its oversight responsibilities.

The UK&I Chief Actuary leads the RSAIG Actuarial Function and has independent access to the Audit Committee. On an annual basis, the Group Actuarial Function agrees its areas of focus for the coming year with the Audit Committee. It produces Actuarial Function Reports summarising the key conclusions of the Actuarial Function's work along with recommendations on how any identified areas for improvement should be remedied. These Actuarial Function reports are presented to the Audit Committee and/or the BRC. The RSAIG Actuarial Function also provides quarterly interim updates on SII technical provisions to the Audit Committee.

B.7 Outsourcing

B.7.1 Policy and key activities

The Group's approach to outsourcing (including the definition of outsourcing) is based on a central framework with local adoption and responsibility. The framework is set out in the Group's Third Party Contracts and Outsourcing Policy (which also covers intra-group outsourcing), which is adopted by the RSA local entity boards and rolled out locally. Additional Group policies place further controls on specific types of outsourced contract such as the Technical Delegated Authority Framework and the Claims Delegated Authority Framework which covers external underwriting and claims delegated authorities.

The Third Party Contracts and Outsourcing Policy provides a Group wide definition of Outsourcing and Material Outsourcing (also referred to as critical and important) activities and functions to ensure consistency of approach as well as defining critical non-outsourcing relationships to ensure appropriate treatment and management in line with regulatory obligations. The policy sets out the provisions to be followed in relation to all outsourcing, and critical non-outsourcing relationships, with additional controls being imposed on material outsourcing. It additionally specifies the operational responsibility and establishes the provisions to be taken into consideration in supplier agreements.

The framework also establishes the necessary responsibilities, maintaining a proper separation of activity, so as to ensure correct local service control through Group Approved Local Supply Chain Processes and maintenance of oversight within the Group.

Service providers of activities designated as outsourcing or critical non-outsourcing are generally located in the same legal jurisdiction as the relevant local RSA entity (although many services are physically provided from overseas locations such as India).

The service types outsourced (in whole or in part) in one or more region include:

- IT Infrastructure services
- IT Application development / maintenance
- Loss adjusting
- Print and fulfilment
- Claims handling
- HR / Payroll
- Claims legal services
- Finance billing
- Sales
- Fund management, custody and investment accounting

B.7.2 Intra-Group outsourcing arrangements

During the year, the Group entered into outsourcing contracts and distribution arrangements with third parties in the normal course of its business and is reliant upon those third parties being willing and able to perform their obligations in accordance with the terms and conditions of the contracts.

RSA local entities also enter into outsourcing agreements with other members of the Group in relation to the efficient provision of services across the Group. Regardless of whether an internal or third party outsourcing arrangement has been entered into, ultimate responsibility for the outsourced activity and regulatory compliance lies with the local entity board.

Specific material intra-group arrangements include the provision of certain investment services (such as valuation) to other subsidiaries.

B.8 Any other information

B.8.1 Adequacy of system of governance

The adequacy of the system of governance is formally considered by the Board annually. This process considers both changes and recommendations made during the year (including through Internal Audit, Risk and Compliance reporting) and any recommendations by the other corporate departments based on their observations or regulatory change. Should it be deemed necessary, changes can also occur outside of this formal review. The Group's system of governance is effective and fit for purpose taking into account the nature, scale and complexity of the risks inherent in its business.

B.8.2 Any other material information

Nothing to report.

C. Risk Profile

In this section

C.1 Underwriting risk

C.2 Market risk

C.3 Credit risk

C.4 Liquidity risk

C.5 Operational risk

C.6 Other material risks

C.7 Any other information

The Group is exposed to the following main categories of risk:

- Insurance risk
- Market risk
- Credit risk
- Liquidity risk
- Operational risk
- Pension risk

The first five categories are described in sections C.1 to C.5 respectively. Insurance risk includes claims risk and reserving risk and these are all described under the prescribed heading “C.1 Underwriting risk”.

As Pension risk is not a separate category in the prescribed SFCR structure, it is addressed under the “C.6 Other material risks” heading.

The Group quantifies its exposure to different types of risk as part of its SCR calculation. See QRT S.25.03 in Appendix 8 for a breakdown of how much each type of risk contributes to the SCR.

C.1 Underwriting risk

C.1.1 Introduction

Underwriting, claims and reinsurance risks

The Group manages these risks through its underwriting strategy, reinsurance arrangements and proactive claims handling.

The Group risk appetite statement sets the high level appetite for insurance risk.

Additionally, the Group has a number of centrally managed forums to examine Group underwriting and claims issues, review and agree underwriting direction, promote collaboration and sharing of best practice and set policy, frameworks and directives where appropriate.

The underwriting strategy aims to ensure that the underwritten risks are well diversified in terms of type and amount of risk, industry and geography.

The Group Chief Underwriting Officer sets the Group Underwriting line of business risk appetite and strategy, which is cascaded to line of business portfolio leaders for defined portfolios, implemented through portfolio strategy statements. Individual risks are written within the parameters of the portfolio strategy and risk appetite and underwriting licence authority.

Specific to the Group risk appetite, the underwriting and claims policies define the controls implemented to manage the Group's limited appetite for:

- 'Special High Risks', including long-term policies, full insurance delegated authority arrangements and lines of business where RSA lacks appropriate specialist expertise and Reinsurance support e.g. Aviation and Space
- Writing business in 'High Risk Countries' so designated due to sanctions or presenting an unacceptable level of operational risk. The High Risk Country Committee periodically reviews and communicates 'High Risk Countries'

Reserve risk

The Group establishes technical provisions for claims to account for the anticipated ultimate cost of all claims and relevant expenses for claims that have already occurred. The Group establishes technical provisions for both reported and unreported claims. Technical provisions estimates are based on known facts and on interpretation of circumstances including the Group's experience with similar cases and historical claims payment trends. The Group also considers the development of claims payment trends, levels of unpaid claims, judicial decisions, legislation changes, economic conditions and any other relevant information.

C.1.2 Measures used to assess risk

Underwriting and claims risk

The Group's underwriting and claims strategy and risk appetite are reviewed, challenged and approved by the Board annually.

Key risk indicators assess risk against the Board risk appetite and these are reported at the quarterly Regional Control and Risk Committees. Underwriting risk indicators include measures for exposure control, pricing, the control environment and licences. Claims risk indicators include assessment of financial controls, technical claims handling quality, case reserving, counter fraud performance and external delegated authority.

Portfolio strategy is reviewed quarterly under the Portfolio Review Risk Management process. This enables ongoing, proactive management of the implementation of portfolio strategies together with facilitation of forward looking portfolio risk assessments against measured key risk indicators. Risks and issues are escalated to relevant Risk & Control Committees and the BRC.

Scenario and stress testing and risk profiling are undertaken and are reported through the Enterprise Risk Committee and to the Group Risk Committee.

Accumulations for locational static exposures are modelled using the GAIA Exposure Data Management system to identify 'Per Risk' and Catastrophe risk concentrations and to inform scenario modelling and reinsurance purchase. The Accumulation Management Steering Group ("AMSG") has formal oversight and reporting of the standards for data quality and the minimum requirements for identifying and controlling 'Per Risk' and Catastrophe risk concentrations.

The effectiveness of pricing tools and process is measured through the Pricing Capability Assessment Questionnaire operated by Group Commercial and Speciality business lines, and RSAII Personal Lines to benchmark the capability against defined measures. The Pricing Capability Assessment Questionnaire defined measures include an assessment of the pricing components i.e. use of historical claims frequencies and severity averages, adjusted for inflation and modelled catastrophes trended forward to recognise anticipated changes in claims patterns and allowance in the pricing procedures for acquisition expenses, administration expenses, investment income, the cost of reinsurance, and for a profit loading that adequately covers the cost of capital. UK Personal Lines utilises a set of frameworks and controls developed to meet the requirements of FCA Pricing Practices.

Underwriting and Claims Validation Reviews are held periodically to test the effectiveness of the processes and controls in the risk management frameworks. Gaps in compliance with the controls require either a Remediation Plan or Exception against the respective control(s) under the Risk Policy Management process. Group Underwriting and Claims monitor the progress of Remediation Plans and is the approver for Exceptions. These are reported to the Audit Committee, with overdue items escalated to the Board Risk Committee.

Breaches of controls are escalated and reported, with material Risk Events escalated to the Intact Group Risk Committee and BRC.

There have been no material changes to the measures used to assess risks during 2022.

Reserve risk

The Group has a Reserving Committee covering all claims liabilities within the Group's perimeter. This committee is chaired by the UK&I Chief Actuary and consists of the UK&I CEO, the UK&I CFO, UK&I CUO, the UK&I CRO, the UK&I COO and the Managing Directors for key operating segments. The Intact Group Chief Risk & Actuarial Officer is also invited to attend the meetings of the committee. A similar committee has been established in each of the Group's primary operating segments. The Reserving Committee monitors the decisions and judgements made by the business units as to the level of technical provisions. The Reserving Committee recommends the level of technical provisions to be held to Board via the Audit Committee.

The Covid-19 pandemic and its consequent impacts on areas such as frequency, mix of claim and supply chain issues mean the recent environment of heightened uncertainty continues. Additional increasing uncertainty arises from the Russia-Ukraine war and increasing inflation add to the distortion in our experience, data and trends. The impacts will take time to settle down, stabilise and become clear. The distortions noted make robust projection of the ultimate cost of claims more difficult than normal. While the Covid-19 uncertainty affects all business units and legal entities, the impact varies and will evolve over time as restrictions and behaviours change and experience matures.

In forming its collective judgement, the Committee considers the following information:

- The actuarial indication of ultimate losses together with an assessment of risks and possible favourable or adverse developments that may not have been fully reflected in calculating these indications. These risks and developments include: the possibility of future legislative change having a retrospective effect on open claims or changes in interpretation or regulatory application of existing legislation; changes in claims settlement practice or procedures and supply chain delays potentially leading to future claims payment patterns differing from historical experience; the possibility of new types of claim arising either from changes in business mix, or, such as disease claims emerging from

historical business; general uncertainty in the claims environment and emerging claims trends; the emergence of latent exposures; the outcome of litigation on claims received; failure to recover reinsurance as the Group expects and unanticipated changes in claims inflation

- How previous actuarial indications have developed as claims experience has evolved
- The views of internal peer reviewers of the reserves and of other parties including actuaries, legal counsel, risk directors, underwriters and claims managers
- The outcome from independent assurance reviews performed by both external actuarial consultants and the IFC Group Actuarial Function to assess the reasonableness of regional actuarial indication estimates
- Changes in the external claims environment in areas such as legal and medical activities, settlement & supply chain delays which impact the speed of claims development. The distortions in data caused by the Covid 19 pandemic means identification of trends is more difficult than normal. Claims experience may exhibit different characteristics and runoff trends compared to historic experience, resulting in increased uncertainty relating to actuarial indications of ultimate losses
- Covid-19 claims experience, which continues to be monitored closely and the Group is engaging with its reinsurers as payment and settlement activity grows. Whilst experience has tracked in line with the Group's expectations to this stage, many key areas of uncertainty remain such as the value of eligible claims and the extent to which reinsurance will ultimately respond compared to how the Group expects. The current assessment of Claims liabilities reflects court judgements across the jurisdictions that the business operates in, including those recently announced in the UK in October 2022. These most recent judgements are complex and create a number of uncertainties and the Company will continue to monitor the progression of the judgements, including the appeals
- There is considerable uncertainty in the economic environment beyond 2022, and changes such as ongoing inflationary pressure could have an impact on claims costs. This is a key uncertainty that is monitored by the RSA Reserving Committee with sensitivity testing to monitor, assess and understand potential impacts should the risks manifest.

There have been no other material changes to measures used during 2022.

C.1.3 Material risks

Material risks identified during the reporting period include:

- **Catastrophe Risk** - Covers the risk that a single event or series of events of major magnitude usually over a short period, leads to a significant increase in actual claims compared to total expected claims. Losses can arise from either natural perils, for example hurricane, windstorm, flood and earthquake, or from non-natural perils, for example fire/explosion
- **Pricing Risk** - The risk that portfolio pricing strategies, monitoring and rating are insufficient to generate sufficient returns in key portfolios to maintain profitability and pay claims
- **Reserving Risk** - The risk that case reserves are insufficient, untimely or inaccurate leading to unforeseen adverse development, or that claims handling practices have changed and give rise to different future development to that expected. The risk that more claims are reported in future than anticipated, or that settlements cost more than we expect and claims severity increases. The risk that legislative changes have a retrospective effect on claim settlements
- **Underwriting Risk Selection** - Covers the risk that claims arising on exposures after the valuation date are higher (or lower) than assumed in the pricing other than due to catastrophes. This can arise as the result of bad experience, third party interventions, ineffective portfolio management, poor pricing, poor risk selection or failure to underwrite effectively
- **Claims Management Risk** - Financial losses through ineffective claims management processes or performance

During 2018, RSA operations commenced writing a small amount of affirmative cyber risks coverages with appropriate Reinsurance coverage purchased. RSA took action during 2020 to identify policy language that is 'silent' on cyber risks and where appropriate the policy language has been updated. An accumulation methodology has been developed incorporating an expert view, that formed the basis of the RSA's cyber specific returns to the PRA & EIOPA in 2018 and the cyber RDS included in the PRA's 2019 SAST and follow up Insurance Stress Test 2022 (IST 2022).

Climate Change risks (litigation, physical risks and transition): RSA introduced a new Special High Risk category to exit specific high carbon emission risks for the energy sector as set out in RSA's Low Carbon position paper and in line with the Group's Climate Change action plan. Climate Change risks have oversight from a joint IFC and RSA UKI ESG Committee and the BRC.

RSA continues to focus on managing the risks and mitigation activity in response to the Covid-19 global pandemic but the key actions are completed:

- Policy wording amendments to reflect cover under the Reinsurance Treaty and market wordings approaches have been implemented, and, where affirmative cover is provided, the Disease Extension wording has been strengthened so that cover only responds to a specified disease that has manifested on the premises
- The Technical Provision uncertainties relating to Covid-19 (see section D.2.3 for further details) are relevant to reserve risk and, in some cases but to a far lower extent, also relevant to underwriting risk (see section C.1.2)

Inflation and supply chain disruption risks are monitored portfolio underwriting risks, given additional focus due to the geo-political uncertainty (e.g. Ukraine war, China and energy supply), combined with recovery from the pandemic, and, uniquely for UK, the constraints of trading with the EEA bloc. The scope of monitoring drives decisions made during the underwriting, portfolio strategy, pricing and operational planning process, with oversight of implementation from the quarterly business reviews. Risks are reviewed, and material remediation actions are escalated to the Regional Risk and Control Committees and to the BRC.

There have been no other material changes to the material risks during 2022.

C.1.4 Application of the prudent person principle

The prudent person principle is not applicable to underwriting risk.

C.1.5 Material risk concentrations

The Group's peak Natural Catastrophe zone is Northern European windstorm, where the Group purchases reinsurance to protect against losses of up to £1.6bn limit before co-participations (2022: £1.35bn). We have increased our coverage limit for 2023 to reflect changes in our exposures including inflationary impacts.

Large individual risks, for example city centre shopping centres, are closely monitored via the risk management system. These are protected both by the Global Property Risk treaty and, in a multiple loss scenario, by the Global Catastrophe treaty.

C.1.6 Risk mitigation

The Group operates a comprehensive risk management system and policy management framework. This system includes policies which govern key activities such as Underwriting, Claims, Reinsurance and the assessment of insurance risks. The policies introduce a system of mandatory controls frameworks which stipulate a system of minimum requirements and standard controls, and key risk indicators which are used to measure the effectiveness of these controls in mitigating risk. Each quarter, management are required to report on the operation and effectiveness of these controls to governance committees. Key risks are escalated to functional Risk Committees and to the BRC. Controls which are not considered effective are subject to remedial action and risk oversight.

The Underwriting and Claims governance and control framework spans a number of key activities, including (but not limited to):

- Delegation of Technical Authority (Internal and External) including Licensing and Referrals
- Portfolio Strategy, Performance and Risk Management
- Underwriting Product Development

- Pricing
- Accumulation and Exposure Management
- Multinational Risks
- Risk Control / Inspection
- Underwriting and Claims File Review / Validation
- Claims Management Processes
- Case Reserving

The management and mitigation of credit risk for reinsurance are described in Section C.3.6 Risk Mitigation.

In the ordinary course of business, the Group reinsures certain risks with other reinsurers to limit the maximum loss in the event of catastrophic events or other significant losses. The Group's objectives related to ceded reinsurance are capital protection, reduction in the volatility of results, increase in underwriting capacity and access to the expertise of reinsurers. These reinsurance arrangements mean that both the Group's net retention plus reinstatement premiums and co-participations are within agreed Risk appetite metrics.

The placement of ceded reinsurance is mainly on an excess of loss basis (per event or per risk), but some proportional cessions are made for specific portfolios. Annually, the Group reviews and adjusts its reinsurance coverage to reflect current exposures and its capital base. The most material component of the Group's reinsurance programme is the catastrophe treaty, for which more detail is provided below.

The catastrophe reinsurance programme for RSA Group's business is provided on a combined basis with IFC's operations in Canada and the US. RSA's approach for setting limits is consistent with prior years. The following table summarises the net retention and coverage limits for multi-risk events and catastrophes. Please note from a RSA Group perspective the retention / limit from an event in the US or Canada would be shared with the IFC Group domestic operations in the respective territory.

As of 1 January	2023	2022
UK & Europe located events (in million of GBP)		
Retention ¹	125	75
Coverage limits ²	1,600	1,350
US located events (in million of CAD)		
Retention ¹	150	125
Coverage limits ²	1,300	1,225
Canadian located events (in million of CAD)		
Retention ¹	250	200
Coverage limits ²	6,400	7,200

¹ Excludes reinstatement premium, tax impacts and co-participations between the retention level and coverage limit.

² Represents the ground up limit before co-participations and retention level.

C.1.7 Risk sensitivity

See section C.7 for information on stress testing and sensitivity analysis for all categories of material risk.

C.2 Market risk

C.2.1 Introduction

The Group is exposed to market risk, which is the risk of potential losses from adverse movements in market prices including those of bonds, equities, property, exchange rates and derivatives as well as credit rating downgrade risk, credit spread risk, credit default risk and asset-liability matching risk.

C.2.2 Measures used to assess risk

The Group assesses its market risk exposures through a number of factors including exposure by asset class, credit rating of counterparties, asset liability mismatch due to divergence in duration and currency exposures, and concentration of exposures. In addition stress and scenario analysis is undertaken to assess market risk exposures.

Exposures are controlled by the setting of investment limits and managing asset-liability matching in line with the Group's risk appetite.

The BRC, on behalf of the Board, is responsible for reviewing and approving the investment strategy for the Group's investment portfolios. It provides approval for all major changes of the Group's investment strategy. The UK Asset Management Committee ("UKAMC") reviews and approves any substantive changes to the balance of the Group's investment funds within the strategy framework agreed by the BRC. In addition, asset liability matching both by currency and duration is monitored by the Capital Management Committee.

The BRC sets the Group's risk appetite and issues investment risk limits to the UKAMC. This includes limits on asset class exposures, single counterparty exposures, aggregate exposure to bonds by credit rating and portfolio duration. These limits aim to keep exposures within the Group's risk appetite while ensuring the portfolio is sufficiently diversified. Investment exposures relative to these limits are regularly monitored and reported.

The Group has made an allocation to private credit (the majority of these are investment grade credits). Aggregate allocation to private credit is reviewed by the BRC and all new investments are approved and monitored by UKAMC.

The Group has its own credit review methodology that takes into account ratings from the major credit rating agencies as well as other risk analysis including that undertaken by external fund managers. The Credit Rating Review Committee ("CRRC") is responsible for reviewing and assigning credit ratings to material exposures as well as those that do not have any credit rating under the Group's standard methodology.

A small number of the Group's property holdings are Group occupied and therefore are reported as property, plant & equipment held for own use in the SII balance sheet. The Group's holdings of investment property are recorded separately and these investments are held as part of an efficient portfolio management strategy.

Operational currency risk is managed within the Group's individual operations by broadly matching assets and liabilities by currency.

Structural currency risk is largely managed at a Group level through currency forward and swap contracts. In managing structural currency risk, the needs of the Group's subsidiaries to maintain net assets in local currencies to satisfy local regulatory solvency and internal risk based capital requirements are taken into account. These assets should prove adequate to support local insurance activities irrespective of exchange rate movements. Consequently, this may affect the value of the consolidated shareholders' equity expressed in Sterling.

There have been no material changes to the measures used to assess risks during 2022.

C.2.3 Material risks

The Group is exposed to the following material market risks:

Interest rate risk

The fair value of the Group's portfolio of fixed income securities is inversely correlated to changes in market interest rates. Thus if interest rates fall, the fair value of the portfolio would tend to rise and vice versa.

In assessing this risk, the Group will have reference to the interest rate exposures of its liabilities with risk being the difference between asset and liability exposures.

Equity price risk

The Group's portfolio of equity securities is subject to equity risk arising from changes in market price. Thus, if the value of equities falls, so will the fair value of its portfolio and vice versa.

The Group maintains a high quality investment portfolio and regularly monitors developments in the performance of its assets.

Property price risk

The Group's portfolio of properties is subject to property price risk arising from changes in the market value of properties. Thus, if the value of property falls, so will the fair value of the portfolio and vice versa.

Credit Risk

The Group invests in bonds issued by governments, government-sponsored entities and non-government entities. The Group expects to receive incremental income through assuming credit rating downgrade risk, credit spread risk, credit default risk. Credit risk appetite is controlled through the investment strategy and limits reviewed and approved by the Board.

Currency risk

The Group operates in a number of countries. Accordingly, its net assets are subject to foreign exchange rate movements. The Group's primary foreign currency exposures are to the Euro, Canadian Dollar and the US Dollar. If the value of Sterling strengthens, then the value of non-Sterling net assets will decline when translated into Sterling and consolidated.

The Group is exposed to currency risk in two ways:

- **Operational currency risk** – by holding investments and other assets and by underwriting liabilities in currencies other than the currency of the primary environment in which the business units operate (non-functional currencies)
- **Structural currency risk** – by investing in overseas subsidiaries and operating an international insurance group

C.2.4 Application of the prudent person principle

The Group applies both market risk and liquidity risk policies that set out the minimum requirements for the identification, measurement, monitoring and reporting of market risk, liquidity risk and credit risk arising from investments for the Group's

investment portfolio. A set of key risk indicators in the form of an investment limits framework has been developed alongside the policy. The policy refers to this for investment risk management and reporting purposes.

In particular, the prudent person principle requires each operation and the Group to exercise prudence in relation to the investment portfolio and to ensure assets are appropriate to the nature and duration of its liabilities (assets and liabilities management). It must also be able to show that it has appropriate systems and controls to hold and manage any such investments.

The prudent person principle also requires a duty of care that must be applied for investments that are of a non-routine nature, or that are not admitted to trading on a regulated financial market or to complex products such as derivatives or securitised instruments. The Group follows a high quality, low risk investment strategy with limited exposure to higher volatility investment classes such as equities. Asset and liability duration is broadly matched, with limited flexibility for tactical asset management.

The Group's portfolio focus is on high quality bonds and cash, with measured holdings in equities and property. At 31 December 2022, the Group held over 43% of the fixed income portfolio in government bonds and AAA rated non-government bonds, minimising any liquidity risk and enabling funds to be transferred when required. The credit rating of the fixed income portfolio of the Group is predominantly investment grade with circa 99% of bonds held rated BBB or higher as at 31 December 2022.

C.2.5 Material risk concentrations

The Group's investment portfolio consists predominantly of high quality, investment grade, fixed income assets broadly reflecting the duration of its underlying insurance liabilities. The fixed income assets are well diversified by sector and geography with circa 29% of the investments in the SII balance sheet comprising government securities (see section D. Group SII Balance Sheet for a breakdown of investment assets).

C.2.6 Risk mitigation

The Group supports the liabilities for its general insurance business with a low risk, high quality portfolio with exposure concentrated in bonds and cash. Surplus assets are invested in bonds, cash, private credit, equity and property. Credit risk exposure is mitigated by the high quality nature of the portfolio with circa 99% investment grade and circa 57% rated AA or above. Counterparty concentration risk is limited through limits placed on single counterparties. The Group ensures that it maintains sufficient liquidity for its needs by having a minimum exposure to highly liquid assets such as cash, bonds rated AAA and government and government guaranteed bonds.

Interest rate risk is limited through the Group maintaining a strong match of its bond asset duration relative to its liabilities with exposures being monitored by the Capital Management Committee. The Group maintains a limit of its asset duration being within two years of benchmarks which are established to provide a broad match to liabilities. Exposures are monitored by the UK Risk, Investments & Treasury Committee on a monthly basis and reported to the UKAMC.

The Group also mitigates its exposure to currency risk through partial hedging of its surplus within its principal subsidiaries through a combination of foreign exchange forward and swap contracts.

The Group may use derivative financial instruments for the purpose of reducing its exposure to adverse fluctuations in interest rates, foreign exchange rates, equity prices and long-term inflation. The Group does not use derivatives to leverage its exposure to markets and does not hold or issue derivative financial instruments for speculative purposes. The policy on use of derivatives is approved by the BRC.

The Group invests in assets that are not regularly traded such as direct property, direct loans and funds investing in corporate loans and infrastructure loans. The management of these assets is primarily outsourced to third party fund managers and a number of the Group's committees, including the UKAMC, review the exposures on a regular basis to ensure they remain within the Group's risk appetite.

The Group considers Economic, Social and Governance (“ESG”) factors in the management of its market and credit exposures. When reviewing or considering the appointment of investment managers, account is taken of their approach with respect to sustainable investing, including voting policies and engagement. The Group also utilises third party data services to help monitor ESG exposures.

The Group considers factors impacting climate change and has made a commitment not to invest in the following:

- Investments in projects relating to energy exploration, extraction or production in the Arctic or Antarctic regions
- Investment in projects relating to exploration, construction or operation of coal mines commissioned in 2015 or later
- New investment in thermal coal, oil sands and shale projects and pipelines
- New investments in power utilities that generate more than 30% of revenue/capacity from thermal coal power generation, except where a transition plan indicates the company will be below the 30% threshold within 3 years

Refer to the Risk Management System in section B.3 for a description of how the Group manages and monitors market risk.

C.2.7 Risk sensitivity

See section C.7 for information on stress testing and sensitivity analysis for all categories of material risk.

C.3 Credit risk

C.3.1 Introduction

Credit risk is defined as the risk of loss resulting from a counterparty failing to fulfil its contractual obligations to the Group or failing to do so in a timely manner. The Group is exposed to credit risk in respect of its reinsurance contracts, insurance operations (where counterparties include brokers, policy holders and suppliers), and investments (where counterparties include governments and corporate bond issuers).

C.3.2 Measures used to assess risk

Credit risk arises any time Group funds are extended, committed, invested or otherwise exposed through actual and/or implied contractual agreements with counterparties whether reflected on or off balance sheet.

The BRC is responsible for ensuring that the Board approved Group credit risk appetite is not exceeded. This is done through the setting and imposition of Group policies, procedures and limits.

In defining its appetite for counterparty credit risk, the Group looks at exposures at both an aggregate and business unit level distinguishing between credit risks incurred as a result of offsetting insurance risks or operating in the insurance market (e.g. reinsurance credit risks and risks to receiving premiums due from policyholders and intermediaries) and credit risks incurred for the purposes of generating a return (e.g. invested assets credit risk).

Limits are set at both a portfolio and counterparty level based on likelihood of default, derived from the rating of the counterparty, to ensure that the Group’s overall credit profile and specific concentrations are managed and controlled within risk appetite.

Financial assets are graded according to company standards. Investment grade financial assets are classified within the range of AAA to BBB ratings. AAA is the highest possible rating. For invested assets, restrictions are placed on each of the Group’s investment managers as to the level of exposure to various rating categories including unrated securities.

Local operations are responsible for assessing and monitoring the creditworthiness of their counterparties (e.g. policyholders, brokers, and third party suppliers). Exposure monitoring and reporting is embedded throughout the organisation with aggregate credit positions reported and monitored at Group level. Reinsurer counterparty credit risk is assessed and monitored at a Group level by the Intact Reinsurance Credit Committee.

The Group has continued to maintain a high quality investment portfolio and regularly monitors developments in the performance of its assets.

There have been no material changes to the measures used to assess risks during 2022.

C.3.3 Material risks

The Group is mainly exposed to the following types of credit risk:

- **Counterparty risk** - defined to be the risk that a counterparty fails to fulfil its contractual obligations and/or fails to do so in a timely manner. This includes all types of counterparties such as agents, brokers, reinsurers and other third parties
- **Credit concentration risk** - defined to be an uneven distribution of exposure to counterparties, single-name or related entity credit concentration, and/or in industry and/or services sectors and/or geographical regions
- **Credit downgrade risk** - defined to be the loss or gain from a change in an investment's credit rating agency rating and/or an analyst buy, sell, hold opinion
- **Credit spread risk** - defined as the spread in returns between Treasury and/or Government securities and/or any non-Treasury security that are identical in all respects except for the quality of the credit rating of the non-Treasury security's counterparty

Each RSA business is required to establish appropriate processes in order to identify its outstanding debt and the aging of that debt.

Each RSA business is required to implement processes and procedures in order to collect its outstanding debt in a manner that is consistent with the credit terms provided.

In cases where collection is delayed or is not possible, each business is required to record a provision or write off of the debt according to local and Group Financial Reporting Standards.

Within the Group, the management of credit risk is divided into three key areas, which are governed by separate policies:

- Reinsurance
- Investments
- Insurance Operations

The Group has continued to maintain a high quality investment portfolio and regularly monitors developments in the performance of its assets.

C.3.3.1 Reinsurance credit risk management

Reinsurance credit risk is defined as the credit risk arising from the purchase of reinsurance at Group and at local level. This includes treaty reinsurance, facultative reinsurance and our Global Network.

C.3.3.2 Invested assets credit risk, credit downgrade and credit spread risk

Invested assets credit risk is defined as the non-performance of contractual payment obligations on invested assets, and adverse changes in credit worthiness of invested assets including exposures to issuers or counterparties for bonds, loans, equities, deposits and derivatives etc. Invested asset credit risk arises in all investment portfolios throughout the Group. Credit downgrade risk is defined to be the loss or gain from a change in an investment's credit rating agency's rating and/or an analyst's buy, sell, hold opinion. Spread risk is defined as the risk arising from negative movement in price in a sector relative to the market resulting for example from the changes in the markets perceived view of risk generally or the industry sector specifically.

C.3.3.3 Credit risk arising from insurance operations

Insurance operations credit risk is defined as credit risk arising from carrying out daily insurance business operations. This includes loss of principal or financial reward resulting from a counterparty's failure to pay or fulfil all or part of its contractual obligations. For example, if the Group trades with an insolvent broker there is a risk that the Group will not receive all the premiums due from that broker.

C.3.4 Application of the prudent person principle

See section C.2.4 for the application of the prudent person principle to credit risk arising from investments. The prudent person principle is not applicable to credit risk in relation to reinsurance and insurance operations.

C.3.5 Material risk concentrations

The Group is exposed to the following types of risk concentrations:

- Reinsurance Counterparties
- Investment Counterparties
- Off Balance Sheet Guarantees

C.3.5.1 Reinsurance counterparties

The Reinsurance Credit Committee oversees the management of credit risk arising from a reinsurer failing to settle its liability to the Group. The Group maintains a list of approved reinsurance counterparties. Other than in exceptional circumstances, the minimum Standard & Poor's (or comparable) credit rating to get onto the list is A-. Collateral is taken, where appropriate, to mitigate exposures to acceptable levels.

The Group's use of reinsurance is sufficiently diversified that it is not concentrated on a single reinsurer, or any single reinsurance contract. The Group monitors its aggregate exposures by reinsurer group; total exposure (as defined in the Reinsurance Risk Management Policy) is calculated as a percentage of Intact Financial Corporation's shareholders' equity; -the maximum appetite for each Reinsurer is determined based on their financial credit rating. Stress tests are performed by reinsurer counterparty and the total exposure to a single reinsurer is estimated not to exceed £206m. In terms of recoverable asset, the Group's three largest active reinsurance groups are Berkshire Hathaway, Lloyd's of London and Talanx. At 31 December 2022, the total reinsurance asset recoverable from these groups does not exceed 7.8% of the Group's total financial assets. See note 6 of the RSAIG 2022 Consolidated financial statements for more details.

C.3.5.2. Investment credit risk

For material investment risks, see section C.2.5.

C.3.5.3 Off balance sheet guarantees

The Group has exposure to certain off balance sheet guarantees issued under secured Letter of Credit facilities. The Group does not consider there to be any material risk concentration. As at 31 December 2022, no individual Letters of Credit had a value greater than £150m.

C.3.6 Risk mitigation

The Group employs the following mitigating techniques and monitoring procedures in order to manage the different types of Credit Risk.

C.3.6.1 Reinsurance credit risk management

Mitigation techniques

- **Reinsurance Credit Committee** - The Committee is responsible for the oversight of the Group's reinsurance counterparty credit risk, managing exposures as described in Section C.3.5.1
- **Approved Reinsurance Counterparties** - Group Reinsurance assess and approve all reinsurance counterparties. Group Reinsurance maintain information on all reinsurance counterparties used across the Group
- **Approved Reinsurance Counterparties meet Corporate Standards** - Due diligence is performed, Group Reinsurance monitor and maintain the Approved Reinsurance Counterparties list as part of an ongoing risk assessment of reinsurance counterparties. Where a reinsurance counterparty credit risk metric is approached or breached, risk response actions must be effected and reported to the Intact Reinsurance Credit Committee
- **Appropriate Metrics** - Group Reinsurance establish metrics which are appropriate for quantifying reinsurance counterparty credit risk across the Group

Business unit requirements:

- **Contract initiation** - Before entering into an outward reinsurance contract a business must ensure that it has followed all the requirements of the Reinsurance Risk Management Policy

- **Exposure approval** - Businesses must seek approval for reinsurance exposures with counterparties outside the approved reinsurance counterparty list prior to binding by following the appeals process
- **Risk Mitigation techniques** - Where risk mitigation techniques, such as the acceptance of collateral are used, they should be well understood by the business and appropriate processes and procedures must be established to operate the mitigant. The use of off balance sheet guarantees or Letters of Credit are approved on an individual basis

Monitoring process

- **Credit Risk Profile** - Group Reinsurance review the reinsurance counterparty credit risk and monitor reinsurance counterparty exposure against maximum probable exposure limits
- **Breaches** - Where a reinsurance counterparty credit risk metric is approached or breached, risk response actions are effected and reported to the Intact Reinsurance Credit Committee
- **Ongoing information on counterparties** - Group Reinsurance must maintain information on all reinsurance counterparties used across the Group

C.3.6.2 Investment credit risk

Mitigation techniques

See section C.2.6.

Monitoring process

All operations review their investment exposure against limits delegated by the UKAMC and report these to Group Investments on at least a monthly basis. Separately, external fund managers, used by the operations, monitor their investment exposures against limits stipulated within their Investment Management Agreements. These limits are set by the operations such that they are consistent with limits delegated to them by the UKAMC. In addition, the UK Risk, Investments & Treasury Committee reviews exposures against the UKAMC limits for the major operations, as well as the BRC limits for the aggregate global position, on a monthly basis and reports to the UKAMC.

In addition, the Group has its own credit assessment methodology that takes into account ratings from the major credit rating agencies as well as other risk analysis including that undertaken by external fund managers. The CRRC is responsible for reviewing and assigning credit ratings to material exposure as well as those that do not have any credit rating under the Group's standard methodology.

C.3.6.3 Insurance operations credit risk

Mitigation techniques

- **Credit Risk Committee** - All businesses must have a Credit Risk committee, responsible for identifying, assessing, maintaining, monitoring and reporting on insurance operations credit risk exposures
- **Debt reconciliations** - Outstanding balances from the general ledger have to be agreed to supporting documentation and overdue payments are chased
- **Completion of due diligence activities** – Each business must confirm material facts about the counterparty by reviewing several elements such as annual and quarterly financial information for the past three years, financial projections, Capital structure, list of top ten suppliers and history of the past two fiscal years (including current year to date)

- **Credit terms are set for each counterparty** - Each business must set credit terms prescribed by Group according to the nature and credit standing of each counterparty. These criteria and the acceptable credit terms are documented on the Insurance Operation Credit Risk policy
- **Procedures for loans and insurance of mortgages** – Each business must put in place procedures that govern the credit assessment of granting of loans to counterparties and the insurance of mortgages
- **Global Network Partners** – The Group performs due diligence and credit risk assessments on Global Network Partners for all businesses

Monitoring process

All operations have to provide the following on a quarterly basis:

- Aged debtors and balances
- Breakdown of debtors
- Top 20 debtors, how much they owe, their credit rating (Standard and Poor ratings to be used, with justification required if an alternative is used), length of extended credit, whether they have exceeded their limit, if so action to recover or cancel relationship/business until 100% of the amount is received or at least amounts beyond 60 days
- Aged debtors variance analysis (budget vs actuals)
- Major credit concentrations by counterparty, counterparty groups or connected counterparties
- Key Performance Indicators – debtor days (movement against prior quarter and prior year). Targets set by local regions
- Bad debt report providing exposure and estimated recovery by counterparty classified into appropriate buckets, e.g. days past due

C.3.7 Risk sensitivity

See section C.7 for information on stress testing and sensitivity analysis for all categories of material risk, including credit spread risk.

C.4 Liquidity risk

C.4.1 Introduction

Liquidity risk refers to the risk of loss to the Group as a result of assets not being available in a form that can immediately be converted into cash or that conversion can only be achieved at excessive cost (whether through borrowing or overdraft arrangements for example), and therefore the consequence of not being able to pay its obligations when due.

C.4.2 Measures used to assess risk

The Group breaks down liquidity risk into three subcategories:

- **Funding liquidity risk** - the risk that the business may suffer from any or all of the following: being unable to liquidate assets, secure funding or contingency funding arrangements, those arrangements contain excessive or prohibitive clauses, and the withdrawal or curtailment of funding facilities
- **Foreign currency liquidity risk** - the risk that actual or potential future outflows in a particular currency are unable to be met from likely available inflows in that currency or purchased in the foreign exchange market
- **Intra-day liquidity risk** - the risk that liquidity requirements increase during the course of a business day due to delays in settlement proceeds being received or problems in the workings of banking or other settlement systems

Suitable monitoring processes are in place to assess all of the above including:

- Creation and maintenance of short-term cash flow forecasts, including by non-functional currency
- Regular dialogue with the Group's operational bankers in each territory
- Use of a range of liquidity Key Performance Indicators to measure the proportion of assets and sources of liquidity that can be accessed within specified time periods, including overnight and 20 working days

There have been no material changes to the measures used to assess risks during 2022.

C.4.3 Material risks

The Group considers that there are currently no material liquidity risks.

There have been no other material changes to the material risks during 2022.

C.4.4 Application of the prudent person principle

See section C.2.4 for information on the prudent person principle.

C.4.5 Material risk concentrations

The Group maintains a strong and liquid portfolio of cash and investment assets which are established by type and duration in order to provide a broad match against its liabilities. A minimum of 25% of Group assets can be liquidated within 20 days.

For more information see the liquidity risk table in Note 6 of the RSAIG 2022 Consolidated financial statements.

C.4.6 Risk mitigation

The Group manages risk by operating a high quality, low risk investment strategy which matches a relatively short liability duration.

Each operation adheres to a liquidity policy (for entities outside the UK, at least 25% of investment assets are to be held in cash, cash instruments, unencumbered AAA rated bonds and appropriate domestic government bonds) that ensures that adequate liquid resources are maintained at all times such that liabilities can be met as they fall due.

The Company produces a regular cash flow forecast to manage working capital requirements.

Group Treasury maintains a contingency funding plan that considers access to a range of funding options and sources under normal and stressed scenarios.

C.4.7 Expected profit in future premiums

The Expected Profit in Future Premiums ("EPIFP") is the profit relating to existing in-force contracts with premium amounts due in the future and not yet received at the valuation date. The EPIFP has been calculated for each homogeneous risk group – loss-making policies have only been offset against profit-making policies within a homogeneous risk group.

At 31 December 2022 the Group EPIFP gross of reinsurance was £70m.

C.4.8 Risk sensitivity

See section C.7 for information on stress testing and sensitivity analysis for all categories of material risk.

The Group does not currently consider liquidity risk as a material risk. This decision is reviewed on a regular basis.

Notwithstanding this, a range of liquidity stress tests are carried out on a quarterly basis for all material insurance operations.

C.5 Operational risk

C.5.1 Introduction

Operational risk covers the risks of direct or indirect losses resulting from human factors, external events, and inadequate or failed internal processes and systems. Operational risks are inherent in RSA's operations, and are typical of any large enterprise.

C.5.2 Measures used to assess risk

Operational risk exists in almost every aspect of business within RSA, and the effective management of operational risk plays a significant role in enabling the business to meet its strategic objectives and to deliver good customer outcomes.

The Risk Management and Internal Control Policy documents both the policy requirements for the identification, measurement, management, monitoring and reporting of operational risk, as well as setting out the processes and procedures for the effective operation of the risk management system. The risk management system sets out RSA's approach to minimising and/or preventing the risk of customer detriment, material loss, reputational damage or liability arising from the failure to comply with risk requirements.

In order to facilitate identification and control, the business breaks down operational risk into four sub-categories:

- **Process risk** - the risk of direct or indirect loss resulting from inadequate or failed internal processes
- **Systems risk** - the risk of direct or indirect loss resulting from inadequate or failed infrastructure of the organisation including network, hardware, software, communications and their interfaces
- **People risk** - the risk of direct or indirect loss resulting from the deliberate or unintentional actions of employees and/or management of the business or from their inaction
- **External risk** - the risk of direct or indirect loss resulting from events outside the business control or from events that impact on an external relationship

The line 1 business functions, supported by the Regional and the Group Risk functions, ensure that new risks are identified and appropriately reflected in their risk profiles and risk appetite scorecards.

A number of information sources should be used to support identification processes. These include:

- Control assessments supported by testing such as validation and assurance activities
- Key risk indicators supporting the risk appetite framework
- Material business changes, including transformational activity
- Emerging risk assessments
- External incidents and internal incidents, which are supported by root cause analyses where appropriate

Once material risks have been identified the business function must update its risk profile by including the risk net of mitigation, i.e. the residual risk (the risk of an event occurring which would crystallise a loss assuming existing controls and other mitigating actions are effective), and recorded on a standard 5x5 Probability and Impact Matrix. The assessment of impact that could be incurred should the risk arise is made using both quantitative financial measures and qualitative reputational scales with consideration to potential impacts on the customer or reputation that could be incurred should the risk arise. Probability assessments run from Probable (more likely than not to happen within a year) to Remote (less than once in 200 years) and are

made with reference to the probability of a scenario arising that would result in these impacts being incurred. Assessments are made by the line 1 risk owner supported (and challenged) by the risk function.

The business function assesses all residual risks to determine if the risk is within risk appetite, and if not whether there is a plan with an owner to bring the risk within appetite within a reasonable timeframe.

Risk profiles, risk appetite scorecards and where applicable action plans are reviewed and challenged by the risk functions and at appropriate Risk Committees.

An annual sense check compares the operational risk capital scenario assessments to the operational risks included on the risk profiles to ensure consistency and completeness of the risks assessed and the assessments themselves.

C.5.3 Material risks

The material risks that the Group is exposed to are as follows:

Risk	Description
Programme Transformational Change	A major project critical to strategic business objectives is running behind schedule, incurring additional unbudgeted costs or earning below expected returns.
Inappropriate Underwriting	Failure (of the firm or management) to exercise appropriate levels of oversight on underwriting practices being adopted by individuals or related entities authorised to represent the firm or distribute its products and services directly to the market, risks underwritten outside of appetite or with little or no margin.
Regulatory Change	Failure to implementing changes to regulation or legislation as set out by the PRA and FCA or responding to changes in attitudes/approach by the regulator. Influenced by the need to deliver cross-product regulatory change initiatives, which remains challenging across the RSA system and process landscape.

Technology and Cyber security remain key risks. Concerns raised by the Ukraine war and perceived increased threat of cyber-attack have heightened focus on these risks. In addition, technology constraints impact the control environment, customer service, future business growth and delivery of the change portfolio. Contribution factors to the technology risk include a developing IT strategy, system complexity and ageing infrastructure, and availability of skilled resource and dependencies on both outsourced third parties and key individuals to enhance and maintain the IT environment.

Customer risk arises where RSA or its affiliates behave in a way that may result in customer harm and where business decisions do not appropriately balance customer and financial implications. Conduct risk is a key consideration throughout the entire product lifecycle / customer journey and the delivery of good customer outcomes is considered in RSA's business processes and procedures. Key areas of regulatory focus include Pricing Practices reforms, new Consumer Duty rules, GI Value Measures, Operational Resilience, Outsourcing and third party management.

Climate Change is an area of focus in the social and economic agenda, as well as with regulators. The risk is commonly considered under three primary effects:

- Physical effects arise from items such as changing weather patterns, hotter climate and rising sea levels. Impacts could be material over time but may take some time to happen, although volatility and propensity for events is already increasing
- Transition effects cover the impacts on economic activity from changes in consumer behaviour, public policy and corporate activity from moving towards a low-carbon economy. Some transition effects could happen relatively fast.

Impacts are expected to vary in nature – these include changes in insurance needs, impacts on investment options and asset values and increasing litigation

- Litigation Risk arises where commercial customers are found liable for Climate Change or for failing to appropriately report and manage the risks, and incur specific fines or levies, which can be recovered from liability or professional indemnity cover

In addition, insurers face a social expectation that they will maintain insurability and affordability to enable customers to obtain the protections needed.

C.5.4 Application of the prudent person principle

The prudent person principle is not applicable to operational risk.

C.5.5 Material risk concentrations

Whilst there are many inter-dependencies between operational risks there are no material risk concentrations, in part a consequence of the regional businesses operating independently of each other.

C.5.6 Risk mitigation

The operational risk management strategy is achieved through the following:

- The Risk Management and Internal Controls Policy and supporting Business Control Policies
- The Operational Risk Process and Procedures
- The risk appetite and/or risk limits and tolerance levels

The Risk Management and Internal Controls Policy is supported by a number of regional policies that detail a standard set of controls. The effective operation of the controls, control validation and assurance outlined in this and other policies is important to mitigate the risk of override at all levels, including that of management. Policies are developed to provide a consistent set of controls so that risks remain within risk appetite.

The operation of the policy framework is detailed in the risk management system detailed in the system of governance. Worthy of note are the following:

- Assurance that the business is complying with both Risk Policies and Business Control Policies is managed through control validation and assurance procedures which assess the effectiveness of the standard controls
- Policies are subject to a regular review, led by the line 1 owner and supported by the risk function. Any change is subject to review, challenge and agreement from the Executive Policy Owner and the Chief Risk Officer, with oversight from the Governance, Conduct and Remuneration Committee ("GCR").
- Policy owners must ensure that the minimum requirements and controls defined in the policies are in place across business functions to meet the requirements of the policy
- Requests for variation, risk monitoring and/or remediation plans agreed must follow the Policy Management Lifecycle

The business manages risks on an ongoing basis in line with risk appetite. The business clearly documents the management and/or mitigation of the risk exposure through risk avoidance, risk mitigation, risk transfer or risk monitoring. Where the risk exposure is judged to be unacceptable relative to risk appetite, actions must be taken to mitigate and/or manage the risk.

In managing and/or mitigating risk, the following four areas are considered:

- **Risk avoidance** - defined as not engaging in the activity that gives rise to the risk exposure. This may include a change in the scope of activities that present the risk exposure
- **Risk mitigation** - taking action to reduce the potential impact or likelihood of a risk to within appetite, through the enhancement or introduction of new controls
- **Risk transfer** - defined as the movement of the risk exposure to another party who is more willing to bear the impact, for example through an insurance arrangement. Risk transfer must be assessed and referenced to the risk appetite, the type of risk, the scale of the potential impact and/or costs and exclusions
- **Risk monitoring** - where a risk is mitigated to within appetite, and no further action will be taken. The risk will be monitored to ensure sustained performance at this level of risk exposure

Action plans are developed by the functional business teams where needed to bring risks back within appetite, with action plans being reviewed and challenged at Risk Committees. Action plans include assigned owners, actions to be followed and delivery dates.

The business functions, supported by the regional risk teams, will:

- Review the reports presented to the regional risk and control committees and consider if any of the control weaknesses reported need to be reflected as residual risks out of appetite on the risk profiles
- Review the risk incident reports to assess trends and highlight any potential breaches of operational risk appetite
- Consider the impact of any major strategic or structural change within the organisation or the business environment on the risk profiles
- Consider the impact of any emerging risk reviews, scenario tests or other deep dives on the risk profiles

The business maintains and reports operational risks assessments in the Risk Profile to evidence regular monitoring and reporting against risk appetite. As a minimum, risk reporting provides sufficient data to:

- Inform risk exposure by key risks and control indicators
- Describe the impacts, including regulatory breaches, non-compliance with policies and overdue audit actions
- Monitor action plans that include improvements to the control environment
- Identify systemic operational risks
- Identify emerging risks
- Monitor and report material operational risk losses and near misses

C.5.7 Risk sensitivity

See section C.7 for information on stress testing and sensitivity analysis for all categories of material risk.

C.6 Other material risks

C.6.1 Other material risks faced

In addition to the risks covered above, the Group is exposed to risk arising from the Group's defined benefit pension schemes. See section C.6.2.

C.6.2 Pension risk

C.6.2.1 Introduction

Pension risk covers the risk that the Group's defined benefit pension schemes pose to the Group due to the financial position of the Schemes deteriorating resulting in an adverse impact on the capital strength of the Group and/or an increase in the required level of deficit funding payable to the Schemes.

The Group operates a number of defined benefit pension schemes with total assets and liabilities each of around £5bn-£6bn as at 31 December 2022. The majority of the assets and liabilities (around 99%) relate to two major defined benefit schemes located in the UK.

The UK defined benefit schemes were effectively closed to new entrants in 2002, and thus the majority of liabilities in the UK schemes relate to past employees of the Group. Since 31 March 2017, the two largest defined benefit schemes in the UK have been closed to future accrual meaning there is no further build-up of defined benefit pensions by the Group's employees in the UK.

C.6.2.2 Measures used to assess risk

The Group analyses the financial position of its defined benefit pension schemes on a number of different liability measures including:

- **International Accounting Standard (IAS) 19 Accounting Measure** – benefit payments are projected using best estimate assumptions and then discounted using UK AA corporate bond yields
- **Funding Measure** – liabilities are valued using prudent assumptions in line with local regulatory requirements for determining cash contribution requirements and paying regard to actual agreed investment strategy
- **Wind-up/'Buy-out' Measure** – The position of the Schemes if the Schemes were wound up and all liabilities were bought out with an independent third party insurer

The Group uses a range of deterministic and stochastic approaches to understand the key risks associated with each measure as described below.

The Group agreed to ultimately fund the Schemes to a lower-risk secondary funding measure over time as part of the 2018 triennial funding valuations for the two large UK pension schemes.

There have been no material changes to the measures used to assess risks during 2022.

C.6.2.3 Material risks

Risks to the financial position of the Schemes can largely be categorised as market risks (for example, assets not performing as well as expected) or demographic risks (for example, members living longer than expected).

Exposures to market risks depend significantly on the measure being used to assess the value of liabilities but broadly break down as follows:

- **Equity/property risk** - all measures are exposed to falls in the value of equity, property and other risk assets held by the Schemes
- **Interest rate and inflation risk** - all schemes have significant exposure to interest rates and inflation in both assets and liabilities. The net exposure of each scheme will depend significantly on which liability measure is being analysed. For example, the UK schemes are slightly over-hedged against movements in interest rates and inflation on an IAS 19 measure of liabilities but significant exposure remains on the wind-up measure
- **Credit spreads** - the IAS 19 measure has a particular exposure to credit spreads given the use of AA bond yields to discount the value of liabilities. This is offset slightly as the Schemes invest in some credit, however the average duration and rating of the credit assets held is lower than the bonds referenced for the liability discount rate under the IAS 19 standard.

The IFRS value of scheme assets and the scheme obligations are shown in the tables in section D.3.2 (Liabilities for employee benefits including defined benefit plan assets).

The potential impacts of Covid-19 on the pension schemes are well understood and do not fundamentally change the key risk exposures. The IAS 19 mortality assumption at 31 December 2022 was updated to reflect a modest reduction in life expectancies due to Covid-19 impacts. This reduced liabilities around 0.7%. While a view has been taken that long-term life expectancies may reduce slightly due to Covid-19 and other indirect impacts, this does not fundamentally change the longevity risk exposure of the Schemes.

There have been no material changes to the measures used to assess risks during 2022.

Subsequent to the year-end, the Trustees of the two major defined benefit pension schemes in the UK entered into an agreement to purchase bulk annuity insurance policies that operate as investment assets. The transaction results in a material change to the risk profile of the Group. See the Summary for more details.

C.6.2.4 Application of the prudent person principle

The assets of the UK pension schemes are held under trust and investment strategy is ultimately controlled by the Trustees of each scheme after consultation with the Group. Therefore the prudent person principle in respect of these exposures does not apply in relation to the Group's risk profile.

At a Group level, there is no material pension risk in Ireland.

C.6.2.5 Material risk concentrations

The Schemes hold a well diversified portfolio of assets with extensive controls in place over the size of any single counterparty exposure. As detailed below, the Schemes' largest counterparty exposures are to the UK government who are counterparty to or guarantee the Schemes' holding of gilts and Network Rail bonds:

Name of external counterparty	Country of the exposure	External rating	Value of the exposure (£m)	Currency
UK Government	UK	AA (S&P)	4,002	GBP

In addition, the Schemes closely monitor the counterparty exposure within their portfolios of swaps and repo arrangements, although these are collateralised on a daily basis and hence the value of exposure is limited to the impact of any daily movement. All other counterparty exposures are well diversified and not considered to be material in the context of the schemes' overall level of assets.

C.6.2.6 Risk mitigation

The Group and the Trustees of the Schemes work together to reduce the risks identified above through agreement of investment policy.

The Schemes have taken significant steps over recent years to substantially de-risk from return seeking assets such as equities into bonds and other asset classes that produce a stable stream of cash flows that match liabilities. Market conditions and funding levels are also monitored dynamically on an ongoing basis to identify opportunities for further de-risking.

In addition, the Schemes have significant hedging programmes in place including the use of interest rate, inflation rate and longevity swaps to mitigate the risk of market movements adversely impacting the financial position of the Schemes. For example, the UK schemes entered into arrangements in 2009 that effectively removed all market and demographic risk associated with around 55% of the liabilities relating to pensions in payment at that time (c30% coverage based on current pensioner population).

The Schemes use a range of physical assets and derivative instruments to protect against adverse movements in interest rates and inflation. In the case of interest rates, these provide protection against falls in rates which increase the value of a scheme's liabilities. However, when interest rates rise, the Schemes are required to post collateral against the derivatives in order to maintain the same level of interest rate protection.

The Schemes' liquidity position is closely monitored with a well developed liquidity management plan to ensure that sufficient liquidity is available to meet any such collateral calls. As at 31 December 2022, the Schemes are estimated to have sufficient immediately available liquidity (i.e. collateral headroom) to meet further rises in interest rates of more than 4%. The Schemes also hold other assets that could be liquidated within a week if needed.

Both the Group and the Trustees, with the support of their investment advisers, regularly review the performance of the Schemes' assets against pre agreed benchmarks to ensure that the Schemes' assets are performing in line with expectations. In addition, stress and scenario testing is regularly carried out to understand current exposures.

The Trustees of the Schemes manage the risks associated with Climate Change through an integrated risk management framework which informs the Schemes' investment policies. Investments are evaluated for sustainability, with a focus on factors arising from ESG considerations. When reviewing or considering the appointment of managers, account is taken of their approach with respect to sustainable investing, including voting policies and engagement. The Trustees also encourage their investment managers to comply with the UK Stewardship Code as best practice or explain if there are areas where they do not adhere to its policies.

C.6.2.7 Risk sensitivity

See section C.7 for information on stress testing and sensitivity analysis for all categories of material risk.

C.7 Any other information

The only other material information relating to the risk profile of the Group relates to stress and scenario testing.

The Group conducts a stress and scenario process annually, assessing material risks to the business as part of the ORSA process. The exercise is run by the Risk Function, with support from other functions. During 2022 reverse stress testing was conducted to consider the combined impact of market and pensions risk. Further work to understand scenarios from combinations of insurance and market risk were also conducted to support appropriate recovery and resolution planning.

The Group participated in the PRA Insurance Stress test in 2022, focusing on Catastrophic weather events and malicious cyber-attacks. The weather scenarios highlighted the strengths of our reinsurance protection and confirmed the appropriateness of capital buffers. Consideration on the impact of Climate Change on these risks supported the view that this does not have a material impact on our risk management. Flood risk and U.S Hurricane are not drivers of our reinsurance purchase. Cyber scenarios confirmed that cyber is not a material risk within our insurance portfolio.

D. Valuation for Solvency Purposes

In this section

Group SII Balance sheet

D.1 Assets

D.2 Technical provisions

D.3 Other liabilities

D.4 Alternative methods for valuation

D.5 Any other information

This section sets out the basis of preparation and assumptions used in the valuation under SII of the assets, technical provisions and other liabilities of the Group for each material class.

SII requires assets and liabilities to be valued on a basis that reflects their fair value ("economic valuation") with the exception that liabilities should not be adjusted to take account of changes in an insurer's own credit standing. Fair value reflects the amount that the Group would receive if an asset was sold, or would have to pay to settle a liability in an arm's length transaction between knowledgeable and willing parties.

The valuation of assets and liabilities for SII begins with IFRS values (which has an equivalent definition of fair value) and adjusts for specific differences between SII and IFRS. Where there are such differences between the SII and IFRS bases of valuation, these are described in Sections D.1 – D.4. For assets and liabilities where valuation is carried out on the same basis under IFRS and SII, a description of the basis of preparation can be found in the accounting policies section and notes to the RSAIG 2022 Consolidated financial statements.

Section D is subject to external audit, with the exception of the text and figures relating to Risk Margin. These are excluded from the scope of external audit as they are derived from the internal model used to calculate the Group's SCR which is also unaudited. See Appendix 6 for further details of the scope of the external audit.

Group SII balance sheet

The table below shows the IFRS financial statements values, compared to the SII balance sheet. Adjustments made between IFRS and SII are classified into two categories:

- Reclassifications of the IFRS balance sheet into SII categories. These are principally of two types: reclassification of financial instruments, and movement from line-by-line consolidation to adjusted equity method for certain subsidiaries. These adjustments are required for SII presentation purposes only and do not result in valuation differences
- Revaluation adjustments, where IFRS valuation techniques are not considered to be consistent with SII requirements

	Financial statemen ts note	Financial statemen ts value £m	Reclass- ification £m	SII valuation adjustment s £m	Solvency II value £m	SFCR section
Goodwill and intangible assets	23	331	-	(331)	-	D.1.1.1
Deferred tax assets	31	267	(1)	-	266	D.1.1.4
Pension benefit surplus	41	225	-	-	225	D.1.1.5
Property, plant & equipment held for own use	24	121	(1)	(15)	105	D.1.1.6
Investments (other than assets held for index-linked and unit-linked contracts)		5,242	266	-	5,508	
<i>Property (other than for own use)</i>	25	291	-	-	291	D.1.1.7
<i>Holdings in related undertakings, including participations</i>		-	65	-	65	D.1.1.8
<i>Equities</i>	26	212	(89)	-	123	D.1.1.9
<i>Bonds</i>	26	4,689	14	-	4,703	D.1.1.9
<i>Collective Investments Undertakings</i>		-	182	-	182	D.1.1.9
<i>Derivatives</i>	30	50	-	-	50	D.1.1.9
<i>Deposits other than cash equivalents</i>		-	94	-	94	D.1.1.9
Loans and mortgages	26	433	4	-	437	D.1.1.9
Reinsurance recoverables	29	2,516	-	(1,011)	1,505	D.2
Insurance and intermediaries receivables	30	1,826	(22)	(1,615)	189	D.1.1.9
Reinsurance receivables	30	103	-	(13)	90	D.1.1.9
Receivables (trade, not insurance)	31	87	(11)	-	76	D.1.1.9
Cash and cash equivalents	33	362	(211)	-	151	D.1.1.9
Any other assets, not elsewhere shown		87	372	(443)	16	D.1.1.3
Total assets		11,600	396	(3,428)	8,568	
Technical provisions	39	7,607	427	(2,347)	5,687	D.2
Contingent liabilities				10	10	
Provisions other than technical provisions	42	27	-	-	27	D.3.1.3
Pension benefit obligations	42	4	-	-	4	D.1.1.5
Derivatives	26	25	-	-	25	D.3.1.1
Debts owed to credit institutions	38	8	-	-	8	D.3.1.1
Insurance & intermediaries payables	40	59	29	14	102	D.3.1.1
Reinsurance payables	40	845	(29)	(764)	52	D.3.1.1
Payables (trade, not insurance)		237	(9)	4	232	D.3.1.1
Subordinated liabilities	37	166	-	(4)	162	D.3.1.1
Any other liabilities, not elsewhere shown		277	(22)	(3)	252	D.3.1.1
Total liabilities		9,255	396	(3,090)	6,561	
Excess of assets over liabilities		2,345	-	(338)	2,007	

Method of consolidation

Method

The accounting consolidation method (Method 1) as defined by Article 335 of the Solvency II Delegated Regulation 2015/35 (as brought into UK law by Section 3 of the European Union (Withdrawal) Act 2018) ("the Delegated Acts") has been adopted in preparation of the Group SII balance sheet.

The key differences between the SII and IFRS consolidation approaches are:

- Investments in participations that are non-controlled insurance or reinsurance companies are consolidated using the adjusted equity method, after elimination of intra-group transactions. The valuation of the investment is calculated as the appropriate share of that participation's excess of assets over liabilities, using SII valuation rules. The value of the investment is included in the "participations" line in the SII balance sheet
- Participations that are neither insurance or reinsurance companies nor insurance holding companies, are also valued using the adjusted equity method (or sectoral rules, if applicable) after elimination of intra-group transactions. If that is not possible, the equity method under IFRS (with any goodwill and inadmissible intangible assets valued at £nil) is adopted. This applies irrespective of whether the participation is in a net assets or net liability position

All material transactions between entities in the scope of the Group (as per QRT S.32.01.22 in Appendix 8) have been eliminated on Group consolidation.

Scope

There are no material differences between the scope of the Group for Solvency II purposes and that for accounting purposes.

D.1 Assets

D.1.1 Valuation of assets

The assets of the Group are valued in accordance with the Valuation Part of the PRA Rulebook applicable to SII firms, related articles of the Delegated Acts and the guidelines issued by the European Insurance and Occupational Pensions Authority ("EIOPA") on the valuation of assets and liabilities other than technical provisions.

This section describes, for each material class of assets:

- The bases, methods and main assumptions used in valuing those assets for SII purposes
- Where relevant, details of estimation techniques, risks and uncertainties relating to those valuations
- An explanation of any material differences in SII valuations compared to IFRS

There were no changes made to the recognition and valuation bases used, or to estimation approaches during the period.

D.1.1.1 Goodwill

Goodwill is valued at £nil under SII. Goodwill reported under IFRS is therefore eliminated in the SII balance sheet, with corresponding adjustments to deferred taxes.

D.1.1.2 Intangible assets

Under SII, intangible assets are ascribed a value only where they can be sold separately and there are demonstrable quoted prices in an active market for the same or similar assets. Where this is the case, the asset is valued in accordance with the SII valuation hierarchy.

The Group's IFRS intangible assets are deemed not capable of being sold separately and do not have quoted prices on an active market (nor do such prices exist for similar assets). Intangible assets are therefore valued at £nil in the SII balance sheet.

D.1.1.3 Deferred acquisition costs

Deferred acquisition costs ("DAC") recognised on the IFRS balance sheet comprise the direct and indirect costs of obtaining and processing new insurance business. In the IFRS balance sheet for the Group, DAC is deducted from the provision for unearned premiums (for RSAI, RSA Re and MIC, DAC is included in Prepayments and Accrued Income). DAC is valued at £nil under SII, and acquisition costs not incurred by the reporting date are included in the calculation of technical provisions.

D.1.1.4 Deferred tax assets and liabilities

The valuation method for deferred tax balances is the same under IFRS and SII. Deferred tax is provided in full using the IAS 12 liability method on temporary differences arising between the tax bases of assets and liabilities and the carrying amounts on the SII balance sheet. IFRS to SII valuation adjustments are therefore considered in assessing the temporary differences upon which the deferred taxes are derived.

Deferred tax is determined using tax rates (and laws) that have been enacted or substantively enacted at the end of the reporting period and are expected to apply when the related deferred tax asset is realised or the related deferred tax liability is settled.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which unused tax losses and temporary differences can be utilised.

See Section D.1.2 for more information on deferred tax.

D.1.1.5 Pension benefit surplus and deficits

There are no valuation differences between IFRS and SII for pension benefit surplus and deficits. Pension schemes are recognised and valued on the balance sheet in the same way under both IFRS and SII, as the requirements of IAS 19 are considered to be consistent with those of SII.

Defined contribution pension schemes

Contributions to defined contribution pension schemes are charged in the period during which the employment services qualifying for the benefit are provided.

Defined benefit pension schemes

The value of the net defined benefit asset/(liability) of each scheme is calculated individually as follows:

- The fair value at the end of the reporting period of the scheme assets from which the obligations are to be settled directly
- Less: the present value of defined benefit obligation of the scheme at the end of the reporting period

The present value of defined benefit obligations and the present value of additional benefits accruing during the period are calculated using the projected unit credit method (see below for further details).

The calculation of the present value of accrued benefits includes an actuarial assumption of future interest rates, which is used to discount the expected ultimate cost of providing the benefits. The discount rate is determined at the end of each reporting period by reference to current market yields on high quality corporate bonds identified to match the currency and estimated term of the obligations.

For those individual schemes in deficit, the resulting net liabilities are recognised in provisions.

For those individual schemes in surplus, an asset is recognised in the balance sheet to the extent that the Group can realise an economic benefit, in the form of a refund or a reduction in future contributions, at some point during the life of the scheme or when the scheme liabilities are settled.

Remeasurements of the net defined benefit asset or liability comprise actuarial gains and losses and the return on plan assets (excluding amounts included in net interest on the net defined benefit asset or liability). Actuarial gains and losses arise from changes to actuarial assumptions when revaluing future benefits and from actual experience in respect of scheme liabilities.

The amounts charged (or credited where relevant) relating to post retirement benefits in respect of defined benefit schemes are as follows:

- The current service cost
- The past service costs and gains or losses on settlements/curtailments
- Net interest on the net defined benefit liability/(asset)
- Administration costs of operating the pension schemes

Estimation techniques, risks and uncertainties

Independent actuaries calculate the value of the defined benefit obligations for the larger schemes by applying the projected unit credit method. The future expected cash outflows (calculated based on assumptions that include inflation and mortality) are

discounted to present value, using a discount rate determined at the end of each reporting period by reference to current market yields on high quality corporate bonds (AA rated) identified to match the currency and estimated term of the obligations.

The actuarial valuation involves making assumptions about discount rates, future salary increases, future inflation, the employees' age upon termination and retirement, mortality rates, future pension increases and disability incidence.

If actual experience differs from the assumptions used, the expected obligation could increase or decrease in future years. Due to the complexity of the valuation and its long-term nature, the defined benefit obligation is highly sensitive to changes in the assumptions. Assumptions are reviewed at each reporting date. As such, the valuation of the liability is highly sensitive to changes in bond rates.

D.1.1.6 Property, plant and equipment

Property, plant and equipment is included in the SII balance sheet at fair value, and comprises:

- Group occupied land and buildings
- Fixtures, fittings and equipment (including computer hardware)

Under IFRS reporting, Group occupied land and buildings are stated at fair value (calculated on a vacant possession basis by third party valuers; see Section D.1.1.7 for further details), and therefore no adjustment is made on the SII balance sheet. For all other property and equipment, including lease assets recognised under IFRS 16, IFRS values (depreciated or amortised cost) are assumed to approximate fair value, except in specific instances where an adjustment is deemed necessary.

D.1.1.7 Property other than for own use

There are no valuation differences between IFRS and SII in relation to investment property (comprising freehold and leasehold land and buildings), as these assets are recorded at fair value for IFRS and SII.

Estimation techniques, risks and uncertainties

Investment properties are valued, at least annually, at their highest and best use.

The fair value of property has been determined by external, independent valuers, having appropriate recognised professional qualifications and recent experience in the location and category of the property being valued.

The valuations of investment properties are based on the comparative method of valuation with reference to sales of other comparable buildings. Fair value is then determined based on the locational qualities and physical building characteristics (principally condition, size, specification and layout) together with factoring in the occupational lease terms and tenant covenant strength as appropriate.

D.1.1.8 Participations and related undertakings (subsidiaries, associates and joint ventures)

A "participation" is an SII term for a holding (direct or indirect) of at least 20% of the voting rights or capital of another undertaking, and therefore represents IFRS subsidiaries, associates and joint ventures.

Group balance sheet

In the Group balance sheet, the method of consolidation and valuation of participations is dependent on the type of entity and level of influence. See Section D. 'Method of Consolidation' for further details.

The "Holdings in related undertakings, including participations" balance held on the Group's balance sheet represents the Group's investments in associates (in respect of which there are no valuation differences between IFRS and SII) as well as participations that are not insurance companies. Goodwill and intangible assets of participations that are not insurance companies are valued at £nil under SII.

Solo entity balance sheets

This section applies to balance sheets prepared by the solo entities, included in Appendices 2, 3 and 4.

Investments in directly owned subsidiaries and associates are accounted for as available for sale financial assets under IFRS reporting, and consequently valued at fair value.

For SII, investments in participations that are insurance companies and that do not have quoted market prices are valued using the adjusted equity method (calculated as the appropriate share of that participation's excess of assets over liabilities, using SII valuation rules). The balance sheet of that participation is adjusted to SII rules before the share of net assets in the investment is valued.

If the participation is not an insurance, or reinsurance, company, the same method is adopted. If this is not possible, the IFRS equity method (with any goodwill and inadmissible intangible assets valued at £nil) is adopted instead. This applies irrespective of whether the participation is in a net assets or net liability position.

D.1.1.9 Financial assets

Financial assets are valued at fair value for both IFRS and SII. The methods and assumptions used by the Group in estimating the fair value of financial assets are shown below and except where specifically stated, there are no valuation differences between IFRS and SII.

- Equity securities: fair values are based upon quoted market prices where available, or according to the three-level fair value hierarchy (see note 28 of the RSAIG 2022 Consolidated financial statements for further details)
- Bonds: fair values are based upon quoted market prices. Where market prices are not readily available, fair values are estimated using either values obtained from quoted market prices of comparable securities or estimated by discounting expected future cash flows using a current market rate applicable to the yield, credit quality and maturity of the investment. Under SII, accrued interest is reclassified from other debtors to the relevant instruments
- Collective investment schemes: quoted market prices are used where available. Where this is not possible, funds are valued using data from third party administrators or, in the case of loan funds, fund manager data. All funds are reviewed regularly for signs of underlying impairment. As such, it is considered that all IFRS values approximate to fair values, and no valuation adjustments are made under SII
- Derivatives: fair value is determined on a market basis by reference to underlying interest rate, foreign exchange rate, equity or commodity instruments or indices
- Cash and deposits, and loans and mortgages: IFRS carrying amounts approximate to fair values. For SII reporting, except for cash in hand, accrued interest is added to the relevant instruments and balances, reclassified from other assets

- Receivables and other assets: IFRS carrying amounts approximate to fair values. Premium debtors and recoveries falling due for payment after the balance sheet date are reclassified from receivables to technical provisions if within the contract boundary; else removed entirely. See Section D.2 for more details
- Prepayments: prepaid expenses that are considered to have no future economic value are valued at £nil under SII

Reinsurance recoverables

The sub-categories in the SII balance sheet of reinsurers' share of technical provisions mirror those of the gross balances and the same mapping of SII lines of business are used. See Section D.2 for more details.

D.1.2 Analysis of deferred tax

An analysis of deferred tax on a SII basis is detailed below:

	Asset £m	Liability £m
Deferred tax position at 31 December	266	-

The following table sets out the deferred tax assets and liabilities recognised by the Group, split by main categories:

	£m
Net unrealised losses on investments	83
Tax losses and unused tax credits	15
Other deferred tax reliefs	95
Technical provisions and DAC	(2)
Retirement benefit obligations	(1)
Capital allowances	81
General provisions, leases and other temporary differences	(5)
Net deferred tax position at 31 December	266

Tax rates

The table below provides a summary of the current tax and deferred tax rates for the year in respect of the largest jurisdictions in which the Group operates.

	Current tax	Deferred tax
	2022	2022
UK	19.0	25.0 %
Ireland	12.5	12.5 %

Tax assets and liabilities are recognised based on tax rates that have been enacted or substantively enacted at the balance sheet date.

In May 2021, the change in the UK tax rate, from 19% to 25% from 1 April 2023, was substantively enacted. This change impacts the UK deferred tax rate. For 2022 a 25% deferred tax rate results from the expected unwind pattern of the UK temporary differences, an increase of 1% on the rate used in 2021.

Unrecognised tax assets

At the end of the reporting period, the Group had the following unrecognised tax assets:

	Gross amount £m	Tax effect £m
Trading tax losses	2,120	496
Capital tax losses	1,285	321
Deductible temporary differences	579	140
Unrecognised tax assets as at 31 December	3,984	957

The Group's unrecognised trading losses are predominantly located in the UK, France and Ireland and represent losses which are not expected to be utilised within the forecast profit period. Unrecognised capital losses mainly relate to the UK and have not been recognised as it is not considered probable that they will be utilised in the future as most UK capital gains are exempt from tax. £2m (2021: £2m) of the gross trading tax losses are attributable to Luxembourg and will expire in 2036.

In addition, to the IFRS position, no deferred tax has been recognised in respect of £313m of gross Solvency II adjustments (predominantly to technical provisions) as there is insufficient certainty that adequate future profits will be available.

Deferred tax asset recognition

Deferred tax assets have been recognised on the basis that management consider it probable that future taxable profits will be available against which these deferred tax assets can be utilised. Key assumptions in the forecast are subject to sensitivity testing which, together with additional modelling and analysis, support management's judgement that the carrying value of deferred tax assets continues to be supportable.

The majority of the deferred tax asset recognised based on future profits is that in respect of the UK. The evidence for the future taxable profits is a five-year forecast (2021: seven-year forecast) based on the three year operational plans prepared by the relevant businesses and a further two years of extrapolation, which are subject to internal review and challenge, including by the Board. The two years of extrapolation assumes average premium growth of 4.0% per annum across UK business lines and no overseas premium growth where relevant to UK profit projections. The deferred tax asset forecasts incorporate a contingency of £35m per annum as well

as including prudent combined operating ratio assumptions, the impact of the transition to IFRS17 and the impact of forecast future transactions where appropriate. The three year operational plans prepared by the relevant businesses and a further two years of extrapolation is the basis of the future taxable profits in all jurisdictions in which a deferred tax asset is recognised.

The value of the deferred tax asset is sensitive to assumptions in respect of forecast profits. The impact of downward movements in key assumptions on the value of the UK deferred tax asset is summarised below. The relationship between the UK deferred tax asset and the sensitivities below is not always linear. Therefore, the cumulative impact on the deferred tax asset of combined sensitivities or longer extrapolations based on the table below will be indicative only.

	£m
1% increase in combined operating ratio ¹ across all 5 years	(18)
1 year reduction in the forecast modelling period	(47)
50 basis points decrease in bond yields	(7)
1% decrease in annual premium growth ²	(7)

¹ Combined operating ratio ("COR") is a measure of underwriting performance and is the ratio of underwriting costs expressed in relation to earned premiums.

² In respect of the extrapolated years four and five.

Procedure

The procedure for calculating SII deferred tax figures for the Group utilises a walkthrough bridge from the figures reported on an IFRS basis in the RSAIG 2022 Consolidated financial statements. A tax analysis is performed of valuation adjustments made to the financial statements balances to arrive at the SII balance sheet. Where these adjustments give rise to a temporary difference under IAS 12, a deferred tax asset or liability is recognised in accordance with IFRS principles and SII guidance.

D.1.3 Group and subsidiary valuation differences

There is no material difference between the bases, methods and main assumptions used at Group level for the valuation for SII purposes of the Group's assets and those used by any of its subsidiaries for the valuation of its assets.

D.2 Technical provisions

D.2.1 Valuation and comparison of IFRS to SII

Technical provisions are valued using the methods and assumptions described in Section D.2.2.

The main differences between SII technical provisions and the IFRS equivalent are:

- SII technical provisions include a risk margin calculated on a different basis to the margin held above best estimate in IFRS
- Differences in discounting. In SII all technical provision cash flows are discounted using the PRA yield curve. In IFRS only some lines of business are discounted as per the Group accounting policy and these are discounted using a different discount rate
- Inclusion of an allowance for Events Not In Data (“ENIDs”) in SII, covering estimates of low frequency but potentially high severity binary events that are not captured in historical data sets
- SII technical provisions are net of future premium cash flows where premium income due in the future is covered within the bound contract terms and conditions
- For future exposures, SII considers the best estimate of liability cash flows (allowing for reinsurance treaty renewal) and not an unearned premium reserve (as is used in IFRS). As a result, profit or loss relating to future exposures (after allowance for ENIDs) will come through as a difference in the liability valuation
- Allowance for Bound but Not Incepted business (“BBNI”) is made under SII. This allows for increased exposure on contracts that have not yet incepted and hence are not reflected within IFRS provisions, but are bound as at the date of valuation. Any expected profits or loss is allowed for as well
- Within SII, an allowance for reinsurer default is calculated, this is relatively small for most RSA entities. However, some entities are fully reinsured within the Group and as such this allowance for default contributes materially to the net technical provisions

The following table quantifies the differences in the SII net technical provisions and the equivalent IFRS provisions (net of deferred acquisition costs) for each material SII line of business. The table is followed by notes explaining how the different valuation approaches set out above contribute to the differences observed for each line of business.

		SII Net Technical Provisions		Statutory	
		Best	Risk	Accounts	
		Estimate	Margin	Value	Difference
		£m	£m	£m	£m
Direct business and accepted proportional reinsurance	Motor Vehicle Liability	1,204	72	1,511	(235)
	Other Motor	89	2	146	(56)
	Marine, Aviation and Transport	210	9	268	(49)
	Fire and Other Damage to Property	1,137	31	1,565	(397)
	General Liability	1,060	57	1,282	(164)
Other Non-Life Direct and Accepted Reinsurance Lines		97	4	186	(85)
Life & Health Insurance Lines (including Annuities Stemming from Non-Life)		149	61	132	78
TOTAL		3,945	237	5,090	(908)

Notes

- (1) Allowance for future premium within SII Technical Provisions is a significant difference impacting multiple lines of business. These are Motor Vehicle Liability, Other Motor, General Liability, Marine Aviation & Transport, and Fire & Other Damage to Property.
- (2) Expected profit or loss within the UPR is deferred under IFRS until it is earned. However, on a Solvency II basis, this expected profit or loss is recognised up front when the contract is bound.
- (3) Risk Margin held under SII is higher than the margin in the Outstanding Claims Provisions under IFRS. This is because Risk Margin is defined differently to margin under IFRS which is a simpler buffer for risks around the Actuarial Indication. The Risk Margin, on the other hand, covers cost of holding capital until runoff.
- (4) Discounting is used throughout SII reducing for most classes the SII Technical Provisions compared to the statutory accounts value. For annuities arising from non-life business, the discount rate used in SII is lower than that used in IFRS in calculating the best estimate.

D.2.2 Basis of preparation of technical provisions

Under SII, the technical provisions are made up of:

Claims provision + Premium provision + Risk margin

The claims provision is the discounted best estimate of all future cash flows (claim payments, expenses and future premiums due) relating to claim events prior to the valuation date.

The premium provision is the discounted best estimate of all future cash flows (claim payments, expenses and future premiums due) relating to future exposure arising from policies that the Group has written, or bound but not incepted, at the valuation date.

The risk margin is calculated as the cost of capital required to hold future SCRs over the life of the technical provisions as they run off.

The valuation of the best estimate for claims provisions and for premium provisions are carried out separately. Claims and premium provisions are calculated both gross of outwards reinsurance and for outwards reinsurance. The risk margin is only calculated net of outwards reinsurance.

D.2.2.1 Bases, methods and assumptions used for valuation

The claims provision comprises the estimated cost of claims incurred but not paid at the end of the reporting period. The provisions are calculated by valuing future cash flows including claims payments, related expenses, salvage and subrogation recoveries and expected reinsurance recoveries. The provision is determined using the best information available of claims settlement patterns, future inflation and estimated claims settlement amounts.

The premium provision comprises estimated cost of future claims and associated expenses for unearned but bound business on a best estimate basis, offset by future premiums due. The cash flows also include profit commissions and the costs of policy administration. These also include business that has not yet incepted but is bound under the contract ("BBNI").

Future claims cash flows include an allowance for ENIDs.

All expenses that would be incurred in running-off the existing business, including a share of the relevant overhead expenses are taken into account. This share is assessed on the basis that the Group continues to write new business. The expense provision includes items such as investment expenses that are not provided for under the IFRS basis.

Future claims cash flows are generally determined by considering how past claims payments have materialised, with separate explicit cash flows determined for gross of reinsurance and net of reinsurance. The provisions for claims relating to annuities arising from general insurance business in the UK are also determined using recognised actuarial methods.

Cash flows are discounted for the time value of money using yield curves prescribed by the PRA.

The risk margin is calculated by determining the present value of the cost of holding the SCR necessary to support the Group's insurance obligations over their lifetime. This approach is intended to reflect the costs incurred by a notional (re)insurer, the Reference Undertaking, of holding the capital to accept a transfer of liabilities.

D.2.2.2 Significant simplified methods

Under the legal obligation basis of Solvency II, all existing bound contracts are to be valued, whether the contracts have inception or not. This includes future premium and claims cash flows for policies not yet inception by the valuation date, but already forming part of contractual obligations ("BBNI") business. The SII Technical Provisions at 2022 year end allow for BBNI business but on a proportional simplified basis that all cashflows corresponding to it are assumed to be in the first year and hence the impact from discounting is minimal.

For the risk margin, the future SCRs of the Reference Undertaking are estimated by considering the remaining claims at each future valuation date. As claims run off, a higher proportion of long tail, e.g. liability, claims remain which require a proportionally higher level of capital to support them. The method used reflects the proportionally increasing levels of capital required in the future.

D.2.3 Uncertainties and contingencies

There is an inherent uncertainty in estimating claims provisions at the end of the reporting period for the eventual outcome of outstanding notified claims as well as estimating the number and value of claims that are still to be notified. In particular, the estimation of the provisions for the ultimate costs of claims for bodily injury is subject to a range of uncertainties that is generally greater than those encountered for other classes of business due to the slow emergence and longer settlement period for these claims.

Other uncertainties include the possibility of future legislative change having retrospective effect on open claims; changes in claims handling and settlement procedures potentially leading to future claims payment patterns differing from historical experience; the possibility of new types of claim, such as disease claims, emerging from business written several years ago; general uncertainty in the claims environment; the emergence of latent exposures such as asbestos; the outcome of litigation on claims received; failure to recover reinsurance and unanticipated changes in claims inflation.

The emergence of Covid-19 during 2020 gave rise to a material new uncertainty with regard to estimating technical provisions. Covid-19 has increased the level of estimation uncertainty with key assumptions impacted, such as claims development patterns that may be distorted by post-pandemic issues such as medical delays and supply chain delays. Uncertainties relating to the valuation of Covid-19 business interruption ("BI") claims continued in 2022 as well, as interpretation and information continues to become available and interpretations mature. The ultimate liability could be materially different from the current estimate as legal interpretations and regulatory expectations develop and clarify the criteria for eligible claims, and further information becomes available with regard to the number of eligible claimants who meet the required claim criteria. Though experience so far has tracked in line with the Group's expectations to this stage, many key areas of uncertainty remain such as the value of eligible claims and the extent to which reinsurance will ultimately respond compared to how the Group expects. If the outcome of litigation differs to our expectation this could give rise to a change in the assessed cost.

There is considerable uncertainty in the economic environment beyond 2022, and changes such as ongoing inflationary pressure could have an impact on claims costs. The inflationary pressure, combined with the post pandemic distortions over the same period, complicates assessment of the ultimate claims costs. Different factors are contributing to severity changes such as settlement delays and supply chain issues which are likely to have been impacted by Covid-19 and geo-political issues. Inflation increases are the largest in a generation and impact elements of the claims cost in different ways. For some claim types, it will

take time before the full impact of increased inflation becomes apparent. In the meantime our estimates require increased reliance on our assumptions compared to the previous stable inflation environment. While allowance has been made for the increase in expected liabilities because of these, there is an uncertainty that the actual experience is significantly different from expected. This is a key uncertainty that is monitored by the RSA Reserving Committee with sensitivity testing to monitor, assess and understand potential impacts should the risks manifest.

These uncertainties also impact the assumed future loss ratios which then brings in an increased uncertainty in the premium provisions as ultimate claims costs need to be estimated for future events. The ultimate level of future claims costs are partially mitigated by reinsurance.

D.2.4 Use of adjustments and transitionals

In valuing the Group's technical provisions, none of the following were applied during the year:

- The Matching Adjustment referred to in Regulation 42 of the Solvency 2 Regulations 2015
- The transitional risk-free interest rate-term structure referred to in Section 10 of the Transitional Measures part of the PRA Rulebook applicable to SII firms
- The transitional deduction referred to in Section 11 of the Transitional Measures part of the PRA Rulebook applicable to SII firms

In March 2020, RSAI, RSA Re and MIC each received approval from the PRA to apply the Volatility Adjustment, as referred to in Regulation 43 of the Solvency 2 Regulations 2015, to the calculation of technical provisions, with effect from 31 March 2020. In May 2021, these entities re-applied for the Volatility Adjustment, along with the Group, after the takeover by IFC and received approval for the same. For quantification of the impact of the Volatility Adjustment on the Group's technical provisions and capital position, see QRT S.22.01, included in Appendix 8.

D.2.5 Recoverables from reinsurance contracts and SPVs

The Group enters into reinsurance contracts, mostly excess of loss protection for individual risks or from claims following catastrophe events. The Group also reinsures some business on a quota share basis, and in recent prior years has purchased aggregate reinsurance cover and a significant adverse development cover to provide some protection on 2020 and prior accident years. At any balance sheet date the Group will expect to recover under some of these reinsurance contracts. See Section C.1.6 (Underwriting Risk – Risk Mitigation) for further details of the Group's reinsurance contracts and the Group SII Balance Sheet (Section D) for the reinsurance recoverable amounts.

D.2.6 Changes in assumptions

The Group routinely adjusts the assumptions underlying the calculation of technical provisions in light of emerging risks or trends in the data and any other relevant information. Whilst some assumptions have a material impact on our reported estimates of technical provisions, many of the assumptions only have a minor impact. The main changes in assumption during 2022 were: reacting to evolving economic uncertainty; updating our inflation trends; updating our assumptions on potential Covid-related external distortions on development speed; allowing for changes in our mix of claims, and allowing for development as per the latest experience following legislative reforms such as the whiplash reforms in the UK and the Judicial Council guidelines in Ireland. There were no other material changes to assumptions in 2022.

D.2.7 Group and subsidiary valuation differences

The Group technical provisions are based on discounting using PRA yield curves whereas the subsidiary valuations for reporting in the EU require discounting using EIOPA yield curves. The PRA discount curves and the EIOPA discount curves can slightly vary, leading to small differences in valuation.

There are no material differences between the technical provisions held for the Group and those held for the equivalent liabilities in its subsidiaries.

D.3 Other liabilities

D.3.1. Valuation of other liabilities

The liabilities of the Group are valued in accordance with the Valuation Part of the PRA Rulebook applicable to SII firms, related articles of the Delegated Acts and the guidelines issued by EIOPA on the valuation of assets and liabilities other than technical provisions.

This section describes, for each material class of liabilities (other than technical provisions):

- The bases, methods and main assumptions used in valuing those liabilities for SII purposes
- Where relevant, details of estimation techniques, risks and uncertainties relating to these valuations
- An explanation of any material differences in SII valuations compared to IFRS

Recognition and valuation bases used or to estimation approaches have been applied consistently during the period.

D.3.1.1 Financial liabilities

Financial liabilities are valued at amortised cost under IFRS and fair value for SII balance sheet valuation purposes. The methods and assumptions used by the Group in estimating the fair value of financial liabilities are shown below and except where specifically stated, there are no valuation differences between IFRS and SII.

The methods and assumptions used by the Group in estimating the fair value of financial liabilities are:

- Debts owed to credit institutions and subordinated debt: fair values are determined by reference to recent market transactions or other observable market inputs
- For borrowings that carry a variable rate of interest (other than senior and subordinated debt), carrying values approximate to fair values and therefore there is no difference between the valuation under IFRS and SII
- Other liabilities and accruals: carrying amounts approximate to fair values as they are short term liabilities and therefore there is no difference between the valuation under IFRS and SII
- Payables: IFRS carrying amounts approximate to fair values. Premium payables falling due for payment after the balance sheet date are reclassified from payables to technical provisions if within the contract boundary; else removed entirely. See Section D.2 for more details
- Reinsurance payables: As per the principle of correspondence, the only insurance business to be recognised as ceded is bound business, i.e. business recognised within gross technical provisions. Reinsurance payables are adjusted for amounts that do not meet this criterion, unless the cost is sunk, in which case it must be recognised in full

Upon subsequent measurement of financial liabilities, any changes in own credit risk are not reflected in fair value.

Estimation techniques, risks and uncertainties

The fair value measurement of the Group's loan instruments and subordinated debts is based on pricing obtained from a range of financial intermediaries. Their valuations are based on recent transactions of these instruments and other observable market inputs such as applicable risk free rate and appropriate credit risk spreads.

D.3.1.2 Contingent liabilities

Material contingent liabilities (those where information about the current or potential size or nature of those liabilities could influence decision making or judgement) are recorded on the SII balance sheet and are valued at the expected present value of future cash flows to settle the obligation liability over the lifetime of that contingent liability, using the relevant risk-free interest rate-term structure.

This applies to non-insurance risks only, as insurance risks are captured by the best estimate component of technical provisions.

Contingent liabilities acquired in a business combination are valued on a basis consistent with that used for IFRS reporting.

For further information in relation to contingent liabilities, see note 48 of the RSAIG 2022 Consolidated financial statements.

D.3.1.3 Provisions other than technical provisions

There are no differences between the IFRS and SII balance sheets as provisions are valued in the same way under both IFRS and SII.

A provision is recognised when there is a present legal or constructive obligation as a result of past events that are more likely than not to result in an outflow of economic resources in order to settle the obligation, and the amount of that outflow can be reliably estimated.

D.3.2 Liabilities for employee benefits including defined benefit plan assets

Defined benefit pension schemes and other post-retirement benefits

The major defined benefit pension schemes are located in the UK. The assets of these schemes are mainly held in separate trustee administered funds. The UK defined benefit schemes were effectively closed to new entrants in 2002 and subsequently closed to future accruals with effect from 31 March 2017. UK schemes in surplus have been reduced for the 35% tax cost of an authorised return of surplus, classified as 'Other net surplus remeasurements'. The Group's opinion is that the authorised refund tax charge is not an income tax within the meaning of IAS 12 and so the surplus is recognised net of this tax charge rather than the tax charge being included within deferred taxation.

The Group also operates defined benefit schemes in other countries. The most significant of these schemes are in Ireland.

The value of all scheme assets and all scheme obligations are as follows:

	UK £m	Other £m	Total £m
Present value of funded obligations	(5,404)	(53)	(5,457)
Present value of unfunded obligations	(4)	-	(4)
Present value of obligations	(5,408)	(53)	(5,461)
Equities	9	14	23
Government debt	4,010	38	4,048
Non government debt	1,777	4	1,781
Derivatives	(13)	(5)	(18)
Property	421	-	421
Cash	1,256	22	1,278
Other (including annuity contracts, infrastructure and growth alternatives)	303	-	303
Investments	7,763	73	7,836
Value of asset and longevity swaps	(2,044)	-	(2,044)
Total assets in the Schemes	5,719	73	5,792
Other net surplus remeasurements	(110)	-	(110)
Total surplus	201	20	221
Defined benefit pension schemes	201	20	221
Other post retirement benefits	-	-	-
Schemes in surplus	205	20	225
Schemes in deficit	(4)	-	(4)

The disposal of the Group's operations in the Middle East reduced pensions and post-employment net obligations by £9m in 2022. The disposal of the Group's operations in Scandinavia and Canada reduced pensions and post-employment net obligations by £44m in 2021.

The UK pension schemes do not hold any of the Group's own transferable financial instruments as plan assets, and no property held by the Schemes is occupied by the Group.

For further details of the Group's defined benefit pension schemes and other post-employment benefits, see note 41 of the RSAIG 2022 Consolidated financial statements.

D.3.3 Lease liabilities

See Section A.4.2 for information on leases.

For lease liabilities recognised under IFRS 16, IFRS values are assumed to approximate fair value, except in specific instances where an adjustment is deemed necessary.

D.3.4 Group and subsidiary valuation differences

There is no material difference between the bases, methods and main assumptions used at Group level for the valuation for solvency purposes of the Group's other liabilities and those used by any of its subsidiaries for the valuation for solvency purposes of its other liabilities.

D.4 Alternative methods for valuation

Assets and liabilities valued using alternative valuation methods, in accordance with Article 10(5) of the Delegated Acts include property, certain debt and equity securities, collective investment schemes, derivatives and subordinated debt.

Most of these instruments are given this classification because the markets on which they trade are not considered to be sufficiently active to qualify as active for the purpose of this disclosure. Despite this, the valuation of these assets is still based on quoted prices available from an exchange, dealer, broker, pricing service or other third party and as such these prices are considered reliable indicators of the fair value of the instruments.

Instruments disclosed as valued under alternative valuation methods for which quoted market prices are not available are valued using observable inputs as far as possible. These instruments are generally illiquid and include property and illiquid credit instruments. As such they are rarely traded, but experience from disposals when they do occur suggests that the valuation methods used are reasonably reliable in estimating the fair value of the instruments.

There is no difference between the bases, methods and assumptions used when valuing these instruments for SII purposes and those used for IFRS reporting. See section D.1 and D.3 for description of the valuation techniques used and how they are assessed.

See Note 27 of the RSAIG 2022 Consolidated financial statements for further details of the valuation methods, uncertainties and assumptions used when valuing such instruments.

D.5 Any other information

Nothing to report.

E. Capital Management

In this section

E.1 Own funds

E.2 Solvency capital requirement (SCR) and minimum Group consolidated capital requirement

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

E.4 Differences between the standard formula and any internal model used

E.5 Non-compliance with the Minimum Solvency Capital Requirement ("MSCR") and non-compliance with the SCR

E.6 Any other information

Section E is subject to external audit, with the exception of any text or figures which are, or derive from, the internally modelled Solvency Capital Requirement. See Appendix 6 for further details of the scope of the external audit.

E.1 Own funds

E.1.1 Objectives, policies, processes and material changes

RSA Capital Management - Policies and processes for managing own funds

The primary objective of the Capital Management function is to ensure that the business has sufficient capital to meet its obligations. This is achieved by optimising the balance between return and risk, whilst maintaining economic and regulatory capital in accordance with risk appetite.

The Capital Management function's role and responsibility is to govern, monitor and oversee capital resources across the Group ensuring that these are within the risk appetite of the Group and meet appropriate regulatory/accounting rules and guidelines. This includes the calculation, estimation and forecasting of capital resources and capital requirements such as SII available and eligible own funds.

The Group manages capital and solvency through a governance framework including methodology validation, monitoring and reporting processes, in support of the Group ORSA process.

Business planning

RSA operates a three-year time horizon for business planning. Plans are reviewed and debated at executive level and approved by the Board.

Material changes over the reporting period

In March 2022 RSAIG redeemed the floating rate Restricted Tier 1 notes. The Restricted Tier 1 notes were redeemed in full at their principal amount together with accrued and unpaid interest up to (but excluding) the first call date on 27 March 2022. The redemption was fully funded by an equity capital injection from IFC and there is no impact on the total capital position of the Group.

On 7 July 2022, the Group completed the sale of its 50% shareholding in Royal & Sun Alliance Insurance (Middle East) BSC (c).

RBL (a wholly owned subsidiary of IFC) entered liquidation in September 2022, and ownership of RSAIG and its subsidiaries passed to IFC's Canadian entity 2283485 Alberta Limited. As a result, RSAIG is the ultimate UK parent company and the level at which PRA group supervision applies. Comparative information has not been provided in this section, as to do otherwise would be considered misleading to the users of this report.

E.1.1.1 Method used for calculating Group Solvency

RSA adopts the accounting consolidation method (Method 1) to calculate Group Solvency.

S.25.03 (unaudited) in Appendix 8 summarises the Group SCR by constituent, as derived using Method 1.

E.1.2 Structure, amount and quality of own funds

Classification and eligibility of capital

The Group's own funds are classified per SII requirements as follows:

Solvency II Tier	Capital Item
Tier 1	Paid in ordinary share capital, and the related share premium Reconciliation reserve
Tier 1 Restricted	Paid in preference shares, and the related share premium account
Tier 2	Subordinated liabilities that exhibit characteristics listed in Article 73 of the Delegated Act. Unpaid and uncalled ordinary share capital callable on demand (ancillary own fund items) as defined in Article 74 of the Delegated Act
Tier 3	Net deferred tax assets

Preference shares classified as Upper Tier 2 for Solvency I purposes satisfy the requirements of GENPRU 2 Annex I and the provisions of 2.2.159 R to 2.2.181 R of GENPRU and are classified as Tier 1 Restricted under SII.

Tier 1 own funds includes the SII reconciliation reserve, the key elements of which are as follows:

- Excess of assets over liabilities as presented in the SII balance sheet
- A deduction for amounts already included in basic own funds, including ordinary share capital and share premium account

For further information please refer to note 37 of the RSAIG consolidated financial statements for the year ended 31 December 2022.

Further information in relation to the derivation of the Group's consolidated own funds is provided in section D. Method of Consolidation.

Capital composition

The Group's capital structure by tier as at 31 December 2022 is as per the table below.

		2022 £m
Tier 1 Unrestricted	Equity capital (including Share Premium)	1,845
	Reconciliation reserve	(415)
		1,430
Tier 1 Restricted	Preference shares	125
		125
Tier 2	Ancillary own funds item	250
	2014 debt instrument	153
		403
Tier 3	Net deferred tax assets	266
	Total Available Own Funds	2,224

Analysis of own funds

The valuation of subordinated debt reflects market prices as described in section D.3.1.1. For further information please refer to note 37 of the RSAIG consolidated financial statements for the year ended 31 December 2022.

E.1.3 Eligible own funds to cover the SCR

Basic own funds to eligible own funds

SII requires that basic own funds are first considered against availability rules, and then subjected to eligibility criteria based on both the SCR and capital structure. Eligible own funds are considered available to cover the SCR. A basic own funds to eligible own funds reconciliation for the Group is shown below:

	Basic Own Funds £m	Ancillary Own Funds £m	Availability restrictions £m	Available Own Funds £m	Eligibility restrictions £m	Eligible Own Funds £m	Eligibility Capacity £m	Eligibility rule
Tier 1	1,430	-	-	1,430	-	1,430		
Tier 1 (R)	125	-	-	125	-	125	358	20% of total Tier 1
Tier 2	153	250	-	403	-	403	612	Tier 2 + Tier 3 up to 50% of SCR
Tier 3	266	-	-	266	(82)	184		
Total	1,974	250	-	2,224	(82)	2,142		
					SCR	1,225		
					Surplus	917		
					SCR	175%		

Total available own funds to meet the SCR

There are no availability restrictions made in deriving the Group's Available Own Funds.

Total eligible own funds to meet the SCR

The Delegated Act requires that limits are imposed upon the eligible amounts of Restricted Tier 1, Tier 2 and Tier 3 capital, according to the calculation of the SCR:

- Eligible Tier 1 items shall be at least 50% of the SCR
- Eligible Tier 3 items shall be less than 15% of the SCR
- The sum of eligible Tier 2 and eligible Tier 3 items shall be no more than 50% of the SCR
- The sum of paid in preference shares (and the related share premium account) shall represent less than 20% of the total amount of Tier 1 items. Items exceeding this limit are reclassified to Tier 2

E.1.4 Eligible own funds to cover the MSCR

SII requires that basic own funds are first considered against availability rules, and then subjected to eligibility criteria based on both the MSCR and capital structure. Eligible own funds are considered available to cover the MSCR. A basic own funds to eligible own funds reconciliation for the Group is shown below:

	Basic Own Funds £m	Ancillary Own Funds £m	Availability restrictions £m	Available Own Funds £m	Eligibility restrictions £m	Eligible Own Funds £m	Eligibility Capacity £m	Eligibility rule
Tier 1	1,430	-	-	1,430	-	1,430		
Tier 1 (R)	125	-	-	125	-	125	358	20% of total Tier 1
Tier 2	153	250	(250)	153	(30)	123	123	Tier 2 up to 20% of MSCR
Tier 3	266	-	(266)	-	-	-		
Total	1,974	250	(516)	1,708	(30)	1,678		
					MSCR	614		
					Surplus	1,064		
					MSCR Coverage	273%		

Refer to E.2.11 for further information.

Total available own funds to meet the MSCR

Tier 2 ancillary own fund items are not deemed available to cover the MSCR/MCR

Tier 3 items are not deemed available to cover the MSCR/MCR

Total eligible own funds to meet the MSCR

The Delegated Act requires that limits are imposed upon the eligible amounts of Restricted Tier 1, Tier 2 and Tier 3 capital, according to the calculation of the MSCR and solo entity MCR:

- Eligible Tier 1 items shall be at least 80% of the MSCR/MCR
- Eligible Tier 2 items shall be no more than 20% of the MSCR/MCR
- The sum of paid in preference shares (and the related share premium account) shall represent no more than 20% of the total amount of Tier 1 items. Items exceeding this limit are reclassified to Tier 2

E.1.5 Differences between equity and net assets

Section D includes details of the adjustments made to IFRS capital in deriving SII excess of assets over liabilities. The below table shows the calculation of SII available own funds:

	£m
Excess of assets over liabilities (see Section D)	2,007
Own shares (held directly and indirectly)	-
Foreseeable dividends, distributions and charges	-
Other non-available own funds items	(186)
	1,821
Subordinated debt	153
	1,974
SII Basic Own Funds	1,974
Ancillary Own Funds item	250
	2,224
SII Own Funds (including AOF)	2,224

Foreseeable dividends, distributions and charges

No other deductions are made in arriving at Group basic own funds.

Other non-available own funds items

IAS 19 pension surpluses in excess of their scheme's marginal share of the SCR are also deducted from the reconciliation reserve and included in "Other non-available own funds" in the S.23.01, the excluded amount being £186m.

E.1.6 Transitional arrangements

RSA makes use of transitional arrangements for debt instruments issued prior to SII implementation. Basic own funds items in issue at 18 January 2015 that satisfied the requirements to be treated as capital resources as at 31 December 2015, before Solvency II came into force, are eligible for classification as Tier 1 Restricted or Tier 2 basic own funds for a period of 10 years from 1 January 2016.

The table below describes the nature of each of the Group's instruments subject to transitional arrangements:

	Preference shares
Issuer	RSA Insurance Group Limited
Guarantor	N/A
Date issued	13/10/1993
Maturity	Irredeemable
First call	N/A
Amount at issue	£125,000,000
Current outstanding	£125,000,000
Currency	GBP
Coupon	7.375%
Frequency	Semi-annual (1 April / 1 October)
Call frequency	N/A
Reset date	N/A
Reset rate	N/A
Solvency II Tier	Restricted Tier 1

E.1.7 Ancillary own funds

In July 2021 the PRA approved an AOF item for RSAI for a period of two years. The item comprises £250m of nil-paid uncalled share capital. The AOF counts as Tier 2 capital in the Group's solvency calculations, subject to eligibility rules, however, it does not count towards covering the Group MSCR. Board approval has been received to extend the current arrangement by a further three years to June 2026 and a new application for PRA approval was submitted in Q1 2023, with a proposed effective date in June.

Two other AOF items exist within the Group.

- During 2016, an AOF structure was approved for RSAI Ireland by the Central Bank of Ireland ("CBI") permitting a maximum of €90m of nil-paid uncalled share capital. The structure was reapproved by the CBI in March 2022 for a further three years. The AOF counts as Tier 2 capital in RSAI Ireland's Solo solvency calculations only, subject to eligibility rules, however, it does not count towards covering the latter entity's MCR. The AOF item is not considered for Group solvency purposes
- During 2018, an additional AOF structure was approved for RSA Luxembourg by the Commissariat aux Assurances ("CAA") permitting a maximum of €35m of nil-paid uncalled share capital. The AOF counts as Tier 2 capital in RSA Luxembourg's Solo solvency calculations only, subject to eligibility rules, however, it does not count towards covering the latter entity's MCR. The AOF item is not considered for Group solvency purposes

E.1.8 Deductions and restrictions

See sections E.1.3 and E.1.4 for a description of the nature and amount of restrictions on own funds.

E.1.9 Group fungibility and transferability

Availability of Group capital to meet SII Group SCR

Under SII, as part of their assessment of group solvency, groups must make 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.

Other than the restrictions described in sections E.1.3 and E.1.4, the Group deems its capital to be fully fungible and there to be no restriction at a Group level.

In such circumstances where capital is needed from a subsidiary to support a legal entity elsewhere in the Group, it will be repatriated in the form of dividends and where this is not practicable, a sale of the subsidiary will be considered.

E.1.10 Deferred tax

For details on the availability and eligibility of deferred tax assets, see sections E.1.3 and E.1.4.

E.2 Solvency capital requirement and minimum Group consolidated capital requirement

E.2.1 SCR and MSCR

At 31 December 2022 the Group's SCR was £1,225m and the MSCR was £614m.

E.2.2 SCR split by risk

An analysis of the internal model SCRs of the Group and the UK regulated entities by risk category is provided in QRT S.25.03 in Appendix 8.

E.2.3 Standard formula simplifications

Standard formula simplifications are not applicable as an internal model is used.

E.2.4 Standard formula undertaking specific parameters

Standard formula undertaking specific parameters are not applicable as an internal model is used.

E.2.5 Capital add-on and undertaking specific parameters non-disclosure

No capital add-ons were in place during the reporting period. Undertaking specific parameters are not applicable as an internal model is used.

E.2.6 Capital add-on and undertaking specific parameters impact

No capital add-ons were in place during the reporting period. Undertaking specific parameters are not applicable as an internal model is used.

E.2.7 MSCR calculation inputs

See section E.2.10 for the composition of this measure.

E.2.8 Consolidated Group SCR constituents

The accounting consolidation method (Method 1) has been chosen by RSA. As such, group supervision applies at the Group holding company level and no subgroup level reporting is required.

Described in the table below are the insurance and reinsurance undertakings within the Group that are included in the calculation of the Group Solvency:

	SCR (Including Op Risk) £m
Fully consolidated insurance or reinsurance undertakings (incl. third country insurance undertakings, insurance holding companies, mixed financial holding companies and ancillary services undertakings)	1,225
Fully consolidated special purpose vehicles	-
Proportionally consolidated insurance or reinsurance undertakings (incl. third country insurance undertakings, insurance holding companies, mixed financial holding companies and ancillary services undertakings)	-
Other subsidiaries (not listed above) consolidated on an adjusted equity basis	-
Credit institutions, investment firms and financial institutions, alternative investment fund managers, UCITS management companies, institutions for occupational retirement provision, non-regulated entities carrying out financial activities	-
All other related undertakings (not listed above)	-
Total	1,225

E.2.9 Group diversification effects

All of the risks above are derived from the simulations making up the SCR calculation. However, in any simulation, there may be good or bad outcomes from each individual risk. Thus, when the confidence level for each risk is taken separately and then totalled, the result is a higher value than the SCR. The measured difference is the inherent diversification between modelled risks.

Quantitative information on diversification benefit at the 2022 year end as calculated by the internal model is available in QRT S.25.03 in Appendix 8. It is important to note that the quantification of diversification within the model depends critically upon the choice of risk category and the level of granularity required.

E.2.10 Minimum consolidated Group SCR

The calculation of the solo MCRs for the MSCR is shown in the table below:

	Linear MCR pre-corridor £m	Corridor - 25% £m	Corridor - 45% £m	MCR (per MSCR) £m
Royal & Sun Alliance Insurance Ltd (United Kingdom)	619	306	551	551
RSA Insurance Ireland DAC (Republic of Ireland)	19	28	50	28
The Marine Insurance Company Limited (United Kingdom)	-	1	1	3
Royal & Sun Alliance Reinsurance Limited (United Kingdom)	1	6	11	6
RSA Luxembourg SA (Grand Duchy of Luxembourg)	9	16	30	16
Insurance Corporation of the Channel Islands Limited	6	n/a	n/a	6
Tower Insurance Company Limited	3	n/a	n/a	3
MSCR				614

E.2.11 Undertakings in scope of the internal model

Information on all undertakings in the scope of the Group internal model SCR is included in QRT S.32.01.22 in Appendix 8.

E.2.12 Loss absorbing capacity of deferred tax

The Group does not make an adjustment for the loss-absorbing capacity of deferred taxes.

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

The duration-based equity risk sub-module is not used.

E.4 Differences between the standard formula and any internal model used

E.4.1 Internal model purposes

The internal model outputs provide the capital information used in the calculations of the Pillar 1 SCR, internal Pillar II capital measures, the ORSA, reporting and disclosure, and other business applications.

The Group's risk profile differs significantly from that assumed by the Standard Formula making the latter unsuitable to measure the Group's SCR.

E.4.2 Internal model scope

Scope (by business unit)

All of the Group's business units are included in the scope of the internal model.

Scope (by risk type)

The Internal Model SCR is split into the following sub-modules:

- Underwriting Risk
- Catastrophe Risk
- Reserve Risk
- Market Risk
- Credit Risk
- Currency Risk
- Pension Risk
- Operational Risk
- Other Drivers

E.4.3 Partial internal model integration

A full internal model is used so there is no partial internal model integration into the standard formula.

E.4.4 Internal model calculation methods

Overview of model methodology

The Group employs an internal model to determine its SCR at both a Group and UK regulated entity level. The SCRs assume that one year of new business is written as a going concern and calculates the movement in basic own funds over one year.

A model run consists of 100,000 simulations, each representing a different possible outcome of the future cash flows and balance sheets. For each projected balance sheet, the difference between the opening available net assets and the present value of projected net assets represents the capital required to meet the outflows and value movements in the period up to that projected balance sheet.

Operational risk is modelled separately and the resulting capital requirement added to that produced by the main model run to arrive at the overall assessment of capital required.

E.4.5 Differences in methodologies and assumptions

Differences in standard formula and internal model structure

The Group's internal model is structured in a different way from the standard formula. In the standard formula, different risk types are considered on a standalone basis and explicit correlations are applied to each risk factor to derive an overall capital requirement. The internal model is a fully integrated cash flow model where individual variables interact to create a distribution of outcomes, by simulating future cash flows to perform an annual valuation of each item on the balance sheet.

Explanation by risk module used in internal model and standard formula

Insurance risk – underwriting, reserving and catastrophe

The internal model splits insurance risk into three categories:

- Underwriting
- Reserving
- Catastrophe

Non-life, health and life risks are all considered jointly within each category (although non-life is the material component).

The standard formula splits non-life risks and non-life like health risks into three separate categories:

- Premium and Reserve
- Catastrophe
- Lapse (immaterial for RSA as a non-life insurer)

In broad terms, standard formula premium and reserve risk for non-life and health can be compared to internal model underwriting and reserve risk (although the standard formula combines the two).

Catastrophe risk can similarly be compared.

This approach is crude as it ignores the fundamentally different approach to diversification between the two methods.

Life risks are immaterial at a Group level for both the internal model and standard formula, given the nature of the Group's operations.

Market and currency risk

Market risk is lower under the internal model than the standard formula. The standard formula uses pre-determined charges, whereas the Internal Model uses projected returns on RSA's assets based on a range of economic simulations, which leads to a more appropriate reflection of RSA's risk profile.

Counterparty risk

Counterparty risk is lower under the internal model than the standard formula. The internal model will simulate defaults based on Standard & Poor's credit ratings and RSA's own reinsurance data for cash and reinsurance exposures. Policyholder, intermediary and other asset defaults are modelled based on historic default data, which is lower than that implied by the standard formula's 15% and 90% default rates.

Operational risk and other items

Operational risk is lower under the internal model than the standard formula. The internal model uses scenarios that are designed using expert judgement from subject matter experts using RSA's real experience and third party data. As a result, the internal model is more closely aligned to real world experience than a function of premium or reserves.

Risks not covered by the standard formula but covered by the internal model

The standard formula is, by its very nature and design, a standardised calculation method and is therefore not tailored to the individual risk profile of RSA. For example, the standard formula does not capture:

- Credit spread volatility and longevity risk associated with the Group's pension schemes
- Claims inflation risk arising from changes in legislative, global economic and political environment

E.4.6 Risk measure and time period

The internal model SCR represents the capital required to ensure that the firm will have sufficient amount of eligible capital resources to be able to meet its obligations when the business encounters adverse conditions, subject to a confidence level of 99.5% over a one-year period and assuming the business remains a going concern.

E.4.7 Data nature and appropriateness

There are many data sources used in the internal model.

For example:

- Balance Sheet data
- Detailed asset data
- Best estimate reserves and reserving triangles by class of business
- Historical loss ratios by class of business
- Historical Large losses by class of business
- Operational Plan
- Exposure data for Catastrophe Modelling
- Economic data for Economic Scenario Generator
- Operational risk loss scenario assessments

Each data item used by the internal model is assessed in an annual data quality assessment exercise to establish whether the data is accurate, appropriate and complete.

E.4.8 Solo and Group level differences

The Group and UK solo entities use the same internal model.

The following Group entities used the standard formula to calculate their SCR as at the 2022 year-end: RSA Luxembourg S.A. and RSA Insurance Ireland DAC.

E.5 Non-compliance with the MSCR and non-compliance with the SCR

The Group has been fully compliant with the Group SCR and maintained a surplus on the MSCR during the reporting period.

E.6 Any other information

Nothing to report.

Appendix 1. Group Branches

Branches as at 31 December 2022

Company	Country of Branch
Royal & Sun Alliance Insurance Limited	Argentina China Dubai, United Arab Emirates Germany Greece Ireland
RSA Luxembourg S.A.	Belgium France Germany Netherlands Spain United Kingdom
The Marine Insurance Company Limited	Greece
Royal & Sun Alliance Reinsurance Limited	Argentina
Royal Insurance (U.K.) Limited	Ireland
Royal International Insurance Holdings Limited	Greece
Sun Insurance Office Limited	Greece
The London Assurance	Greece
RSA Insurance Ireland DAC	United Kingdom
EGI Holdings Limited	United Kingdom
Intouch Insurance Group BV	United Kingdom
IDIP Direct Insurance BV	United Kingdom
RSA Overseas Holdings BV	United Kingdom
RSA Overseas (Netherlands) BV	United Kingdom
RSA Overseas Holdings (No.1) Unlimited Company	United Kingdom
RSA Overseas Holdings (No.2) Unlimited Company	United Kingdom

Appendix 2. Royal & Sun Alliance Insurance Limited Solo SFCR Sections

Summary

RSAI is the main insurance company in the Group and is the operating company that holds the Group's entire insurance business.

The Group SFCR meets the regulatory requirement for public disclosure in respect of RSAI, RSA Re and MIC. As mentioned in the introduction in the Group SFCR, RSAI, RSA Re and MIC 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 Group as a whole.

A. Business and Performance

RSAI is the largest operating company in the Group, and transacts the majority of the Group's business. RSAI transacts the greater part of its business in the UK where it holds a top 5 market share position in each of domestic commercial lines, personal property and pet insurance. It offers a full suite of commercial lines products across Property, Liability, Motor and Marine, distributing predominantly via insurance brokers. RSAI's personal lines business principally provides Household, Motor and Pet insurance through brokers and affinity programmes as well as through MORE THAN, its direct brand.

The components of the Group's System of Governance are designed to satisfy the legal and regulatory guidelines and requirements applicable to RSAI such as the Companies Act 2006, SII, and rules of the PRA and the FCA.

Business Strategy

RSAI has adopted the Group business strategy which is to the pursuit of outperformance through:

- Strong customer franchises
- Disciplined business focus, majoring on strengths, seeking to avoid mistakes
- A balance sheet that protects customers and RSAI
- Intense and accomplished operational delivery – improving customer service, underwriting and costs

Performance Information

This section of the Appendix provides information about the business and performance of RSAI, covering in particular the performance from underwriting and investment activities.

Performance figures in section A of this Appendix have been prepared in accordance with the same accounting standards used for RSAI's Annual Report and Accounts.

A.1 Business

A.1.1 Company name & legal form

Royal & Sun Alliance Insurance Limited is a private limited company incorporated in England and Wales.

A.1.2 Supervisory authority

The PRA is the authority responsible for prudential supervision of RSAI. The contact details of the PRA are in section A.1.2 in the Group SFCR.

A.1.3 External auditor

RSAI's external auditor is KPMG LLP. See section A.1.3 in the Group SFCR for contact details.

A.1.4 Holders of qualifying holdings

Royal Insurance Holdings Limited has 100% of the voting rights in RSAI.

A.1.5 Position within the Group legal structure

RSAl's immediate parent company is Royal Insurance Holdings Limited, a company incorporated in England and Wales. RSAI's ultimate parent and controlling party is Intact Financial Corporation, a company incorporated in Canada.

A.1.6 Material related undertakings

See note 44 of the RSAI Annual Report and Accounts for a list of all subsidiaries and associates of RSAI.

Refer to Note 31.4 of Intact Financial Corporation 2022 Consolidated financial statements for significant operating entities which share common ownership with RSAI.

See Appendix 1 of the Group SFCR for a list of all branches, including those of RSAI. None of RSAI's branches are material.

See section A.1.6 of the Group SFCR for a list of the Group's material related undertakings; these are also material related undertakings of RSAI.

A.1.7 Simplified Group structure

See section A.1.7 of the Group SFCR.

A.1.8 Business lines and geographical areas

RSAl's material lines of business and the material geographical areas where it has carried out business during the year are detailed in the table below:

Geographic regions
UK
Europe
Ireland
Canada (proportional reinsurance accepted)
Line of businesses – non-life
Fire and damage to property
Motor vehicle liability
Other motor
General liability
Marine, aviation and transport
Miscellaneous Financial Loss
Non-proportional casualty reinsurance

A.1.9 Significant events

Ukraine War, Inflation and Cost of Living

Russia's invasion of Ukraine and the ongoing conflict has led to significant economic impacts with higher fuel and energy costs and supply chain constraints adding to already rising inflation. We continue to carry out detailed monitoring of claims, supply chain and settlement delay, both within RSA and the industry, and make appropriate allowance for the impact on our experience of potential operational, economic or other disruptions arising from inflation increases. Steps have also been taken to support customers and employees including a review of salaries and one-off payment in Q4 2022

A.2 Underwriting performance

RSAI's operations are materially driven by the UK & International region's results and are affected by factors not reflected in divisional numbers such as intra-group reinsurance (see section A.1.10 in the Group SFCR). The RSAI Board manages the operations on a divisional basis as described in the RSAIG 2022 Consolidated financial statements. For this reason, the RSAI Board believes that analysis using key performance indicators for the UK business in aggregate is relevant to RSAI. See note 9 of the RSAIG 2022 Consolidated financial statements for details of the performance of the UK business.

	2022 £m	2021 £m
Net written premiums	2,850	2,981
Net earned premiums	2,878	2,907
Net incurred claims	(1,906)	(2,024)
Commissions	(802)	(814)
Operating expenses	(161)	(237)
Underwriting result	9	(168)
Investment income	130	103
Investment expenses	(7)	(22)
Unwind of discount	3	(6)
Investment result	126	75
Operating result	135	(93)
Interest	(6)	49
Profit on disposals	-	-
Other non-operating charges	(4,327)	(4,169)
Dividends from subsidiary undertaking	4,391	6,914
Profit before tax	193	2,701
Tax	5	10
Profit after tax	198	2,711

A.3 Investment performance

The information in this section of the report is taken from the RSAI Annual Report and Accounts.

A.3.1 Income and expenses by class

Asset classes shown in this section follow the definitions used in RSAI's Annual Report and Accounts which may differ from the definitions used in Section D (Valuation for Solvency Purposes) of this Appendix.

A summary of the gross investment income, net realised and net unrealised gains/(losses) included in the income statement is given below:

	Investment income		Net realised gains/(losses)		Net unrealised gains/(losses)		Impairments		Total investment return	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
Investment property	14	16	14	(1)	(27)	44	-	-	1	59
Equity securities										
Available for sale	13	6	(9)	3	-	-	(10)	-	(6)	9
Debt securities										
Available for sale	87	71	(11)	4	-	-	-	-	76	75
Other investments										
Other loans	17	67	-	-	-	-	-	-	17	67
Deposits, cash at bank and in hand	1	1	1	-	-	-	-	-	2	1
Derivatives	-	-	(1)	-	33	18	-	-	32	18
Total net investment return	132	161	(6)	6	6	62	(10)	-	122	229
Shares in group undertakings	4,391	6,914	-	-	-	-	-	-	4,391	6,914
	4,523	7,075	(6)	6	6	62	(10)	-	4,513	7,143

A summary of the investment management expenses by asset class is given below:

	2022	2021
	£m	£m
Investment property	(1)	(1)
Debt securities	(5)	(6)
Other	(1)	(15)
Total investment management expenses	(7)	(22)

A.3.2 Gains and losses recognised in equity

Unrealised gains and losses recognised in other comprehensive income for available for sale assets are as follows:

	Net unrealised gains / (losses)		Net realised (gains) transferred to profit and loss account		Impairments transferred to income statement		Net movement recognised in other comprehensive income	
	2022 £m	2021 £m	2022 £m	2021 £m	-	-	2022 £m	2021 £m
Equity securities	(19)	4	(9)	3	10	-	(18)	7
Debt securities	(431)	(118)	(11)	4	-	-	(442)	(114)
Subsidiary and associate undertakings	(245)	(2,030)	-	-	-	-	(245)	(2,030)
Total	(695)	(2,144)	(20)	7	10	-	(705)	(2,137)

A.3.3 Investments in securitisation

RSAl invests in securitised investments. These investments are issued by entities created by and managed by external specialist investment managers.

RSAl's exposure to securitised investments at 31 December 2022 is summarised in the table below:

Class of investments	Nature of the underlying investments of the vehicle	Exposure	
		2022 £m	2021 £m
Collateralised Loan Obligations and Asset Backed Securities	Structured debt security backed by bonds or receivables	250	247

A.4 Performance of other activities

A.4.1 Other material income & expenses

Employee expenses

Staff costs for all employees comprise:

	2022 £m	2021 £m
Wages and salaries	222	210
Redundancy costs	8	10
Social security costs	28	22
Other pension costs	26	28
Share based payments	11	22
Total staff costs	295	292

A.4.2 Operating and finance leasing arrangements

RSAL acts as lessee and lessor in a number of lease arrangements. For further details of the RSAL's leasing arrangements, see note 12 of RSAL's Annual Report and Accounts.

B. System of Governance

B.1 General information on the system of governance

RSAI's System of Governance

RSAI has adopted the RSA Insurance Group Ltd System of Governance as described in Section B in the main body of the report.

RSAI Board and Executive Committee

RSAIG and RSAI businesses are overseen by a single set of Directors. The members of the boards of these companies are the same and their meetings are run in a combined session with one agenda and one board pack. The agenda and papers specify whether an item relates to a particular legal entity. The papers describe any differences between relevant issues from an RSAIG and RSAI perspective.

The Board may exercise all the powers of the relevant company subject to the Articles of Association, relevant laws, and any directions as may be given by shareholder resolution. The directors may delegate any of their powers or discretions to committees except for matters specifically reserved for the whole Board in the Schedule of Matters Reserved, which is reviewed annually.

All key or material decisions made at Board meetings are documented by Company Secretariat. The Board reviews RSAI's financial performance through regular reports, including quarterly capital updates and a quarterly presentation on actual performance against plan and a previous financial year comparison. The Schedule of Matters Reserved require approval of the outsourcing of any critical functions and activities at least annually, and Board review of their performance.

A review process is undertaken annually to ensure that the board is operating effectively.

The RSA Executive Committee oversees RSA's UK business and exercises governance oversight in relation to its subsidiaries in other jurisdictions. The powers of the Executive Committee are set out in its Terms of Reference. The committee is composed of senior managers from UK&I business. It meets as and when required to review matters of a 'business as usual' nature within its remit.

The remit of the Board committees includes RSAIG and RSAI matters. Each of the committees has written Terms of Reference defining its role and the authority delegated to it. The Terms of Reference for each Board committee are reviewed annually.

Remuneration

RSA ensures that it has appropriate remuneration arrangements through the adoption of a Remuneration Policy. This policy outlines RSA's overall approach to remuneration, and also the governance framework for making remuneration decisions.

The policy is designed to support the business strategy by appropriately rewarding performance and promoting sound and effective risk management, compliance with external regulatory requirements and alignment to the long-term interests of RSA and its ultimate shareholder, IFC.

Key governance functions

None of RSAI's key governance functions have been outsourced.

Changes during 2022

The changes to RSA's system of governance over the reporting period are:

- On 7 July 2022, RSAI sold its shareholding in Royal & Sun Alliance Insurance (Middle East) BSC (c) and therefore its subsidiaries and other interests in the Middle East
- On 20 September 2022, RBL was liquidated and RSAIG became directly owned by 2283485 Alberta Ltd – the company next above in the direct line of companies beneficially owned by IFC. RSAIG reverted to being the top UK company in the UK regulated RSA sub-group

Shareholder/Board transactions

Key management transactions

The aggregate emoluments of the directors, including amounts received from subsidiaries, were as follows:

	£m
Short term benefits	5
Compensation for loss of office	-
Total	5

During 2022, £45,128 in retirement benefits were accrued for one director under defined benefit pension scheme and no contributions were made to defined contribution pension schemes.

During 2022, no directors exercised share options, no directors had share awards vesting under long-term incentive schemes in respect of ordinary shares of the Company, one director and two non-executive directors had Performance Share Units ("PSUs") and Restricted Share Units ("RSUs") vesting in the Group's ultimate parent company, IFC, as part of their remuneration for service as executives of IFC, and two non-executive directors had Deferred Share Units ("DSUs") vesting in IFC, as part of their fee for their role on the IFC Board of Directors. The DSUs are redeemed upon director retirement or termination and are settled for cash afterwards.

Dividends

Ordinary dividends of £137m were paid during the year. For further details of dividends paid and proposed, refer to Note 17 of the Annual Report and Account of the Company.

Ancillary Own Funds

An AOF structure was approved for RSAI by the PRA for a period of 2 years in 2021, permitting a maximum of £250m of nil-paid uncalled share capital. The AOF counts as Tier 2 capital in RSAI's Solo solvency calculations, subject to eligibility rules, however, it does not count towards covering its MCR. The AOF item also counts as Tier 2 capital for Group solvency purposes.

B.2 Fit and proper requirements

See section B.2 within the Group SFCR for details of the Group's fit and proper requirements.

B.3 Risk management system including the Own Risk and Solvency Assessment

RSAl has adopted the Group's Risk Management System, reflecting the close alignment between RSAl's risk strategy and risk appetite with that of the Group. See section B.3 within the Group SFCR for details of the Group's Risk Management System.

B.4 Internal control system

RSAl has adopted the Group internal control system. See section B.4 within the Group SFCR for details of the Group's internal control system.

B.5 Internal audit function

See section B.5 within the Group SFCR for details of the Group's internal audit function.

This approach is applied to the plans for RSAl. CAS provides its audit plans and quarterly updates on progress against plans; the outcomes of its work; and progress against issues to the RSAl Board.

B.6 Actuarial function

The Group Actuarial Function Holder is also the Actuarial Function Holder for RSAl and has independent access to the RSAl Board. The Group Actuarial Function produces annual Actuarial Function reports summarising the key conclusions of the actuarial function's work covering RSAl and these are presented to the RSAl Board.

See section B.6 within the Group SFCR for details of the Group's Actuarial Function.

B.7 Outsourcing

RSAl enters into outsourcing contracts and distribution arrangements with third parties in the normal course of its business and is reliant upon those third parties being willing and able to perform their obligations in accordance with the terms and conditions of the contracts.

Certain of RSAl's subsidiaries have also entered into outsourcing agreements with it in relation to the efficient provision of services across the Group. See section B.7 within the Group SFCR for further details.

The RSAl board has oversight of RSAl's reliance on critical third parties and material outsourcing relationships.

B.8 Any other information

Nothing to report.

C. Risk Profile

RSAl has adopted the Group Risk Management System, reflecting the close alignment between RSAl's risk strategy and risk appetite with that of the Group.

Given that the entities above RSAl in the Group structure are not deemed to materially contribute to the Group's risk profile, the risk profile of RSAl is considered to be identical to that of the Group, with the same risks being experienced either directly or via the valuation of its subsidiaries.

Information on RSAl's risk profile is therefore contained in Section C within the Group SFCR which sets out the Group's risk profile.

At 31 December 2022 RSAl's EPIFP was £41m.

D. Valuation for Solvency Purposes

The statutory accounts values shown in this section are prepared in accordance with UK GAAP (Financial Reporting Standard 101), the accounting standard used for RSAI's Annual Report and Accounts. There are no differences in valuation principles between IFRS (used for the Group's valuation) and FRS 101, so all basis of preparation descriptions referring to IFRS in section D in the Group SFCR apply equally to RSAI.

For further details of the accounting policies adopted for the purposes of preparing statutory accounts, see the accounting policies section of RSAI's Annual Report and Accounts.

Section D is subject to external audit, with the exception of the text and figures relating to Risk Margin. These are excluded from the scope of external audit as they are derived from the internal model used to calculate the RSAI's Solvency Capital Requirement which is also unaudited. See Appendix 6 for further details of the scope of the external audit.

RSAI SII balance sheet

	Financial statements note	Statutory accounts value £m	Reclass- ification £m	SII valuation adjustments £m	Solvency II value £m	Group SFCR section
Goodwill and intangible assets	19	289	-	(289)	-	D.1.1.1, D.1.1.2
Deferred tax assets	28	260	-	-	260	D.1.1.4
Pension benefit surplus	15	204	-	-	204	D.1.1.5
Property, plant and equipment held for own use		95	-	(14)	81	D.1.1.6
Investments (other than assets held for index-linked and unit-linked contracts)		6,087	105	(162)	6,030	
<i>Property (other than for own use)</i>	20	288	-	-	288	D.1.1.7
<i>Holdings in related undertakings, including participations</i>	21	1,295	-	(162)	1,133	D.1.1.8
<i>Equities</i>	22	265	(142)	-	123	D.1.1.9
<i>Bonds</i>	22	4,189	78	-	4,267	D.1.1.9
<i>Collective investments undertakings</i>		-	142	-	142	D.1.1.9
<i>Derivatives</i>	22	50	-	-	50	D.1.1.9
<i>Deposits other than cash equivalents</i>		-	27	-	27	D.1.1.9
Loans and mortgages		456	4	-	460	D.1.1.9
Reinsurance recoverables	25, 26	2,224	-	(931)	1,293	D.2
Deposits to cedants		38	-	-	38	D.1.1.9
Insurance and intermediaries receivables		1,548	123	(1,488)	183	D.1.1.9
Reinsurance receivables		197	(123)	(10)	64	
Receivables (trade, not insurance)		362	(3)	-	359	D.1.1.9
Cash and cash equivalents		142	(69)	-	73	D.1.1.9
Any other assets, not elsewhere shown		508	(49)	(440)	19	D.1.1.9
Total assets		12,410	(12)	(3,334)	9,064	
Technical provisions	33, 34	7,477	-	(2,257)	5,220	D.2
Contingent liabilities		-	-	10	10	
Provisions other than technical provisions	35	25	-	-	25	D.3.1.3
Pension benefit obligations	35	4	-	-	4	D.1.1.5
Derivatives	22	25	-	-	25	D.3.1.1
Financial liabilities other than debts owed to credit institutions		458	2	-	460	D.3.1.1
Insurance & intermediaries payables		37	31	53	121	D.3.1.1
Reinsurance payables		798	(31)	(719)	48	
Payables (trade, not insurance)		724	-	-	724	D.3.1.1
Any other liabilities, not elsewhere shown		253	(14)	-	238	D.3.1.1
Total liabilities		9,801	(12)	(2,913)	6,875	
Excess of assets over liabilities		2,609	-	(420)	2,189	

D.1 Assets

Analysis of deferred tax

An analysis of deferred tax on a SII basis is detailed below:

	Asset £m	Liability £m
Deferred tax assets	260	-

The following are the major deferred tax assets and liabilities recognised by RSAI:

	£m
Net unrealised loss on investments	79
Hedge reserve derivatives	(6)
Tax losses and unused tax credits	6
Accrued costs deductible when settled	95
Retirement benefit obligations	1
Capital allowances	82
Provisions and other temporary differences	3
Net deferred tax position at 31 December	260

Net deferred tax assets of £260m, that relate to tax jurisdictions in which RSAI has suffered a loss in either the current or preceding period, have been recognised to the extent that it is probable future taxable profits will be available against which unused losses and temporary differences can be utilised.

At the end of the reporting period, RSAI has unused gross trading losses of £1,682m. A deferred tax asset of £6m has been recognised in respect of 'income' losses at 31 December 2022. No deferred tax asset has been recognised in respect of gross trading losses of £1,657m due to the unpredictability of future profit streams. In addition, RSAI has other deductible temporary differences of £100m for which no deferred tax has been recognised.

No deferred tax has been recognised in respect of £291m gross SII adjustments to technical provisions as there is insufficient certainty that adequate future profits will be available.

Deferred tax assets and liabilities are recognised based on tax rates that have been substantively enacted at the balance sheet date. The effect of change in tax rates relates to the impact of the UK deferred tax rate which has increased from 24% to 25%. The reason for the increase is that from April 2023, the UK corporation tax rate will be 25%. The deferred tax rate has hence been determined as 25% to reflect the tax rate at which the vast majority of these differences will unwind.

Deferred tax assets have been recognised on the basis that management consider it probable that future taxable profits will be available against which these deferred tax assets can be utilised. Key assumptions in the forecast are subject to sensitivity testing which, together with additional modelling and analysis, support management's judgement that the carrying value of deferred tax assets continues to be supportable. The basis of deferred tax asset recognition, together with the impact of downward movements in key assumptions and specific downside scenarios on the value of the UK deferred tax asset, is detailed in RSAIG section D1.2.

The value of the deferred tax asset is sensitive to assumptions in respect of forecast profits. The relationship between the deferred tax asset and these sensitivities is not always linear.

The procedure for providing SII deferred tax figures for RSAI utilises a walkthrough bridge from the figures reported on an FRS 101 basis in RSAI's Report & Accounts. A tax analysis of valuation adjustments made to the statutory accounts balances is performed in arriving at the Solvency II balance sheet. Where these adjustments give rise to a temporary difference under IAS 12, a deferred tax asset or liability is recognised in accordance with IFRS principles and SII guidance.

D.2 Technical provisions

		SII Net Technical Provisions		Statutory	
		Best	Risk	Accounts	
		Estimate	Margin	Value	Difference
		£m	£m	£m	£m
Direct Business and Accepted Proportional Reinsurance	Motor Vehicle Liability	1,135	64	1,500	(301)
	Other Motor	86	2	163	(75)
	Marine, Aviation and Transport	198	7	285	(80)
	Fire and Other Damage to Property	1,075	25	1,694	(594)
	General Liability	976	47	1,248	(226)
Other Non-Life Direct and Accepted Reinsurance Lines		106	4	232	(122)
Life & Health Insurance Lines (including Annuities Stemming from Non-Life)		148	55	132	71
TOTAL		3,724	203	5,254	(1,327)

Notes

- (1) Allowance for future premium within SII Technical Provisions is a significant difference impacting multiple lines of business. These include Motor Vehicle Liability, Other Motor, General Liability, Marine Aviation & Transport, and Fire & Other Damage to Property insurance.
- (2) Expected profit or loss within the UPR is deferred under IFRS until it is earned. However, on a SII basis, this expected profit or loss is recognised up front when the contract is bound.
- (3) Risk Margin held under SII is higher than the margin in the Outstanding Claims Provisions under IFRS. This is because Risk Margin is defined differently to margin under IFRS which is a simpler buffer for risks around the Actuarial Indication. The Risk Margin, on the other hand, covers cost of holding capital until runoff.
- (4) Life & Health insurance lines are comprised of non-life annuities where the difference is almost entirely driven by the difference in IFRS and SII risk margins.

Uncertainties and contingencies

The uncertainties and contingencies referred to in Section D.2.3 of the Group SFCR are also applicable to RSAI.

D.3 Other liabilities

Liabilities for employee benefits including defined benefit plan assets

Defined benefit pension schemes and other post-retirement benefits

The major defined benefit pension schemes are located in the UK. The assets of these schemes are mainly held in separate trustee administered funds. The UK defined benefit schemes were effectively closed to new entrants in 2002 and subsequently closed to future accruals with effect from 31 March 2017.

The value of scheme assets and defined benefit liability at 31 December 2022 are as follows:

	2022 Total £m
Present value of funded obligations	(5,391)
Present value of unfunded obligations	(4)
Present value of obligations	(5,395)
Equities	6
Government debt	4,010
Non government debt	1,776
Derivatives	(13)
Securities with quoted market price in an active market	5,779
Property	420
Cash	1,255
Other (including infrastructure, commodities, hedge funds, loans)	295
Other investments	1,970
Value of asset and longevity swaps	(2,044)
Total assets in the Schemes	5,705
Other net surplus remeasurements	(110)
Total surplus	200
Defined benefit pension schemes	200
Schemes in surplus	204
Schemes in deficit	(4)

D.4 Alternative methods for valuation

Assets and liabilities valued using alternative valuation methods include certain debt and equity securities, collective investment schemes, derivatives and subordinated debt.

The assets and liabilities for this entity are managed and valued in the same way as for the Group, therefore see Section D of the Group SFCR for a description of the valuation techniques used and how they are assessed.

There are no differences between the bases, methods and assumptions used when valuing these instruments for SII purposes and those used for UK GAAP reporting.

E. Capital management

Section E is subject to external audit, with the exception of any text or figures which are, or derive from, the internally modelled Solvency Capital Requirement. See Appendix 6 for further details of the scope of the external audit.

Information on the Group's capital management is contained in Section E of the Group SFCR.

Given that the entities above RSAI in the Group structure are not deemed to materially contribute to the Group's risk profile, the risk profile of RSAI is considered to be identical to that of the Group and therefore the modelled SCR of the Group and RSAI is the same.

Capital composition

The capital structure of RSAI by tier as at 31 December 2022 is as per the table below. Tier 2 capital reflects the guarantee in respect of the 2014 Tier 2 debt instrument issued by the Group and the Ancillary Own Funds item approved for use in July 2021.

		2022 £m	2021 £m
Tier 1 Unrestricted	Equity capital (including Share Premium)	1,791	1,766
	Reconciliation reserve	(210)	225
		1,581	1,991
Tier 2	Share Premium	153	178
	Ancillary own funds item	250	250
		403	428
Tier 3	Net deferred tax assets	260	146
	Total Own Funds	2,244	2,565

Basic own funds to eligible own funds

A basic own funds to eligible own funds to cover the SCR reconciliation for RSAI is shown below. No capital is deemed to be non-available to meet the SCR within RSAI's own funds.

	Basic Own Funds £m	Ancillary Own Funds £m	Availability restrictions £m	Available Own Funds £m	Eligibility restrictions £m	Eligible Own Funds £m	Eligibility Capacity £m	Eligibility rule
Tier 1	1,581	-	-	1,581	-	1,581		
Tier 1 (R)	-	-	-	-	-	-	395	20% of total Tier 1
Tier 2	153	250	-	403	-	403	612	Tier 2 + Tier 3 up to
Tier 3	260	-	-	260	(76)	184		50% of SCR
Total	1,994	250	-	2,244	(76)	2,167		
					SCR	1,225		
					Surplus	943		
					SCR	177%		

Analysis of significant changes in own funds

RSAI Unrestricted Tier 1 capital has decreased c£400m during the year which predominantly reflects the impact of market movements (increasing yields and widening of credit spreads) including a reduction in the IAS 19 pension surplus contribution to Own Funds.

RSAI Tier 2 capital is broadly unchanged over the year, and Tier 3 capital has increased c£120m during the year which is predominantly due to the recognition of a deferred tax asset in respect of the unrealised losses on the available-for-sale bond portfolio.

The disposal of RSA's Middle East businesses in July 2022 had a small beneficial impact on RSAI's Own Funds.

Eligible own funds to cover the MCR

A basic own funds to eligible own funds to cover the MCR reconciliation for RSAI is shown below:

	Basic Own Funds £m	Ancillary Own Funds £m	Availability restrictions £m	Available Own Funds £m	Eligibility restrictions £m	Eligible Own Funds £m	Eligibility Capacity £m	Eligibility rule
Tier 1	1,581	-	-	1,581	-	1,581		
Tier 1 (R)	-	-	-	-	-	-	395	20% of total Tier 1
Tier 2	153	250	(250)	153	(43)	110	110	Tier 2 up to 20% of MCR
Tier 3	260	-	(260)	-	-	-		Ineligible
Total	1,994	250	(510)	1,734	(43)	1,691		
					MCR	551		
					Surplus	1,140		
					MCR	307%		

Comparison between FRS 101 net equity and SII basic own funds

Following on from Section D, SII basic own funds are calculated in the following table:

	£m
Excess of assets over liabilities (see Section D)	2,189
Foreseeable dividends, distributions and charges	(195)
Ancillary own funds items	250
SII Own Funds	2,244

Included in the foreseeable dividends, distributions and charges row in the S.23.01 is a deduction for net intercompany amounts owed to RSAI from entities above in the Group structure.

In practice, these amounts can only be settled via a dividend payment from RSAI, the excluded amount being £9m, which reflects amounts owed by entities above RSAI which cannot be readily settled using existing resources.

The reduction in this balance over the year (£117m) reflects the payment of an interim dividend by RSAI which enabled RSAIG to settle amounts owed to RSAI.

IAS 19 pension surpluses in excess of their scheme's marginal share of the SCR are also deducted from the reconciliation reserve, the excluded amount being £186m.

SCR and MCR

At 31 December 2022 RSAI's SCR was £1,225m and the MCR £551m.

Movements in the SCR

The SCR reduction during the year predominantly reflects the increase in yields and the disposal of the Middle East business, partially offset by changes to the reinsurance programme and the strengthening of insurance risk calibration in response to market conditions.

Movements in the MCR

As a result of the reduction in SCR over the year, RSAI's MCR is now bound by the 45% limit. As such, the MCR reduction over the year is a direct result of the reduction in SCR.

Deferred tax

Availability and eligibility of deferred taxes is covered in the Basic own funds to eligible own funds and Eligible own funds to cover the MCR sections above.

Non-compliance with the MCR and non-compliance with the SCR

RSAI has been fully compliant with its SCR and MCR during the reporting period.

Appendix 3. Royal & Sun Alliance Reinsurance Limited Solo SFCR Sections

Summary

The principal activity of RSA Re and its overseas branches is to provide a settlement function for the insurance activities carried out by the Group offices and Global Network Partners.

The Group SFCR meets the regulatory requirement for public disclosure in respect of RSAI, RSA Re and MIC. As mentioned in the introduction in the Group SFCR, RSAI, RSA Re and MIC 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 Group as a whole.

A. Business and Performance

General structure

RSA Re is the legal entity through which the following Group activities are undertaken:

- Business written by the Global Network
- Intra-group reinsurance treaties

Global Network

RSA Re provides a reinsurance function for the international insurance activities of the Group offices and the Global Network partners (Strategic Network Partners), selected insurers which work with RSA. The Global Network also provides local coverage for those parts of the world where RSA does not have approval to write business.

The Global Network facilitates the fronting of risks by RSA group entities through servicing offices (RSA entities or external Network Partners) via licences to operate in the relevant territory. As of December 2022, the Global Network covered 180 territories worldwide through 34 producing offices. All producing offices pay a fee to use the network (including external Strategic Network Partners). Membership of the Global Network enables the producing offices to offer wider geographical coverage to their clients. Most of the business written relates to global insurance programmes for multinational entities. The Global Network Team undertake relationship management and business development, with the Central Accounting Unit ("CAU"), a dedicated team based in Liverpool undertaking reconciliation of reinsurance activity, contributing to financial reporting for RSA Re, and efficient cash flow.

RSA Re acts as the reinsurer between the producing office (the legal entity which ultimately holds the risk, predominantly RSAI, and the servicing office (the legal entity which fronts the risk). 100% of the gross premiums are retroceded. RSA Re has a net nil retention in respect of underwriting risk.

Intra-group Reinsurance

The intra-group reinsurance principally comprises the Internal Reinsurance Vehicle ("IRV"), a mechanism whereby insurance risk is ceded from RSAI, its branches and subsidiaries to RSA Re in order to allow local and group risk appetite to be met. Market pricing is established by either using external reinsurance for a minimum 10% of the ceded risk (i.e. this does not go into the IRV) or using external reinsurers to provide a firm quote without then ceding them any risks. RSA Re has a 100% retrocession agreement moving all of the ceded premium from RSA Re to RSAI (RSA Re keeps a 2% fronting fee). This activity is conducted by Group Reinsurance and all cessions into the IRV overseen by the Group Reinsurance quarterly business review meetings. Following a review of internal risk appetite and the structure of the Intact Group's external treaty placements, it has been decided not to cede any new risks to the IRV for 2022.

RSA Re has no direct employees; all services necessary for the above activity being provided by RSAI under a Master Services Agreement and an Internal Model Agreement.

Business strategy

RSA Re has adopted the Group business strategy which is to the pursuit of outperformance through:

- Strong customer franchises
- Disciplined business focus, majoring on strengths, seeking to avoid mistakes
- A balance sheet that protects customers and RSA Re
- Intense and accomplished operational delivery – improving customer service, underwriting and costs

Performance information

Section A of this Appendix provides information about the business and performance of RSA Re, covering in particular the performance from underwriting and investment activities.

Performance figures in Section A of this Appendix have been prepared in accordance with the same accounting standards used for RSA Re's Annual Report and Accounts.

A.1 Business

A.1.1 Company name & legal form

RSA Re is a private limited company incorporated in England and Wales.

A.1.2 Supervisory authority

The PRA is the authority responsible for prudential supervision of RSA Re. The contact details of the PRA are in section A.1.2 in the Group SFCR.

A.1.3 External auditor

RSA Re's external auditor is KPMG LLP. See section A.1.3 in the Group SFCR for contact details.

A.1.4 Holders of qualifying holdings

The sole shareholder is RSAI.

A.1.5 Position within the Group legal structure

RSA Re's immediate parent company is RSAI, a company incorporated in England and Wales. RSA Re's ultimate parent and controlling party is IFC, a company incorporated in Canada.

A.1.6 Material related undertakings

RSA Re has no subsidiaries. See Appendix 1 for a list of all RSA Re's branches. No branches are material.

A.1.7 Simplified Group structure

See section A.1.7 of the RSAIG SFCR.

A.1.8 Business lines and geographical areas

RSA Re's material lines of business and the material geographical areas where it has carried out business during the year are detailed in the table below:

Geographic regions
UK
Europe
Line of businesses – non-life
Marine, aviation and transport
Fire and damage to property
General liability
Non prop RI accepted – Property
Non prop RI accepted - Casualty

A.1.9 Significant events

There is nothing to report for 2022.

A.2 Underwriting performance

RSA Re's activities are focused on the internal reinsurance programme and Global Network business. 100% of the gross premiums are retroceded, with a 2% reinsurance commission added in certain circumstances. RSA Re has nil retention in respect of underwriting risk. Management of the treaties has been outsourced to RSAI. RSA Re's underwriting profit for the year was nil (2021: £886k).

A.3 Investment performance

The information in this section of the report is taken from the RSA Re Annual Report and Accounts.

A.3.1 Income and expenses by class

Asset classes shown in this section follow the definitions used in RSA Re's Annual Report and Accounts which may differ from the definitions used in Section D (Valuation for Solvency Purposes) of this Appendix.

	2022 £'000	2021 £'000
Investment income from debt and fixed income securities	1,793	1,217
Investment management expenses (debt securities)	(2)	(3)
	1,791	1,214

A.3.2 Gains and losses recognised in equity

Unrealised (losses) on other financial instruments classified as available for sale net of tax are as follows:

	2022 £'000	2021 £'000
Debt securities and other fixed income securities	(3,329)	(1,602)

A.3.3 Investments in securitisation

RSA Re has no exposure to securitised investments.

A.4 Performance of other activities

A.4.1 Other material income & expenses

RSA Re had no employees during the period (2021: none). All administrative duties are performed by employees of RSAI at no cost to RSA Re (2021: £nil).

A.4.2 Operating and finance leasing arrangements

RSA Re has no material operating or finance leases.

B. System of Governance

B.1 General information on the system of governance

RSA Re's System of Governance

RSA Re has adopted the RSAI System of Governance as more fully described in Section B in the main body of the report.

Board and committees

The RSA Re Board comprises:

Chair	Managing Director Personal Lines
Chief Executive Officer	Managing Director UK Specialty
Director	UK&I Chief Finance Officer
Director	GSL Global Director

The Board is accountable to RSA Re's ultimate shareholder, IFC, for the creation and delivery of strong sustainable performance and the creation of long-term shareholder value, while having regard to RSA's other stakeholders. The Board meets quarterly and there is an additional meeting to approve SII submissions. The Board is responsible for organising and directing the affairs of RSA Re in a manner that will promote the success of RSA Re and is consistent with good corporate governance practice, ensuring that in carrying out its duties RSA Re meets legal and regulatory requirements.

The Board approves the corporate budget ("Operational Plan").

The Board oversees the business of RSA Re. It may exercise all the powers of the company subject to the Articles of Association, the Board's Terms of Reference, relevant laws, and any directions as may be given by shareholder resolution. The directors of RSA Re have access to the services and advice of the Group General Counsel and Company Secretary, CAS, the Compliance Function, the Risk Function, and the Actuarial Function. In addition directors may take independent professional advice at the expense of RSA Re in furtherance of their duties.

The Board's Terms of Reference sets out matters which are reserved for RSA Re's Board and those matters which are reserved to the RSA Re's shareholder, RSAI, for approval.

The RSAI Board Risk Committee oversees the investment policy and strategy on behalf of RSA Re, including the operation of the investment portfolios within established strategy and risks frameworks.

The RSA Re board remains responsible for RSA Re's System of Governance.

At the current time, there are no RSA Re Board level committees.

There is a standing agenda of items for RSA Re Board meetings, the contents of which are continually refreshed. All decisions are documented by Company Secretariat. The Board reviews RSA Re's financial performance through regular reports, including quarterly capital updates and a quarterly presentation on actual performance against plan and a previous financial year comparison. Board approval of the outsourcing of the Key Governance Functions and other critical functions and important activities, and Board review of the performance of these functions and activities provided by the service provider, are required at least annually.

RSA Re Board meetings are held in a combined session with the meeting of the MIC Board.

Effectiveness of the RSA Re Board

The Board has implemented an effectiveness review process which is undertaken periodically to ensure that the Board is operating effectively.

Key governance functions

All of the Key Governance Functions have been outsourced to RSAI. The RSA Re Board's Terms of Reference require it to ensure each key governance function is suitable, effective and proportionate to the nature, scale and complexity of RSA Re's business.

The RSA Re Board's Terms of Reference explicitly note the right of the Heads of the Key Governance Functions to have direct access to the RSA Re Board at all times and for a private meeting with the directors at least annually.

Remuneration

RSA Re has adopted the RSAI remuneration framework and aligns to general principles and standards set by RSAI. These are contained in the RSAI Remuneration Policy.

RSA Re's directors receive no remuneration for their services as directors of this company. They receive remuneration for their services to RSA as a whole.

Changes during 2022

There were no changes to the RSA Re system of governance over the 2022 year. For all other changes see section B.1.3 of the Group SFCR.

Shareholder/Board transactions

There are no material transactions to report.

B.2 Fit and proper requirements

The Fitness and Propriety Policy and certain HR policies provide a framework for assessment of fitness and propriety of both new and on-going appointees within its scope. The policies apply to the Executive Management, Key Governance Functions, and the directors. RSAI, RSA Re's service provider, applies the Fitness and Propriety Policy and the relevant HR policies.

See section B.2 within the Group SFCR for details of the Group fit and proper requirements.

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

RSA Re has outsourced its risk management system to RSAI, which has adopted the Group's risk management system. See section B.3 within the Group SFCR for details of the Group's Risk Management System.

B.4 Internal control system

RSA Re has outsourced its internal control system to RSAI, which has adopted the Group Internal Control System. See section B.4 within the Group SFCR for details of the Group's internal control system.

B.5 Internal audit function

See section B.5 within the Group SFCR for details of the Group's internal audit function.

This approach is applied to the plans for RSA Re. CAS provides its audit plans and quarterly updates on progress against plans; the outcomes of its work; and progress against issues to the RSA Re Board.

B.6 Actuarial function

RSA Re operates within the same risk appetite and operational control environments as RSAI. Much of the scope of the Actuarial Function is hence covered by RSAI and the Group's Actuarial Function documentation.

The Group Actuarial Function Holder is also the Actuarial Function Holder for RSA Re. On an annual basis, the RSA Re Actuarial Function produces Actuarial Function reports summarising the key conclusions of the Actuarial Function's work covering RSA Re and these are presented to the RSA Re Board.

See section B.6 within the Group SFCR for details of the Group's Actuarial Function.

B.7 Outsourcing

RSA Re has no employees and has outsourced all of its operations to its immediate parent company, RSAI. RSAI provides all services to RSA Re, including the Key Governance Functions and activities deemed critical and important.

B.8 Any other information

Nothing to report.

C. Risk Profile

RSA Re has outsourced its risk management system to RSAI, which has adopted the Group risk management system.

Material issues are escalated to the RSA Re Board by the UK & International Risk Function. The risks are a combination of the relevant Group risks and additional material risks specific to RSA Re (e.g. Global Network). In this way, the RSA Re Board is able to oversee and control the activities of its business.

The remainder of this section outlines the key risks applicable to RSA Re's business. Other risks, for example investment risk, are managed by RSAI in its capacity as the service provider. For full risk profile details, see Section C in the main body of the report which sets out the Group's risk profile. RSA Re is covered by the treaty and facultative protection described in Section C.1.6 in the Group SFCR. Liquidity risk concentrations are considered immaterial for RSA Re. At 31 December 2022 RSA Re's EPIFP was £nil. RSA Re is not exposed to pension risk.

Currency risk

The principal risk to RSA Re is currency risk as a result of the business carried out by the Group's offices and Global Network partners being denominated in overseas currency. This means that a large proportion of the company's assets are held in foreign currency. If the value of Sterling strengthens, then the value of non-Sterling net assets will decline when translated into Sterling.

Credit risk

RSA Re is exposed to credit risk in respect of other group companies and Global Network Partners. This risk is integrated within and managed together with the other principal risks of the Group.

RSA Re has a credit risk insurance policy with RSAI which is assessed annually and protects it against loss of reinsurance recoverables due to third party reinsurer insolvency.

Debtor credit risk is managed through tight credit control by the CAU.

Operational risk

RSA Re is exposed to the following risks as described for the Group in section C.5.3 in the Group SFCR:

- Legal/Legislative Non-Compliance
- Regulatory Breach
- Third Party Management; this is particularly key to RSA Re due to the Global Network and the associated reliance on external third parties

The Master Services Agreement mitigates most of the operational risks. However, RSA Re is exposed to regulatory risk in respect of changes in its operating environment or breaches of regulation/failure to renew licences. For the former, we look to mitigate by monitoring changes in regulation through engagement with local partners and use of AXCO as an industry standard provider of regulatory insight, and then responding accordingly. The latter is controlled through a combination of Group functions and procedures plus a centrally managed licensing register being held by the Network team. Licence renewal dates are diarised.

As there are limited residual risks within RSA Re, the impact of operational risk is minimal and a detailed sensitivity analysis has not been deemed necessary.

D. Valuation for Solvency Purposes

The statutory accounts values shown in this section are prepared in accordance with UK GAAP (Financial Reporting Standard 101), the accounting standards used for RSA Re's Annual Report and Accounts. There are no differences in valuation principles between IFRS (used for the Group's valuation) and UK GAAP, so all basis of preparation descriptions referring to IFRS in Section D in the Group SFCR apply equally to RSA Re.

For further details of the accounting policies adopted for the purposes of preparing statutory accounts, see the accounting policies section of RSA Re's Annual Report and Accounts.

RSA Re has no retirement benefit obligations, owns no property, has no derivative instruments and has no subordinated debt.

Section D is subject to external audit, with the exception of the text and figures relating to Risk Margin. These are excluded from the scope of external audit as they are derived from the internal model used to calculate RSA Re's Solvency Capital Requirement which is also unaudited. See Appendix 6 for further details of the scope of the external audit.

RSA Re SII balance sheet

The assets as per the SII balance sheet at the valuation date are as follows:

	Financial statements note	Financial statements value £'000	Reclass- ification £'000	SII valuation adjustments £'000	Solvency II value £'000	Group SFCR section
Deferred tax assets	16	1,190	-	-	1,190	D.1.1.4
Investments (other than assets held for index-linked and unit-linked contracts)	13	98,124	410	-	98,534	
<i>Bonds</i>	13	98,124	410	-	98,534	D.1.1.9
Reinsurance recoverables	14, 15	533,313	-	(89,865)	443,448	D.2
Insurance and intermediaries receivables		-	19,156	(8,425)	10,731	D.1.1.9
Reinsurance receivables		21,042	(5,618)	(748)	14,676	
Cash and cash equivalents		68	-	-	68	D.1.1.9
Any other assets, not elsewhere shown		8,136	(8,136)	-	-	D.1.1.9
Total assets		661,873	5,812	(99,038)	568,647	
Technical provisions		533,313	-	(80,565)	452,748	D.2
Insurance & intermediaries payables		-	11,902	(6,062)	5,840	D.3.1.1
Reinsurance payables		11,382	(205)	(5,074)	6,103	D.3.1.1
Payables (trade, not insurance)		32,960	1,841	-	34,801	D.3.1.1
Any other liabilities, not elsewhere shown		8,118	(7,726)	-	392	D.3.1.1
Total liabilities		585,773	5,812	(91,701)	499,884	
Excess of assets over liabilities		76,100	-	(7,337)	68,763	

D.1 Assets

Analysis of deferred tax

An analysis of deferred tax on a SII basis is detailed below:

Deferred Tax	Asset £'000	Liability £'000
Deferred tax assets	1,190	-

The following are the major deferred tax assets recognised by RSA Re:

	£'000
Net unrealised loss on investments	1,190
Net deferred tax position at 31 December	1,190

The utilisation of RSA Re's net deferred tax asset of £1,190,000 is largely dependent on the availability of future taxable profits. The evidence for the future taxable profits is a forecast consistent with the three year operational plans prepared by the relevant businesses, which are subject to internal review and challenge by senior management and the Board. Additional assurance is obtained from the recognition of deferred tax for IFRS purposes by the UK group of companies being subject to discussion and challenge by the Audit Committee. Where relevant, the forecast includes extrapolations of the operational plans using assumptions consistent with those in the plans.

No deferred tax has been recognised in respect of £7,337,000 gross SII adjustments to technical provisions as there is insufficient certainty that adequate future profits will be available.

In addition, RSA Re has deductible temporary differences of £4,000 for which no deferred tax has been recognised.

The procedure for providing SII deferred tax figures for RSA Re utilises a walkthrough bridge from the figures reported on an FRS 101 basis in RSA Re's Report & Accounts. A tax analysis of valuation adjustments made to the statutory accounts balances is performed in arriving at the SII balance sheet. Where these adjustments give rise to a temporary difference under IAS 12, a deferred tax asset or liability is recognised in accordance with IFRS principles and SII guidance.

D.2 Technical provisions

The gross provisions of RSA Re are fully reinsured, so at a net level the company's exposure is close to £nil. For this reason the statutory account values are small and the differences seen between the net SII technical provisions and the IFRS reserves are due to the allowance for reinsurance default and future premium cash inflows within the technical provisions and the associated risk margin. For reasons of proportionality, there is no allowance made for BBNI in the technical provisions for RSA Re.

		SII Net technical provisions		Statutory accounts	
		Best estimate	Risk margin	value	Difference
		£'000	£'000	£'000	£'000
Direct business and accepted proportional reinsurance	Motor vehicle liability	3	1	-	5
	Other motor	4	-	-	4
	Marine, aviation and transport	4	85	-	89
	Fire and other damage to property	5,753	212	-	5,965
	General liability	1,333	275	-	1,609
Accepted non-proportional reinsurance	Non-proportional property RI	704	142	-	846
	Non-proportional casualty RI	666	118	-	785
	Non-proportional marine, aviation and transport RI	(3)	-	-	(3)
Total		8,466	834	-	9,299

Uncertainties and contingencies

The uncertainties and contingencies referred to in Section D.2.3 of the Group SFCR are also applicable to RSA Re.

D.3 Other liabilities

Nothing to report.

D.4 Alternative methods for valuation

Assets and liabilities valued using alternative valuation methods include certain debt securities and collective investment schemes.

The assets and liabilities for this entity are managed and valued in the same way as for the Group, therefore see Section D of the Group SFCR for a description of the valuation techniques used and how they are assessed.

There are no differences between the bases, methods and assumptions used when valuing these instruments for SII purposes and those used for UK GAAP reporting.

E. Capital management

Section E is subject to external audit, with the exception of any text or figures which are, or derive from, the internally modelled Solvency Capital Requirement. See Appendix 6 for further details of the scope of the external audit.

Information on the Group's capital management is contained in Section E within the Group SFCR.

Capital composition

The capital structure of RSA Re by tier as at 31 December 2022 is as per the table below. There has been no material change in own funds during the year.

		2022 £'000	2021 £'000
Tier 1 Unrestricted	Equity capital (including Share Premium)	70,000	70,000
	Reconciliation reserve	(2,427)	2,048
		67,573	72,048
Tier 1 Restricted		-	-
Tier 2		-	-
Tier 3		1,190	76
Total Own Funds		68,763	72,124

Basic own funds to eligible own funds

A basic own funds to eligible own funds to cover the SCR reconciliation for RSA Re is shown below. No capital is deemed to be non-available to meet the SCR within RSA Re's own funds.

	Basic Own Funds £'000	Availability restrictions £'000	Available Own Funds £'000	Eligibility restrictions £'000	Eligible Own Funds £'000	Eligibility Capacity £'000	Eligibility rule
Tier 1	67,573	-	67,573	-	67,573		
Tier 1 (R)	-	-	-	-	-	16,893	20% of total Tier 1
Tier 2	-	-	-	-	-	12,083	Tier 2 + Tier 3 up to
Tier 3	1,190	-	1,190	-	1,190		50% of SCR
Total	68,763	-	68,763	-	68,763		

SCR	24,165
Surplus	44,598
SCR Coverage	285%

Analysis of significant changes in own funds

The reconciliation reserve has decreased in value during the year due to a decrease in excess of assets over liabilities. Tier 3 capital increased significantly by c£1,114k during the year as a result of market movement impacts on the investment portfolio resulting in an increased deferred tax asset being recognised.

Eligible own funds to cover the MCR

A basic own funds to eligible own funds to cover the MCR reconciliation for RSA Re is shown below:

	Basic Own Funds £'000	Availability restrictions £'000	Available Own Funds £'000	Eligibility restrictions £'000	Eligible Own Funds £'000	Eligibility Capacity £'000	Eligibility rule
Tier 1	67,573	-	67,573	-	67,573		
Tier 1 (R)	-	-	-	-	-	16,893	20% of total Tier 1
Tier 2	-	-	-	-	-	1,208	Tier 2 up to 20% of MCR
Tier 3	1,190	(1,190)	-	-	-		Ineligible
Total	68,763	(1,190)	67,573	-	67,573		
				MCR	6,041		
				Surplus	61,532		
				MCR Coverage	1119%		

Comparison between FRS 101 net equity and Solvency II basic own funds

Following on from Section D, SII basic own funds are calculated in the following table:

	£'000
Excess of assets over liabilities (see Section D)	68,763
SII Basic Own Funds	68,763

SCR and MCR

At 31 December 2022 RSA Re's SCR was £24,165k and the MCR £6,041k.

Movements in the SCR

The SCR is broadly unchanged over the year.

Movements in the MCR

The SCR is broadly unchanged over the year.

Deferred tax

Deferred tax assets of £1,190k are included in available own funds.

Availability and eligibility of deferred taxes is covered in the Basic own funds to eligible own funds and Eligible own funds to cover the MCR sections above.

Non-compliance with the MCR and non-compliance with the SCR

RSA Re has been fully compliant with its SCR and MCR during the reporting period.

Appendix 4. The Marine Insurance Company Limited Solo SFCR Sections

Summary

The principal activity of MIC is the writing of marine, transport, construction, renewable energy and wholesale international property insurance business in the US.

With effect from 1 January 2012, MIC entered into a 100% quota share agreement with RSAI under which the insurance risk of MIC's business is transferred to RSAI. The company receives a reinsurance commission in relation to the quota share agreement, which is determined by reference to gross premium written, net of reinsurance.

The Group SFCR meets the regulatory requirement for public disclosure in respect of RSAI, RSA Re and MIC. As mentioned in the introduction in the Group SFCR, RSAI, RSA Re and MIC 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 Group as a whole.

A. Business and Performance

MIC is the Group vehicle for the writing of United States (“US”) Surplus Lines risks. MIC is registered with the US National Association of Insurance Commissioners (“NAIC”) as an eligible surplus lines alien insurer. The registration is renewed annually following authorisation by the MIC Board. The actual underwriting is undertaken by London based personnel. In those States where certain classes of non-admitted business such as marine are exempt from the surplus lines regulations the business is written by RSAI, however, there are exceptions considered on a case by case basis where business of this type is written by MIC.

With effect from 1 January 2012, MIC entered into an excess of loss agreement and a quota share arrangement with RSAI under which the insurance risk of MIC’s business is transferred to RSAI. The excess of loss reinsurance covers business written pre-2012, while the 100% quota share arrangement has applied to business written since the beginning of 2012. Following the transfer of nearly all of MIC’s insurance risk to Mercantile Indemnity Company Ltd on 1 July 2019, the excess of loss reinsurance was commuted on 1 September 2019 and the quota share extended to cover any residual insurance liabilities retained by MIC for business written pre-2012. Therefore 100% of MIC’s insurance liabilities are reinsured to RSAI under the quota share from 1 September 2019. MIC receives a commission of 36.5% in relation to the quota share arrangement which is determined by reference to the gross written premium of the business.

MIC has no direct employees; all services necessary for the above activity being provided by RSAI under a Master Services Agreement and an Internal Model Services Agreement.

Business strategy

MIC has adopted the Group business strategy which is the pursuit of outperformance through:

- Strong customer franchises
- Disciplined business focus, majoring on strengths, seeking to avoid mistakes
- A balance sheet that protects customers and MIC
- Intense and accomplished operational delivery – improving customer service, underwriting and costs

Performance information

Section A of this Appendix provides information about the business and performance of MIC, covering in particular the performance from underwriting and investment activities.

Performance figures in Section A of this Appendix have been prepared in accordance with the same accounting standards used for MIC’s Annual Report and Accounts.

A.1 Business

A.1.1 Company name & legal form

MIC is a private limited company incorporated in England and Wales.

A.1.2 Supervisory authority

The PRA is the authority responsible for prudential supervision of MIC. The contact details of the PRA are in section A.1.2 in the Group SFCR.

A.1.3 External auditor

MIC's external auditor is KPMG LLP. See section A.1.3 in the Group SFCR for contact details.

A.1.4 Holders of qualifying holdings

The sole shareholder is RSAI.

A.1.5 Position within the Group legal structure

MIC's immediate parent company is RSAI, a company incorporated in England and Wales. MIC's ultimate parent and controlling party is IFC, a company incorporated in Canada.

A.1.6 Material related undertakings

MIC has no subsidiaries. See Appendix 1 for a list of all MIC's branches. No branches are material.

A.1.7 Simplified Group structure

See section A.1.7 in the Group SFCR.

A.1.8 Business lines and geographical areas

MIC's material lines of business and the material geographical areas where it has carried out business during the year are detailed in the table below:

Geographic regions
UK
Line of businesses – non-life
Marine, Aviation and Transport
Fire and other damage to property
General Liability

A.1.9 Significant events

Nothing to report.

A.2 Underwriting performance

MIC is the Group vehicle for the writing of US Surplus Lines risks. With effect from 1 January 2012, MIC entered into an excess of loss agreement and a quota share arrangement with RSAI under which the insurance risk of MIC's business is transferred to RSAI. The excess of loss reinsurance covers business written pre-2012, while the 100% quota share arrangement has applied to business written since the beginning of 2012. Following the transfer of nearly all of MIC's insurance risk to Mercantile Indemnity Company Ltd on 1 July 2019, the excess of loss reinsurance was commuted on 1 September 2019 and the quota share extended to cover any residual insurance liabilities retained by MIC for business written pre-2012. Therefore 100% of MIC's insurance liabilities are reinsured to RSAI under the quota share from 1 September 2019. MIC receives a commission of 36.5% in relation to the quota share arrangement which is determined by reference to the gross written premium of the business.

	Net Written Premium		Underwriting Result	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Non-life				
Marine, aviation and transport	-	-	3,123	3,082
Fire and other damage to property	-	-	2,990	1,385
General liability	-	-	(15)	58
Total	-	-	6,097	4,525

A.3 Investment performance

The information in this section of the report is taken from the MIC Annual Report and Accounts.

A.3.1 Income and expenses by class

Asset classes shown in this section follow the definitions used in MIC's Annual Report and Accounts which may differ from the definitions used in Section D (Valuation for Solvency Purposes) of this Appendix.

	2022 £'000	2021 £'000
Income from available for sale investments	272	94

A.3.2 Gains and losses recognised in equity

Unrealised (losses) on other financial instruments classified as available for sale net of tax are as follows:

	2022 £'000	2021 £'000
Debt securities and other fixed income securities	(553)	(146)

A.3.3 Investments in securitisation

MIC has no exposure to securitised investments.

A.4 Performance of other activities

A.4.1 Other material income & expenses

MIC did not employ anyone during the period (2021: none). All administrative duties are performed by employees of RSAI at a cost to MIC of £2,824,628 (2021: £1,912,953).

A.4.2 Operating and finance leasing arrangements

MIC has no material operating or finance leases.

B. System of Governance

B.1 General information on the system of governance

MIC's System of Governance

MIC has adopted the RSAI System of Governance as more fully described in Section B in the main body of the report.

Board and committees

The MIC Board comprises:

Chair	Managing Director Personal Lines
Chief Executive Officer	Managing Director UK Specialty
Director	UK&I Chief Finance Officer
Director	GSL Global Director

The Board is accountable to MIC's ultimate shareholder, IFC, for the creation and delivery of strong sustainable performance and the creation of long-term shareholder value, while having regard to RSA's other stakeholders. The Board meets quarterly and there is an additional meeting to approve Solvency II submissions. The Board is responsible for organising and directing the affairs of MIC in a manner that will promote the success of MIC and is consistent with good corporate governance practice, ensuring that in carrying out its duties MIC meets legal and regulatory requirements.

The Board approves the corporate budget ("Operational Plan") and a business plan is submitted to the US National Association of Insurance Commissioners ("NAIC").

The Board oversees the business of MIC. It may exercise all the powers of the company subject to the Articles of Association, the Board's Terms of Reference, relevant laws, and any directions as may be given by shareholder resolution. The directors of MIC have access to the services and advice of the UK&I General Counsel and Company Secretary, Corporate Audit Services, the Compliance Function, the Risk Function, and the Actuarial Function. In addition, directors may take independent professional advice at the expense of MIC in furtherance of their duties.

The Board's Terms of Reference set out matters which are reserved for MIC's Board and those matters which are reserved to MIC's shareholder, RSAI, for approval.

The RSAI Board Risk Committee oversees the investment policy and strategy on behalf of MIC, including the operation of the investment portfolios within established strategy and risks frameworks.

The MIC Board remains responsible for MIC's System of Governance.

At the current time, there are no MIC Board level committees.

There is a standing agenda of items for MIC Board meetings, the contents of which are continually refreshed. All decisions are documented by Company Secretariat. The Board reviews MIC's financial performance through regular reports, including quarterly capital updates and a quarterly presentation on actual performance against plan and a previous financial year comparison. Board approval of the outsourcing of the Key Governance Functions and other critical functions and important activities, and Board review of the performance of these functions and activities provided by the service provider, are required at least annually.

MIC Board meetings are held in a combined session with the meeting of the RSA Re Board.

Effectiveness of the MIC Board

The Board has implemented an effectiveness review process which is undertaken periodically to ensure that the Board is operating effectively.

Key Governance Functions

All of the Key Governance Functions have been outsourced to RSAI. The MIC Board's Terms of Reference requires it to ensure each Key Governance Function is suitable, effective and proportionate to the nature, scale and complexity of MIC's business.

The MIC Board's Terms of Reference explicitly notes the right of the Heads of the Key Governance Functions to have direct access to the MIC Board at all times and for a private meeting with the directors at least annually.

Remuneration

MIC has adopted the RSAI remuneration framework and aligns to general principles and standards set by RSAI. These are contained in the RSAI Remuneration Policy.

MIC's directors receive no remuneration for their services as directors of this company. They receive remuneration for their services to RSA as a whole.

Changes during 2022

There were no changes to the MIC system of governance over the 2022 year. For all other changes see section B.1.3 of the Group SFCR.

Shareholder/Board transactions

There are no material transactions to report.

B.2 Fit and proper requirements

The Fitness and Propriety Policy and certain HR policies provide a framework for assessment of fitness and propriety of both new and on-going appointees within its scope. The policies apply to the Executive Management, Key Governance Functions, and the directors. RSAI, MIC's service provider, applies the Fitness and Propriety Policy and the relevant HR policies.

See section B.2 within the Group SFCR for details of the Group fitness and propriety requirements.

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

MIC has outsourced its risk management system to RSAI, which has adopted the Group's risk management system. See section B.3 within the Group SFCR for details of the Group's Risk Management System.

B.4 Internal control system

MIC has outsourced its internal control system to RSAI, which has adopted the Group Internal Control System. See section B.4 within the Group SFCR for details of the Group's internal control system.

B.5 Internal audit function

See section B.5 within the Group SFCR for details of the Group's Internal Audit function.

This approach is applied to the plans for MIC. Corporate Audit Services ("CAS") provides its audit plans and quarterly updates on progress against plans; the outcomes of its work; and progress against issues to the MIC Board.

B.6 Actuarial function

MIC operates within the same risk appetite and operational control environments as RSAI. Much of the scope of the Actuarial Function is hence covered by RSAI and the Group Actuarial Function documentation.

The Group Actuarial Function Holder is also the Actuarial Function Holder for MIC. On an annual basis, the MIC Actuarial Function Holder produces Actuarial Function reports summarising the key conclusions of the Actuarial Function's work covering MIC and these are presented to the MIC Board.

See section B.6 within the Group SFCR for details of the Group's actuarial function.

B.7 Outsourcing

MIC has no employees and has outsourced all of its operations to its immediate parent company, RSAI. RSAI provides all services to MIC, including the key governance functions and activities deemed critical and important.

B.8 Any other information

Nothing to report.

C. Risk Profile

MIC has outsourced its risk management system to RSAI, which has adopted the Group risk management system.

Material issues are escalated to the MIC Board by the UK & International Risk Committee. This information is a combination of data from the UK risk profile and more granular Commercial and Marine risk profiles. The risks are a combination of the relevant Group risks and additional material risks specific to MIC. In this way, the MIC Board is able to oversee and control the activities of its business.

The remainder of this section outlines the key risks applicable to MIC's business. Other risks, for example, investment risk, are managed by RSAI in its capacity as the service provider. For full risk profile details, see Section C in the main body of the report, which sets out the Group's risk profile. At 31 December 2022 MIC's EPIFP was £nil. MIC is not exposed to pension risk.

Currency Risk

The principal risk to MIC is currency risk as a result of writing direct marine, aviation, transport and renewable energy insurance business in the US which is denominated in foreign currency. This means that a large proportion of the company's assets are held in foreign currency. If the value of Sterling strengthens, then the value of non-Sterling net assets will decline when translated into Sterling.

Credit risk

MIC has credit risk exposure to RSAI, and in the event of the failure of RSAI, the negation of the reinsurance protection and ceded insurance. The risk of the excess of loss policy is mitigated by MIC holding the premium for the reinsurance policy in a funds withheld account and netting off sums owed by RSAI under the excess of loss policy against it. The MIC Board pays close attention to the creditworthiness of RSAI and has the option not to extend the quota share agreement.

Operational risk

MIC is exposed to the following risks as described for the Group in section C.5.3 in the Group SFCR:

- Legal/Legislative Non-Compliance
- Inappropriate Underwriting
- Regulatory Breach

The Master Services Agreement combined with the reinsurance arrangement with RSAI mitigate most of the operational risks. However, MIC is exposed to regulatory risk in respect of changes in its operating environment (which it cannot mitigate) or breaches of regulation/failure to renew licences. The latter is controlled through a combination of Group functions. The risk of failing to maintain sufficient regulatory capital or meet US trust fund requirements is controlled through careful monitoring and reporting to the MIC Board.

As there are limited residual risks within MIC, the impact of operational risk is minimal and a detailed sensitivity analysis has not been deemed necessary.

D. Valuation for Solvency Purposes

The statutory accounts values shown in this section are prepared in accordance with UK GAAP (Financial Reporting Standard 101), the accounting standards used for MIC's Annual Report and Accounts. There are no differences in valuation principles between IFRS (used for the Group's valuation) and UK GAAP, so all basis of preparation descriptions referring to IFRS in Section D in the Group SFCR apply equally to MIC. For further details of the accounting policies adopted for the purposes of preparing statutory accounts, see the accounting policies section of MIC's Annual Report and Accounts.

MIC has no retirement benefit obligations, owns no property, has no derivative instruments and has no subordinated debt.

Section D is subject to external audit, with the exception of the text and figures relating to Risk Margin. These are excluded from the scope of external audit as they are derived from the internal model used to calculate MIC's Solvency Capital Requirement which is also unaudited. See Appendix 6 for further details of the scope of the external audit.

MIC SII balance sheet

	Financial statements note	Statutory accounts value £'000	Reclass- ification £'000	SII valuation adjustments £'000	Solvency II value £'000	Group SFCR section
Deferred tax assets		198	-	-	198	D.1.1.4
Investments (other than assets held for index-linked and unit-linked contracts)	12	16,858	1,867	-	18,725	
<i>Bonds</i>	12	16,858	44	-	16,902	D.1.1.9
<i>Collective Investments Undertakings</i>		-	1,824	-	1,824	D.1.1.9
Reinsurance recoverables	13, 14	58,125	-	(25,727)	32,398	D.2
Insurance and intermediaries receivables		13,412	230	(10,493)	3,149	D.1.1.9
Reinsurance receivables		6,353	-	-	6,353	
Receivables (trade, not insurance)		18,189	12,309	-	30,498	D.1.1.9
Cash and cash equivalents		17,371	(1,828)	-	15,543	D.1.1.9
Any other assets, not elsewhere shown		3,835	(3,835)	-	-	D.1.1.9
Total assets		134,341	8,743	(36,220)	106,864	
Technical provisions		58,123	-	(22,166)	35,957	D.2
Insurance & intermediaries payables		639	229	(868)	-	D.3.1.1
Reinsurance payables		1,940	12,306	(12,759)	1,487	D.3.1.1
Any other liabilities, not elsewhere shown		5,380	(3,792)	-	1,588	D.3.1.1
Total liabilities		66,082	8,743	(35,793)	39,032	
Excess of assets over liabilities		68,259	-	(427)	67,832	

D.1 Assets

Analysis of deferred tax

An analysis of deferred tax on a SII basis is detailed below:

Deferred Tax	Asset £'000	Liability £'000
Deferred tax assets	198	-

The following are the major deferred tax assets recognised by MIC:

	£'000
Net unrealised loss on investments	198
Net deferred tax position at 31 December	198

The utilisation of MIC's net deferred tax asset of £198,000 is largely dependent on the availability of future taxable profits. The evidence for the future taxable profits is a forecast consistent with the three year operational plans prepared by the relevant businesses, which are subject to internal review and challenge by senior management and the Board. Additional assurance is obtained from the recognition of deferred tax for IFRS purposes by the UK group of companies being subject to discussion and challenge by the Audit Committee. Where relevant, the forecast includes extrapolations of the operational plans using assumptions consistent with those in the plans.

No deferred tax has been recognised in respect of £424,000 gross SII adjustments to technical provisions as there is insufficient certainty that adequate future profits will be available.

The procedure for providing SII deferred tax figures for MIC utilises a walkthrough bridge from the figures reported on an FRS 101 basis in MIC's Report & Accounts. A tax analysis of valuation adjustments made to the statutory accounts balances is performed in arriving at the SII balance sheet. Where these adjustments give rise to a temporary difference under IAS 12, a deferred tax asset or liability is recognised in accordance with IFRS principles and SII guidance.

D.2 Technical provisions

The gross provisions of MIC are fully reinsured, so at a net level the company's exposure is close to £nil. For this reason the statutory account values are small and the differences seen between the net SII technical provisions and the IFRS reserves are due to the allowance for reinsurance default and future premium cash inflows within the technical provisions and the associated risk margin. For reasons of proportionality, there is no allowance made for BBNI in the technical provisions for MIC.

		SII Net technical provisions		Statutory accounts	
		Best estimate	Risk margin	value	Difference
		£'000	£'000	£'000	£'000
Direct business and accepted proportional reinsurance	Marine, aviation and transport	1,428	20	1	1,447
	Fire and other damage to property	2,055	26	-	2,081
	General liability	27	4	-	31
TOTAL		3,510	50	1	3,558

D.3 Other liabilities

Nothing to report.

D.4 Alternative methods for valuation

Assets and liabilities valued using alternative valuation methods include certain debt and equity securities.

The assets and liabilities for this entity are managed and valued in the same way as for the Group, therefore see Section D of the Group SFCR for a description of the valuation techniques used and how they are assessed.

There are no differences between the bases, methods and assumptions used when valuing these instruments for SII purposes and those used for UK GAAP reporting.

E. Capital Management

Section E is subject to external audit, with the exception of any text or figures which are, or derive from, the internally modelled Solvency Capital Requirement. See Appendix 6 for further details of the scope of the external audit.

Information on capital management, which is carried out at the Group level, is contained in Section E within the Group SFCR.

Capital composition

The capital structure of MIC by tier as at 31 December 2022 is as per the table below. MIC does not include any subordinated liabilities in its basic own funds. The increase in own funds over the year was mainly down to an improved underwriting result.

		2022 £'000	2021 £'000
Tier 1 Unrestricted	Equity capital (including Share Premium)	22,334	22,334
	Reconciliation reserve	45,300	39,719
		67,634	62,053
Tier 1 Restricted		-	-
Tier 2		-	-
Tier 3		198	13
Total Own Funds		67,832	62,066

Basic own funds to eligible own funds

A basic own funds to eligible own funds to cover the SCR reconciliation for MIC is shown below. No capital is deemed to be - unavailable to meet the SCR within MIC's own funds.

	Basic Own Funds £'000	Availability restrictions £'000	Available Own Funds £'000	Eligibility restrictions £'000	Eligible Own Funds £'000	Eligibility Capacity £'000	Eligibility rule
Tier 1	67,634	-	67,634	-	67,634		
Tier 1 (R)	-	-	-	-	-	16,909	20% of total Tier 1
Tier 2	-	-	-	-	-	1,297	Tier 2 + Tier 3 up to
Tier 3	198	-	198	-	198		50% of SCR
Total	67,832	-	67,832	-	67,832		

SCR	2,594
Surplus	65,238
SCR Coverage	2615%

Analysis of significant changes in own funds

The reconciliation reserve has increased in value during the year due to an increase in excess of assets over liabilities. Tier 3 capital increased significantly by c£185k during the year as a result of market movement impacts on the investment portfolio resulting in an increased deferred tax asset being recognised.

Eligible own funds to cover the MCR

A basic own funds to eligible own funds to cover the MCR reconciliation for MIC is shown below:

	Basic Own Funds £'000	Availability restrictions £'000	Available Own Funds £'000	Eligibility restrictions £'000	Eligible Own Funds £'000	Eligibility Capacity £'000	Eligibility rule
Tier 1	67,634	-	67,634	-	67,634		
Tier 1 (R)	-	-	-	-	-	16,909	20% of total Tier 1
Tier 2	-	-	-	-	-	689	Tier 2 up to 20% of MCR
Tier 3	198	(198)	-	-	-		Ineligible
Total	67,832	(198)	67,634	-	67,634		
				MCR	3,445		
				Surplus	64,189		
				MCR Coverage	1963%		

Comparison between FRS 101 net equity and SII basic own funds

Following on from Section D, SII basic own funds are calculated in the following table:

	£'000
Excess of assets over liabilities (see Section D)	67,832
SII Basic Own Funds	67,832

SCR and MCR

At 31 December 2022 MIC's SCR was £2,594k and the MCR £3,445k, the absolute floor as defined in Rule 3.2 of the Minimum Capital Requirement Part and Rule 4.2 of the Insurance General Application Part of the PRA Rulebook applicable to SII firms.

MIC's MCR is bound by the "absolute floor" of €4.0m, which is higher than the internally modelled SCR of £2.6m – as a result, the MCR is the binding solvency measure.

Movements in the SCR

There were no material movements in the SCR over the period.

Movements in the MCR

There were no material movements in the MCR over the period.

Deferred tax

Deferred tax assets of £198k are included in available own funds.

Availability and eligibility of deferred taxes is covered in the Basic own funds to eligible own funds and Eligible own funds to cover the MCR sections above.

Non-compliance with the MCR and non-compliance with the SCR

MIC has been fully compliant with its SCR and MCR during the reporting period.

Further, MIC is subject to NAIC requirements in order to write surplus lines business in the US. Requirements include maintaining a minimum of \$50m of shareholders equity on a continuous basis. MIC remained compliant with this requirement throughout the reporting period.

Appendix 5. Directors' Statements in respect of the SFCR

RSA Insurance Group Limited and Royal & Sun Alliance Insurance Limited

The directors are responsible for ensuring that RSA Insurance Group Limited ("Group") SFCR and relevant content for Royal & Sun Alliance Insurance Limited have been properly prepared in all material respects in accordance with the PRA Rules and the SII Regulations.

The directors are satisfied that:

- Throughout the financial year to 31 December 2022, RSA Insurance Group Limited and Royal & Sun Alliance Insurance Limited have complied in all material respects with the requirements of the PRA Rules and the SII Regulations as applicable at the level of the Group
- It is reasonable to believe that, in respect of the period from 31 December 2022 to the date of publication of the SFCR, the Group and Royal & Sun Alliance Insurance Limited have continued so to comply and will continue so to comply for the remainder of the financial year to 31 December 2023

By order of the Board,



Ken Anderson
Chief Financial Officer

Royal & Sun Alliance Reinsurance Limited and The Marine Insurance Company Limited

The directors are responsible for ensuring that the relevant content of the SFCR has been properly prepared in all material respects in accordance with the PRA Rules and the SII Regulations.

The directors are satisfied that:

- Throughout the financial year to 31 December 2022, Royal & Sun Alliance Reinsurance Limited and The Marine Insurance Company Limited have complied in all material respects with the requirements of the PRA Rules and the SII Regulations as applicable to the insurer
- It is reasonable to believe that, in respect of the period from 31 December 2022, to the date of publication of the SFCR, Royal & Sun Alliance Reinsurance Limited and The Marine Insurance Company Limited have continued so to comply and will continue so to comply for the remainder of the financial year to 31 December 2023

By order of the Board,



Ken Anderson
Director

Appendix 6. KPMG Audit Report

Report of the external independent auditor to the Directors of RSA Insurance Group Limited ('the Group'), Royal & Sun Alliance Insurance Limited ("RSAI"), Royal & Sun Alliance Reinsurance Limited ("RSA Re") and The Marine Insurance Company Limited ("MIC") pursuant to Rule 4.1 (2) of the External Audit Part of the PRA Rulebook applicable to Solvency II firms

REPORT ON THE AUDIT OF THE RELEVANT ELEMENTS OF THE GROUP SOLVENCY AND FINANCIAL CONDITION REPORT

Opinion

Except as stated below, we have audited the following documents prepared by the Group, RSAI, RSA Re and MIC ('the Entities') as at 31 December 2022:

- The 'Valuation for solvency purposes' and 'Capital Management' sections of the Group Solvency and Financial Condition Report of the Entities as at 31 December 2022, (**the Narrative Disclosures subject to audit**); and
- Group templates S02.01.02, S22.01.22, S23.01.22, S32.01.22 for the Group, and Company templates S.02.01.02, S.12.01.02, S.17.01.02, S22.01.21, S.23.01.01, S.28.01.01 for RSAI, RSA Re and MIC (**the Templates subject to audit**).

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

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

- information contained within the Relevant Elements of the Group Solvency and Financial Condition Report set out above which derive from the Solvency Capital Requirement, as identified in the Appendix to this report;
- The 'Business and performance', 'System of governance' and 'Risk profile' sections of the Group Solvency and Financial Condition Report;
- Group templates S05.01.02, S05.02.01, S.25.03.22 for the Group;
- Company templates S.05.01.02, S.05.02.01, S.19.01.21, S.25.03.21 for RSAI, RSA Re and MIC;
- the written acknowledgement by the Directors of the Entities of their responsibilities, including for the preparation of their relevant content of the Group Solvency and Financial Condition Report (**the Responsibility Statement**); and
- Information which pertains to an undertaking that is not a Solvency II undertaking and has been prepared in accordance with PRA rules other than those implementing the Solvency II Directive or in accordance with an EU instrument other than the Solvency II regulations (**the sectoral information**).

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

In our opinion, the information subject to audit in the Relevant Elements of the Group Solvency and Financial Condition Report of the Entities as at 31 December 2022 is prepared, in all material respects, in accordance with the financial reporting provisions of the PRA Rules and Solvency II regulations on which it is based, as modified by relevant supervisory modifications, and as supplemented by supervisory approvals and determinations in effect as at the date of approval of the Group Solvency and Financial Condition Report.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) including ISA (UK) 800 and ISA (UK) 805, and applicable law. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Relevant Elements of the Group Solvency and Financial Condition Report* section of our report. We are independent of each of the Entities in accordance with the ethical requirements that are relevant to our audit of the Group Solvency and Financial Condition Report in the UK, including the FRC Ethical Standard as applied to public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter – special purpose basis of accounting

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

Going concern

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

We used our knowledge of the entities, their industry, and the general economic environment to identify the inherent risks to its business model and analysed how those risks might affect the entities financial resources or ability to continue operations over the going concern period. The risks that we considered most likely to adversely affect the entities' available financial resources over this period were:

- adverse insurance reserves development and operational performance
- a deterioration in claims experience, potentially caused by market wide catastrophe event(s) or economic factors such as inflation; and
- a deterioration in the valuation of the entities' investments

We considered whether these risks could plausibly affect the entities' regulatory capital or liquidity in the going concern period by assessing the directors' sensitivities over the level of available financial resources indicated by the entities' financial forecasts taking account of severe but plausible adverse effects that could arise from these risks individually and collectively.

Our procedures also included:

Evaluation of the consistency, arithmetical accuracy and reasonableness of the data and assumptions used in the management Going Concern assessment paper.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the information subject to audit in the Relevant Elements of the Group Solvency and Financial Condition Report; and
- we have not identified and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the entities ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the entities will continue in operation.

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud (“fraud risks”) we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud across the Entities. Our risk assessment procedures included:

- Enquiring of directors of the Entities, the audit committee, internal audit and management and inspection of policy documentation as to the entities’ high-level policies and procedures to prevent and detect fraud, including the internal audit function, and the Group’s channel for “whistleblowing”, as well as whether they have knowledge of any actual, suspected, or alleged fraud.
- Reading Board, Audit Committee and Risk Committee minutes relevant to the Entities.
- Considering remuneration incentive schemes and performance targets for management and directors.
- Using professionals with forensic knowledge to assist us in identifying fraud risks and designing appropriate procedures based on discussions of the circumstances of the entities.

We communicated identified fraud risks throughout the engagement team and remained alert to any indications of fraud throughout the audit. This included communication from the group to RSAI component engagement teams of relevant fraud risks identified at the Group level and request to the RSAI component engagement teams to report to the Group engagement team any instances of fraud that could give rise to a material misstatement at group.

As required by auditing standards, we perform procedures to address the risk of management override of controls.

We performed procedures including:

- Identifying journal entries to test for the RSAI component, based on risk criteria and comparing the identified entries to supporting documentation. These included those posted by senior finance management and those posted to unusual accounts.
- Assessing significant accounting estimates for bias.
- Through inquiries, obtain an understanding of the business rationale of significant transactions that we may become aware of that are outside of the normal course of business for the entity, or that otherwise appear to be unusual given our understanding of the entities and their environment.

We identified a fraud risk related to the valuation of technical provisions in response to the level of estimation and judgement in this balance and the ability for changes in the valuation to be used to impact the solvency ratio.

We performed procedures including assessing the estimate for bias.

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements of the Entities from our general commercial and sector experience, and through discussion with the directors and other management (as required by auditing standards), and from inspection of the entities’ regulatory and legal correspondence and discussed with the directors and other management the policies and procedures regarding compliance with laws and regulations.

As the Entities are regulated, our assessment of risks involved gaining an understanding of the control environment including the entities’ procedures for complying with regulatory requirements.

We communicated identified laws and regulations throughout our engagement team and remained alert to any indications of non-compliance throughout the audit. This included communication from the Group to the RSAI component engagement team of relevant laws and regulations identified at Group level, and a request the RSAI engagement team to report any instances of non-compliance with laws and regulations that could give rise to a material misstatement at Group.

The potential effect of these laws and regulations on the Group Solvency and Financial Condition Report varies considerably.

Firstly, the Entities are subject to laws and regulations that directly affect the Group Solvency and Financial Condition Report including regulatory capital and liquidity legislation, financial reporting legislation (including related companies legislation), PRA Rules and Solvency II regulations, distributable profits legislation, pension legislation and taxation legislation, and we assessed

the extent of compliance with these laws and regulations as part of our procedures on the related Group Solvency and Financial Condition Report.

Secondly, the Entities are subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the Group Solvency and Financial Condition Report, for instance through the imposition of fines or litigation or the loss of the entities' licence to operate. We identified the following areas as those most likely to have such an effect: conduct regulation and certain aspects of company legislation recognising the financial and regulated nature of the Entities' activities. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Therefore, if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the Group Solvency and Financial Condition Report, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

Other Information

The Directors of the Entities are responsible for their relevant content of the Other Information.

Our opinion on the information subject to audit in the Relevant Elements of the Group Solvency and Financial Condition Report does not cover the Other Information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon.

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

Responsibilities of Directors for the Group Solvency and Financial Condition Report

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

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

Auditor's Responsibilities for the Audit of the Relevant Elements of the Group Solvency and Financial Condition Report

It is our responsibility to form an independent opinion as to whether the information subject to audit in the Relevant Elements of the Group Solvency and Financial Condition Report is prepared, in all material respects, with financial reporting provisions of the PRA Rules and Solvency II regulations on which it is based as modified by relevant supervisory modifications, and as supplemented by supervisory approvals and determinations.

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

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

Other Matter

The Company has authority to calculate the Group and Solo Solvency Capital Requirements, and the entities have authority to calculate their respective entity's Solo Solvency Capital Requirements, using an internal model ("the Model") approved by the Prudential Regulation Authority in accordance with the Solvency II Regulations. In forming our opinion (and in accordance with PRA Rules), we are not required to audit the inputs to, design of, operating effectiveness of, or outputs from the Model, or whether the Model is being applied in accordance with the Entities' application or approval order.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Sectoral Information

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

Other Information

In accordance with Rule 4.1 (3) of the External Audit Part of the PRA Rulebook for Solvency II firms we are also required to consider whether the Other Information is materially inconsistent with our knowledge obtained in the audit of the Entities' statutory financial statements for the year ended 31 December 2022. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

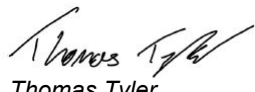
This engagement is separate from the audits of the annual financial statements of the Entities and the report here relates only to the matters specified and does not extend to the Entities' annual financial statements taken as a whole.

As set out in our audit reports on those financial statements, those audit reports are made solely to the members of the respective Entities, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. The audit work has been undertaken so that we might state to the members of the respective Entities those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Entities and the members, as a body, of each of the respective Entities for the audit work, for the audit reports, or for the opinions we have formed in respect of those audits.

The purpose of our audit work and to whom we owe our responsibilities

This report of the external auditor is made solely to the directors of the Entities, as their governing bodies, in accordance with the requirement in Rule 4.1 (2) of the External Audit Part of the PRA Rulebook for Solvency II firms and the terms of our engagement. We acknowledge that the directors are required to submit the report to the PRA, to enable the PRA to verify that an auditor's report has been commissioned by the Entities' directors and issued in accordance with the requirement set out in Rule 4.1 (2) of the External Audit Part of the PRA Rulebook for Solvency II firms and to facilitate the discharge by the PRA of its regulatory functions in respect of the Entities, conferred on the PRA by or under the Financial Services and Markets Act 2000.

Our audit has been undertaken so that we might state to the directors those matters we are required to state to them in an auditor's report issued pursuant to Rule 4.1 (2) and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Entities through their governing bodies, for our audit, for this report, or for the opinions we have formed.



Thomas Tyler

for and on behalf of KPMG LLP

Chartered Accountants

KPMG UK LLP

15 Canada Square

London

E14 5GL

4 April 2023

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

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

Group

- The following elements of Group template S.02.01.02:
 - Row R0550: Technical provisions - non-life (excluding health) - risk margin
 - Row R0590: Technical provisions - health (similar to non-life) - risk margin
 - Row R0640: Technical provisions - health (similar to life) - risk margin
 - Row R0680: Technical provisions - life (excluding health and index-linked and unit-linked) - risk margin
 - Row R0720: Technical provisions - Index-linked and unit-linked - risk margin
- The following elements of Group template S.22.01.22
 - Column C0030 – Impact of transitional measures on technical provisions
 - Row R0010 – Technical provisions
 - Row R0090 – Solvency Capital Requirement
- The following elements of Group template S.23.01.22
 - Row R0020: Non-available called but not paid in ordinary share capital at group level
 - Row R0060: Non-available subordinated mutual member accounts at group level
 - Row R0080: Non-available surplus at group level
 - Row R0100: Non-available preference shares at group level
 - Row R0120: Non-available share premium account related to preference shares at group level
 - Row R0150: Non-available subordinated liabilities at group level
 - Row R0170: The amount equal to the value of net deferred tax assets not available at the group level
 - Row R0190: Non-available own funds related to other own funds items approved by supervisory authority
 - Row R0210: Non-available minority interests at group level
 - Row R0380: Non-available ancillary own funds at group level
 - Rows R0410 to R0440 – Own funds of other financial sectors
 - Row R0680: Group SCR
 - Row R0740: Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds
 - Row R0750: Other non-available own funds
- Elements of the Narrative Disclosures subject to audit identified as 'unaudited'.

Solo internal model

The relevant elements of the RSAI, RSA Re and MIC Solvency and Financial Condition Report that are not subject to audit comprise:

- The following elements of template S.02.01.02:
 - Row R0550: Technical provisions - non-life (excluding health) - risk margin
 - Row R0590: Technical provisions - health (similar to non-life) - risk margin
 - Row R0640: Technical provisions - health (similar to life) - risk margin
 - Row R0680: Technical provisions - life (excluding health and index-linked and unit-linked) - risk margin
 - Row R0720: Technical provisions - Index-linked and unit-linked - risk margin
- The following elements of template S.12.01.02
 - Row R0100: Technical provisions calculated as a sum of BE and RM - Risk margin
 - Rows R0110 to R0130 – Amount of transitional measure on technical provisions
- The following elements of template S.17.01.02
 - Row R0280: Technical provisions calculated as a sum of BE and RM - Risk margin
 - Rows R0290 to R0310 – Amount of transitional measure on technical provisions
- The following elements of template S.22.01.21
 - Column C0030 – Impact of transitional measures on technical provisions
 - Row R0010 – Technical provisions
 - Row R0090 – Solvency Capital Requirement
- The following elements of template S.23.01.01
 - Row R0580: SCR
 - Row R0740: Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds
- The following elements of template S.28.01.01
 - Row R0310: SCR
- Elements of the Narrative Disclosures subject to audit identified as 'unaudited'.

Appendix 7. Abbreviations and Terms used in this Report

Abbreviation	Description
AC	Audit Committee
ADC	Adverse Development Cover
AMSG	Accumulation Management Steering Group
AOF	Ancillary Own Funds
BI	Business Interruption
BBNI	Bound But Not Incepted
BRC	Board Risk Committee
CAA	Commissariat aux Assurances
CAS	Corporate Audit Services
CAU	Central Accounting Unit
CBES	Climate Biennial Exploratory Scenario
CBI	Central Bank of Ireland
CCAP	Climate Change Action Plan
CCO	Chief Compliance Officer
CEO	Chief Executive Officer
CFO	Chief Financial Officer
The Company	RSA Insurance Group Limited
COO	Chief Operations Officer
COR	Combined Operating Ratio
CRO	Chief Risk Officer
CRRC	Credit Rating Review Committee
The Delegated Acts	Solvency II Delegated Regulation 2015/35 (as brought into UK law by Section 3 of the European Union (Withdrawal) Act 2018)
DAC	Deferred Acquisition Costs
DIFC	Dubai International Financial Centre
DSU	Deferred Share Units

Abbreviation	Description
EEA	European Economic Area
EIOPA	European Insurance and Occupational Pensions Authority
ENIDs	Events Not In Data
EPIFP	Expected Profit Included in Future Premiums
ESG	Economic, Social and Governance
EU	European Union
FCA	Financial Conduct Authority
FRS	Financial Reporting Standard
GCR	Governance, Conduct and Remuneration Committee
the Group	RSAIG, together with its subsidiaries
GVC	Group Volatility Cover
HMRC	Her Majesty's Revenue & Customs
IAS	International Accounting Standards
IBNR	Incurred But Not Yet Reported
IFC	Intact Financial Corporation
IFRS	International Financial Reporting Standards
IMGC	Internal Model Governance Committee
IRV	Internal Reinsurance Vehicle
MIC	The Marine Insurance Company Limited
MCR	Minimum Capital Requirement
MSCR	Minimum consolidated group Solvency Capital Requirement
NAIC	National Association of Insurance Commissioners
ORSA	Own Risk and Solvency Assessment
PIC	Pension Insurance Corporation plc
PPO	Periodic Payment Orders
PRA	Prudential Regulation Authority
PSU	Performance Share Units
QRT	Quantitative Reporting Template
QRT LOG	Guidance as extracted from Solvency II Implementing Technical Standard on reporting – Regulation 2015/2450 and Solvency II Implementing Technical Standard on public disclosure – Regulation 2015/2452 (as brought into UK regulation by the Technical Standards (Solvency II Directive & Institutions for Occupational Retirement Provision Directive) (EU Exit) Instrument 2019)

Abbreviation	Description
RBL	Regent Bidco Limited
RSA	The Company, together with its subsidiaries
RSA Board	The Boards of RSAI and RSAIG, collectively
RSAI	Royal & Sun Alliance Insurance Limited
RSAIG	RSA Insurance Group Limited
RSAIL	RSA Ireland Insurance DAC
RSA Re	Royal & Sun Alliance Reinsurance Limited
RSU	Restricted Share Units
the Schemes	Royal Insurance Group Pension Scheme and the Sal Pension Scheme
SCR	Solvency Capital Requirement
SFCR	Solvency and Financial Condition Report
SII	Solvency II
SLT	Similar to Life Techniques
SMCR	Senior Managers and Certification Regime
SPV	Special Purpose Vehicle
UK	United Kingdom
UK GAAP	United Kingdom Generally Accepted Accounting Practice
UKAMC	UK Asset Management Committee
US	United States
VA	Volatility Adjustment

The terms financial statement, statement of financial position, income statement, profit and loss account and other comprehensive income used in this report refer to information presented in the RSAIG 2022 Consolidated financial statements and the 2022 Annual Reports and Accounts for RSAI, RSA Re and MIC. These have been prepared according to IFRS (as adopted for use in the UK) for RSAIG and UK GAAP for RSAI, RSA Re and MIC. Refer to the relevant the Consolidated financial statements or Annual Report and Accounts for details.

Appendix 8. Quantitative Reporting Templates (QRTs)

This Appendix contains the following QRTs:

Entity	QRT Reference	QRT Name
Group	S.02.01.02	Group balance sheet
Group	S.05.01.02	Group premiums, claims and expenses by line of business
Group	S.05.02.01	Group premiums, claims & expenses by country
Group	S.22.01.22	Impact of long term guarantees and transitional measures
Group	S.23.01.22	Group own funds
Group	S.25.03.22	Solvency capital requirement - for groups on full internal models
Group	S.32.01.22	Undertakings in the scope of the group
RSAI	S.02.01.02	Balance sheet
RSAI	S.05.01.02	Premiums, claims and expenses by line of business
RSAI	S.05.02.01	Premiums, claims & expenses by country
RSAI	S.12.01.02	Life and health SLT technical provisions
RSAI	S.17.01.02	Non-life technical provisions
RSAI	S.19.01.21	Non-life insurance claims Information
RSAI	S.22.01.21	Impact of long term guarantees and transitional measures
RSAI	S.23.01.01	Own funds
RSAI	S.25.03.21	Solvency capital requirement - for undertakings on full internal models
RSAI	S.28.01.01	Minimum capital requirement - only life or only non-life insurance or reinsurance activity
RSA Re	S.02.01.02	Balance sheet
RSA Re	S.05.01.02	Premiums, claims and expenses by line of business
RSA Re	S.05.02.01	Premiums, claims & expenses by country
RSA Re	S.17.01.02	Non-life technical provisions
RSA Re	S.19.01.21	Non-life insurance claims information
RSA Re	S.22.01.21	Impact of long term guarantees and transitional measures
RSA Re	S.23.01.01	Own funds
RSA Re	S.25.03.21	Solvency capital requirement - for undertakings on full internal models
RSA Re	S.28.01.01	Minimum capital requirement - only life or only non-life insurance or reinsurance activity
MIC	S.02.01.02	Balance sheet
MIC	S.05.01.02	Premiums, claims and expenses by line of business
MIC	S.05.02.01	Premiums, claims & expenses by country
MIC	S.17.01.02	Non-life technical provisions
MIC	S.19.01.21	Non-life insurance claims information
MIC	S.22.01.21	Impact of long term guarantees and transitional measures
MIC	S.23.01.01	Own funds
MIC	S.25.03.21	Solvency capital requirement - for undertakings on full internal models
MIC	S.28.01.01	Minimum capital requirement - only life or only non-life insurance or reinsurance activity

There is nothing to report for RSA Re or MIC for QRT S.12.01.02 (Life and health SLT technical provisions).

All monetary amounts are shown in thousands of pounds (£000's) in all QRTs.

S.02.01.02

Balance sheet

Solvency II value	
C0010	
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	Property (other than for own use)
R0090	Holdings in related undertakings, including participations
R0100	Equities
R0110	Equities - listed
R0120	Equities - unlisted
R0130	Bonds
R0140	Government Bonds
R0150	Corporate Bonds
R0160	Structured notes
R0170	Collateralised securities
R0180	Collective Investments Undertakings
R0190	Derivatives
R0200	Deposits other than cash equivalents
R0210	Other investments
R0220	Assets held for index-linked and unit-linked contracts
R0230	Loans and mortgages
R0240	Loans on policies
R0250	Loans and mortgages to individuals
R0260	Other loans and mortgages
R0270	Reinsurance recoverables from:
R0280	Non-life and health similar to non-life
R0290	Non-life excluding health
R0300	Health similar to non-life
R0310	Life and health similar to life, excluding index-linked and unit-linked
R0320	Health similar to life
R0330	Life excluding health and index-linked and unit-linked
R0340	Life index-linked and unit-linked
R0350	Deposits to cedants
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	
R0510	Technical provisions - non-life
R0520	<i>Technical provisions - non-life (excluding health)</i>
R0530	<i>TP calculated as a whole</i>
R0540	<i>Best Estimate</i>
R0550	<i>Risk margin</i>
R0560	<i>Technical provisions - health (similar to non-life)</i>
R0570	<i>TP calculated as a whole</i>
R0580	<i>Best Estimate</i>
R0590	<i>Risk margin</i>
R0600	Technical provisions - life (excluding index-linked and unit-linked)
R0610	<i>Technical provisions - health (similar to life)</i>
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>
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
R0700	<i>TP calculated as a whole</i>
R0710	<i>Best Estimate</i>
R0720	<i>Risk margin</i>
R0740	Contingent liabilities
R0750	Provisions other than technical provisions
R0760	Pension benefit obligations
R0770	Deposits from reinsurers
R0780	Deferred tax liabilities
R0790	Derivatives
R0800	Debts owed to credit institutions
R0810	Financial liabilities other than debts owed to credit institutions
R0820	Insurance & intermediaries payables
R0830	Reinsurance payables
R0840	Payables (trade, not insurance)
R0850	Subordinated liabilities
R0860	<i>Subordinated liabilities not in BOF</i>
R0870	<i>Subordinated liabilities in BOF</i>
R0880	Any other liabilities, not elsewhere shown
R0900	Total liabilities
R1000	Excess of assets over liabilities

S.05.01.02

Premiums, claims and expenses by line of business

Non-life

Line of Business for: non-life insurance and reinsurance obligations (direct business and accepted proportional reinsurance)												Line of business for: accepted non-proportional reinsurance				Total
Medical expense insurance	Income protection insurance	Workers' compensation insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance	Legal expenses insurance	Assistance	Misc. financial loss	Health	Casualty	Marine, aviation and transport	Property	
C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0120	C0130	C0140	C0150	C0160	C0200
Premiums written																
R0110 Gross - Direct Business	11,480	2,032		702,218	340,202	275,047	1,443,411	483,982		8,863	4	249,313				3,516,552
R0120 Gross - Proportional reinsurance accepted				201,510	84,853	20,451	326,328	32,428								665,569
R0130 Gross - Non-proportional reinsurance accepted															-1,572	-1,572
R0140 Reinsurers' share	1,927	730		331,671	206,303	47,029	383,680	97,210		-1	1	1,961				1,070,511
R0200 Net	9,553	1,302		572,056	218,752	248,469	1,386,060	419,199		8,864	3	247,351				3,110,038
Premiums earned																
R0210 Gross - Direct Business	10,614	2,070		652,167	304,202	277,616	1,463,496	461,343		9,531	-19	250,825				3,431,844
R0220 Gross - Proportional reinsurance accepted				207,994	87,731	19,291	325,643	32,065								672,724
R0230 Gross - Non-proportional reinsurance accepted															-1,577	-1,577
R0240 Reinsurers' share	1,424	737		289,204	177,998	43,967	384,065	78,550		-1	1	1,945			-5	977,885
R0300 Net	9,189	1,333		570,956	213,935	252,939	1,405,074	414,858		9,532	-19	248,880				3,125,106
Claims incurred																
R0310 Gross - Direct Business	5,313	597		513,615	374,498	111,549	839,272	203,497	0	5,329	-598	135,783				2,188,855
R0320 Gross - Proportional reinsurance accepted				143,272	51,724	7,292	242,768	16,491								461,547
R0330 Gross - Non-proportional reinsurance accepted															12,355	12,644
R0340 Reinsurers' share	-354	175		225,600	249,888	12,553	251,387	16,148				516		289	37	750,639
R0400 Net	5,666	423		431,286	176,334	106,288	830,653	203,840	0	5,329	-598	135,267		5,601	12,318	1,912,407
Changes in other technical provisions																
R0410 Gross - Direct Business																
R0420 Gross - Proportional reinsurance accepted																
R0430 Gross - Non-proportional reinsurance accepted																
R0440 Reinsurers' share																
R0500 Net																
R0550 Expenses incurred	4,875	604		232,240	79,910	89,543	622,418	157,383	251	3,486	861	94,463				1,286,034
R1200 Other expenses																21,206
R1300 Total expenses																1,307,240

S.05.01.02

Premiums, claims and expenses by line of business

Life

Line of Business for: life insurance obligations						Life reinsurance obligations		Total
Health insurance	Insurance with profit participation	Index-linked and unit-linked insurance	Other life insurance	Annuities stemming from non-life insurance contracts and relating to health insurance obligations	Annuities stemming from non-life insurance contracts and relating to insurance obligations other than health insurance obligations	Health reinsurance	Life reinsurance	
C0210	C0220	C0230	C0240	C0250	C0260	C0270	C0280	C0300
Premiums written								
R1410	Gross							
R1420	Reinsurers' share							
R1500	Net							
Premiums earned								
R1510	Gross							
R1520	Reinsurers' share							
R1600	Net							
Claims incurred								
R1610	Gross				4,830			4,830
R1620	Reinsurers' share				2,333			2,333
R1700	Net				2,497			2,497
Changes in other technical provisions								
R1710	Gross							
R1720	Reinsurers' share							
R1800	Net							
R1900	Expenses incurred							
R2500	Other expenses							
R2600	Total expenses							

S.05.02.01

Premiums, claims and expenses by country

Non-life

	C0010	C0020	C0030	C0040	C0050	C0060	C0070
	Home Country	Top 5 countries (by amount of gross premiums written) - non-life obligations			Top 5 countries (by amount of gross premiums written) - non-life obligations		Total Top 5 and home country
		CA	IE	ES	FR	NL	
	C0080	C0090	C0100	C0110	C0120	C0130	C0140
R0010							
	Premiums written						
R0110	Gross - Direct Business	2,465,360	296,066	183,000	122,490	112,753	3,179,669
R0120	Gross - Proportional reinsurance accepted	35	432,556	1,361			433,952
R0130	Gross - Non-proportional reinsurance accepted	128	-1,700				-1,572
R0140	Reinsurers' share	731,986	5,869	130,951	71,302	71,698	1,040,102
R0200	Net	1,733,537	424,987	267,770	51,188	41,055	2,571,946
	Premiums earned						
R0210	Gross - Direct Business	2,409,319	297,584	176,060	123,668	107,285	3,113,917
R0220	Gross - Proportional reinsurance accepted	25	445,647	1,310			446,982
R0230	Gross - Non-proportional reinsurance accepted	123	-1,700				-1,577
R0240	Reinsurers' share	663,652	5,633	125,797	72,190	63,508	959,183
R0300	Net	1,745,815	438,314	269,180	51,479	43,777	2,600,139
	Claims incurred						
R0310	Gross - Direct Business	1,669,674	145,218	62,793	70,293	52,895	2,000,872
R0320	Gross - Proportional reinsurance accepted	252	269,045	1,059	-1,753	7	268,610
R0330	Gross - Non-proportional reinsurance accepted	778	11,925				12,703
R0340	Reinsurers' share	550,146	857	23,932	40,620	24,910	649,067
R0400	Net	1,120,558	280,113	136,616	27,920	27,991	1,633,118
	Changes in other technical provisions						
R0410	Gross - Direct Business						
R0420	Gross - Proportional reinsurance accepted						
R0430	Gross - Non-proportional reinsurance accepted						
R0440	Reinsurers' share						
R0500	Net						
R0550	Expenses incurred	833,260	137,299	100,478	18,358	14,855	1,122,963
R1200	Other expenses						20,578
R1300	Total expenses						1,143,541

S.05.02.01

Premiums, claims and expenses by country

Life

		C0150	C0160	C0170	C0180	C0190	C0200	C0210
		Home Country	Top 5 countries (by amount of gross premiums written) - life obligations			Top 5 countries (by amount of gross premiums written) - life obligations		Total Top 5 and home country
			CA	IE	ES	FR	NL	
		C0220	C0230	C0240	C0250	C0260	C0270	C0280
	Premiums written							
R1410	Gross							
R1420	Reinsurers' share							
R1500	Net							
	Premiums earned							
R1510	Gross							
R1520	Reinsurers' share							
R1600	Net							
	Claims incurred							
R1610	Gross	4,507						4,507
R1620	Reinsurers' share	2,026						2,026
R1700	Net	2,481						2,481
	Changes in other technical provisions							
R1710	Gross							
R1720	Reinsurers' share							
R1800	Net							
R1900	Expenses incurred							
R2500	Other expenses							
R2600	Total expenses							

S.22.01.22

Impact of long term guarantees measures and transitionals

	Amount with Long Term Guarantee measures and transitionals	Impact of transitional on technical provisions	Impact of transitional on interest rate	Impact of volatility adjustment set to zero	Impact of matching adjustment set to zero
	C0010	C0030	C0050	C0070	C0090
R0010 Technical provisions	5,687,248	0	0	21,750	0
R0020 Basic own funds	1,974,335	0	0	-15,968	0
R0050 Eligible own funds to meet Solvency Capital Requirement	2,141,855	0	0	-15,968	0
R0090 Solvency Capital Requirement	1,224,644	0	0	0	0

S.23.01.22

Own Funds**Basic own funds before deduction for participations in other financial sector**

R0010	Ordinary share capital (gross of own shares)
R0020	<i>Non-available called but not paid in ordinary share capital at group level</i>
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
R0060	<i>Non-available subordinated mutual member accounts at group level</i>
R0070	Surplus funds
R0080	<i>Non-available surplus funds at group level</i>
R0090	Preference shares
R0100	<i>Non-available preference shares at group level</i>
R0110	Share premium account related to preference shares
R0120	<i>Non-available share premium account related to preference shares at group level</i>
R0130	Reconciliation reserve
R0140	Subordinated liabilities
R0150	<i>Non-available subordinated liabilities at group level</i>
R0160	An amount equal to the value of net deferred tax assets
R0170	<i>The amount equal to the value of net deferred tax assets not available at the group level</i>
R0180	Other items approved by supervisory authority as basic own funds not specified above
R0190	<i>Non available own funds related to other own funds items approved by supervisory authority</i>
R0200	Minority interests (if not reported as part of a specific own fund item)
R0210	<i>Non-available minority interests at group level</i>

R0220 **Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds**

R0230 **Deductions for participations in other financial undertakings, including non-regulated undertakings carrying out financial activities**

R0240 *whereof deducted according to art 228 of the Directive 2009/138/EC*

R0250 Deductions for participations where there is non-availability of information (Article 229)

R0260 Deduction for participations included by using D&A when a combination of methods is used

R0270 **Total of non-available own fund items**

R0280 **Total deductions**

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
R0380	Non available ancillary own funds at group level
R0390	Other ancillary own funds
R0400	Total ancillary own funds

Own funds of other financial sectors

R0410	Credit Institutions, investment firms, financial institutions, alternative investment fund managers, UCITS management companies
R0420	Institutions for occupational retirement provision
R0430	Non regulated entities carrying out financial activities
R0440	Total own funds of other financial sectors

Total	Tier 1 unrestricted	Tier 1 restricted	Tier 2	Tier 3
C0010	C0020	C0030	C0040	C0050
1,563,287	1,563,287			
281,577	281,577			
125,000		125,000		
-414,755	-414,755			
153,048			153,050	
266,176				266,176

1,974,335	1,430,109	125,000	153,050	266,176

250,000			250,000	
250,000			250,000	

S.23.01.22

Own Funds**Basic own funds before deduction for participations in other financial sector****Own funds when using the D&A, exclusively or in combination of method 1**

R0450 Own funds aggregated when using the D&A and combination of method

R0460 Own funds aggregated when using the D&A and combination of method net of IGT

R0520 Total available own funds to meet the consolidated group SCR (excluding own funds from other financial sector and from the undertakings included via D&A)

R0530 Total available own funds to meet the minimum consolidated group SCR

R0560 Total eligible own funds to meet the consolidated group SCR (excluding own funds from other financial sector and from the undertakings included via D&A)

R0570 Total eligible own funds to meet the minimum consolidated group SCR (group)

R0610 **Minimum consolidated Group SCR**R0650 **Ratio of Eligible own funds to Minimum Consolidated Group SCR**R0660 **Total eligible own funds to meet the group SCR (including own funds from other financial sector and from the undertakings included via D&A)**R0680 **Group SCR**R0690 **Ratio of Eligible own funds to group SCR including other financial sectors and the undertakings included via D&A****Reconciliation reserve**

R0700 Excess of assets over liabilities

R0710 Own shares (held directly and indirectly)

R0720 Forseeable 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

R0750 Other non available own 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

2,224,335	1,430,109	125,000	403,050	266,176
1,708,159	1,430,109	125,000	153,050	
2,141,855	1,430,109	125,000	403,050	183,697
1,677,883	1,430,109	125,000	122,774	

613,870				
273.33%				
2,141,855	1,430,109	125,000	403,050	183,697
1,224,644				
174.90%				

C0060
2,007,063
2,236,040
185,778
-414,755

70,049
70,049

S.25.03.22

Solvency Capital Requirement - for groups on Full Internal Models

	Unique number of component	Component description	Calculation of the Solvency Capital Requirement
Row	C0010	C0020	C0030
1	5015JA	PPO UW Risk - Expectation	5,394
2	5015JB	PPO UW Risk - Movement from Expectation	25,607
3	5015ZA	Other Underwriting Risk - Expectation	-287,121
4	5015ZB	Other Underwriting Risk - Movement from Expectation	532,614
5	50199B	Diversification within Underwriting Risk	-23,158
6	50310A	Catastrophe Risk - Expectation	201,405
7	50310B	Catastrophe Risk - Movement from ExpectationCatastrophe Risk - Movement from Expectation	504,002
8	5021JA	PPO Reserve Risk - Expectation	9,040
9	5021JB	PPO Reserve Risk - Movement from Expectation	150,663
10	5021ZA	Other Reserving Risks - Expectation	67,403
11	5021ZB	Other Reserving Risks - Movement from Expectation	449,638
12	50299B	Diversification within Reserving Risk	-121,775
13	10300A	Market Risk: interest rate risk - Expectation	-174,295
14	10300B	Market Risk: interest rate risk - Movement from Expectation	142,815
15	10400A	Market Risk: equity risk - Expectation	-9,586
16	10400B	Market Risk: equity risk - Movement from Expectation	63,434
17	10600A	Market risk: property risk - Expectation	-15,842
18	10600B	Market risk: property risk - Movement from Expectation	84,892
19	1071AA	Market Risk: spread risk AAA - Expectation	-6,263
20	1071AB	Market Risk: spread risk AAA - Movement from Expectation	42,064
21	1071BA	Market Risk: spread risk AA - Expectation	-5,488
22	1071BB	Market Risk: spread risk AA - Movement from Expectation	33,009
23	1071CA	Market Risk: spread risk A - Expectation	-17,418
24	1071CB	Market Risk: spread risk A - Movement from Expectation	107,505
25	1071DA	Market Risk: spread risk below A - Expectation	-42,882
26	1071DB	Market Risk: spread risk below A - Movement from Expectation	181,235
27	10900A	Market Risk: Group Currency Risk - Expectation	-15,030
28	10900B	Market Risk: Group Currency Risk - Expectation	115,914
29	19900I	Diversification within Market	-336,218
30	20100A	Credit Risk - Expectation	6,186
31	20100B	Credit Risk - Movement from Expectation	69,559
32	70100B	Operational Risk - Movement from Expectation	134,200
33	80110A	Other Risks: Pension Risk - Expectation	98,479
34	80110B	Other Risks: Pension Risk - Movement from Expectation	237,641
35	80190A	Other Risks: Costs - Expectation	168,242
36	80190B	Other Risks: Costs - Movement from Expectation	638
37	80140A	Other Risks: Tax - Expectation	10,002
38	80140B	Other Risks: Tax - Movement from Expectation	-10,002
39	80199B	Diversification within Other risks	-4,149
40	80190C	Other Adjustments: Additional Model Adjustments	60,000

S.25.03.22

Solvency Capital Requirement - for groups on Full Internal Models**Calculation of Solvency Capital Requirement**

C0100

R0110	Total undiversified components	2,432,354
R0060	Diversification	-1,207,710
R0160	Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC	
R0200	Solvency capital requirement excluding capital add-on	1,224,644
R0210	Capital add-ons already set	
R0220	Solvency capital requirement	1,224,644

Other information on SCR

R0300	Amount/estimate of the overall loss-absorbing capacity of technical provisions	
R0310	Amount/estimate of the overall loss-absorbing capacity of deferred taxes	
R0410	Total amount of Notional Solvency Capital Requirements for remaining part	
R0420	Total amount of Notional Solvency Capital Requirement for ring fenced funds	
R0430	Total amount of Notional Solvency Capital Requirement for matching adjustment portfolios	
R0440	Diversification effects due to RFF nSCR aggregation for article 304	
R0470	Minimum consolidated group solvency capital requirement	613,870

Information on other entities

R0500	Capital requirement for other financial sectors (Non-insurance capital requirements)	
R0510	<i>Credit institutions, investment firms and financial institutions, alternative investment funds managers, UCITS management companies</i>	
R0520	<i>Institutions for occupational retirement provisions</i>	
R0530	<i>Capital requirement for non-regulated entities carrying out financial activities</i>	
R0540	Capital requirement for non-controlled participation requirements	
R0550	Capital requirement for residual undertakings	

S.32.01.22

Undertakings in the scope of the group

	Country	Identification code of the undertaking	Type of code of the ID of the undertaking	Legal Name of the undertaking	Type of undertaking	Legal form	Category (mutual/ non mutual)	Supervisory Authority
Row	C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080
1	IE	635400JKBNF9HWETAC12	LEI	123 Money Limited	Other	Company limited by shares or by guarantee or unlimited	Non-mutual	0
2	GB	2138001L7RT95YMKO572	LEI	Alliance Assurance Company Limited	Other	Company limited by shares or by guarantee or unlimited	Non-mutual	0
3	IE	6354002QMLYRFBNBZO30	LEI	Benchmark Underwriting Limited	Other	Company limited by shares or by guarantee or unlimited	Non-mutual	0
4	GB	213800ANK59AYB612F23GB10046	Specific code	Centrium Management Company Limited	Other	Company limited by shares or by guarantee or unlimited	Non-mutual	0
5	IE	2138005VMCTKTHZC5990	LEI	EGI Holdings Limited	Other	Company limited by shares or by guarantee or unlimited	Non-mutual	0
6	NL	213800FISZZ5G9OTW105	LEI	GDII - Global Direct Insurance Investments V.O.F.	Other	Company limited by shares or by guarantee or unlimited	Non-mutual	0
7	GB	2138002JCYMLUO559480	LEI	IDIP Direct Insurance B.V.	Other	Company limited by shares or by guarantee or unlimited	Non-mutual	0
8	GG	213800GEYZIFG43S8671	LEI	Insurance Corporation of the Channel Islands Limited	Non life insurance undertaking	Company limited by shares or by guarantee or unlimited	Non-mutual	Guernsey Financial Services Commission
9	GG	213800UBK38YDFB2WZ49	LEI	Insurance Corporation Service Company Limited	Other	Company limited by shares or by guarantee or unlimited	Non-mutual	0
10	GB	213800XUUQZ6KEFH86	LEI	Intouch Insurance Group B.V.	Other	Company limited by shares or by guarantee or unlimited	Non-mutual	0
11	GB	21380093NMZ67LWQUP95	LEI	Non-Destructive Testers Limited	Other	Company limited by shares or by guarantee or unlimited	Non-mutual	0
12	GB	213800Q93FUZEKNDTD30	LEI	Polaris U.K. Limited	Other	Company limited by shares or by guarantee or unlimited	Non-mutual	0
13	GB	8945007F5218LZ1NQS70	LEI	Punchbowl Park Management Limited	Other	Company limited by shares or by guarantee or unlimited	Non-mutual	0
14	BR	213800ANK59AYB612F23BR10110	Specific code	Royal & Sun Alliance Insurance PLC - Escritório de Representação no Brasil Ltda.	Other	Company limited by shares or by guarantee or unlimited	Non-mutual	0
15	GB	213800YQNTZBWKFB71	LEI	Royal & Sun Alliance Pension Trustee Limited	Other	Company limited by shares or by guarantee or unlimited	Non-mutual	0
16	GB	2138001DUHCXRJZKBA57	LEI	Royal & Sun Alliance Property Services Limited	Other	Company limited by shares or by guarantee or unlimited	Non-mutual	0
17	GB	213800TWB86O896DND08	LEI	Royal & Sun Alliance Reinsurance Limited	Non life insurance undertaking	Company limited by shares or by guarantee or unlimited	Non-mutual	Prudential Regulation Authority
18	GB	213800FAL75DJ6CVR886	LEI	Royal Insurance (U.K.) Limited	Other	Company limited by shares or by guarantee or unlimited	Non-mutual	0
19	NL	2138003TXNY2FXNMIL04	LEI	Royal Insurance Global B.V.	Other	Company limited by shares or by guarantee or unlimited	Non-mutual	0
20	GB	213800DXUS819BNLJN46	LEI	Royal International Insurance Holdings Limited	Insurance holding company as defined in Article 212(1) (f) of Directive 2009/138/EC	Company limited by shares or by guarantee or unlimited	Non-mutual	0
21	GB	213800EQGGJALB1LMV41	LEI	Roysun Limited	Other	Company limited by shares or by guarantee or unlimited	Non-mutual	0
22	GB	213800K981YF86NOVO18	LEI	RSA Accident Repairs Limited	Other	Company limited by shares or by guarantee or unlimited	Non-mutual	0
23	IN	213800R251278S7GQ681	LEI	RSA Actuarial Services (India) Private Limited	Other	Company limited by shares or by guarantee or unlimited	Non-mutual	0
24	GB	21380027C4I45O77BS20	LEI	RSA Finance	Other	Company limited by shares or by guarantee or unlimited	Non-mutual	0
25	IM	213800T7NQ76LNQZQ295	LEI	RSA Isle of Man No.1 Limited	Other	Company limited by shares or by guarantee or unlimited	Non-mutual	0
26	GB	213800QUPYRC4MX7D553	LEI	RSA Law Limited	Other	Company limited by shares or by guarantee or unlimited	Non-mutual	0
27	GB	2138004LEUAJPN7ZTL31	LEI	RSA Northern Ireland Insurance Limited	Other	Company limited by shares or by guarantee or unlimited	Non-mutual	0

S.32.01.22

Undertakings in the scope of the group

				Criteria of influence						Inclusion in the scope of Group supervision		Group solvency calculation	
	Country	Identification code of the undertaking	Type of code of the ID of the undertaking	Legal Name of the undertaking	% capital share	% used for the establishment of consolidated accounts	% voting rights	Other criteria	Level of influence	Proportional share used for group solvency calculation	YES/NO	Date of decision if art. 214 is applied	Method used and under method 1, treatment of the undertaking
Row	C0010	C0020	C0030	C0040	C0180	C0190	C0200	C0210	C0220	C0230	C0240	C0250	C0260
1	IE	635400JKNF9HWETAC12	LEI	123 Money Limited	100.00%	100.00%	100.00%	0	Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
2	GB	2138001L7RT95YMKO572	LEI	Alliance Assurance Company Limited	100.00%	100.00%	100.00%	0	Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
3	IE	6354002QMLYRFBNBZO30	LEI	Benchmark Underwriting Limited	100.00%	100.00%	100.00%	0	Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
4	GB	213800ANK59AYB612F23GB10046	Specific code	Centrium Management Company Limited	31.45%	31.45%	31.45%	0	Significant	0.00%	Included in the scope		Method 1: Adjusted equity method
5	IE	2138005VMCTKTHZC5990	LEI	EGI Holdings Limited	100.00%	100.00%	100.00%	0	Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
6	NL	213800FI5ZZ5G90TW105	LEI	GDII - Global Direct Insurance Investments V.O.F.	100.00%	100.00%	100.00%	0	Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
7	GB	2138002JCYMLUO559480	LEI	IDIP Direct Insurance B.V.	100.00%	100.00%	100.00%	0	Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
8	GG	213800GEYZIFG43S8671	LEI	Insurance Corporation of the Channel Islands Limited	100.00%	100.00%	100.00%	0	Dominant	100.00%	Included in the scope		Method 1: Full consolidation
9	GG	213800UBK38YDFB2WZ49	LEI	Insurance Corporation Service Company Limited	100.00%	100.00%	100.00%	0	Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
10	GB	213800XUUQZ6KEFH86	LEI	Intouch Insurance Group B.V.	100.00%	100.00%	100.00%	0	Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
11	GB	21380093NMZ67LWQUP95	LEI	Non-Destructive Testers Limited	100.00%	100.00%	100.00%	0	Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
12	GB	213800Q93FUZEKNTD30	LEI	Polaris U.K., Limited	25.38%	25.38%	25.38%	0	Significant	25.38%	Included in the scope		Method 1: Adjusted equity method
13	GB	8945007F5218LZ1NQ570	LEI	Punchbowl Park Management Limited	65.09%	100.00%	65.09%	0	Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
14	BR	213800ANK59AYB612F23BR10110	Specific code	Royal & Sun Alliance Insurance PLC - Escritório de Representação no Brasil Ltda.	99.98%	100.00%	100.00%	0	Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
15	GB	213800YCQ2NTZBWKFB71	LEI	Royal & Sun Alliance Pension Trustee Limited	100.00%	100.00%	100.00%	0	Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
16	GB	2138001DUHCXRJZKBA57	LEI	Royal & Sun Alliance Property Services Limited	100.00%	100.00%	100.00%	0	Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
17	GB	213800TWB86O896DND08	LEI	Royal & Sun Alliance Reinsurance Limited	100.00%	100.00%	100.00%	0	Dominant	100.00%	Included in the scope		Method 1: Full consolidation
18	GB	213800FAL75DJ6CVR886	LEI	Royal Insurance (U.K.) Limited	100.00%	100.00%	100.00%	0	Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
19	NL	2138003TXNY2FXNMIL04	LEI	Royal Insurance Global B.V.	100.00%	100.00%	100.00%	0	Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
20	GB	213800DXUS819BNLJN46	LEI	Royal International Insurance Holdings Limited	100.00%	100.00%	100.00%	0	Dominant	100.00%	Included in the scope		Method 1: Full consolidation
21	GB	213800EQGGJALB1LMV41	LEI	Roysun Limited	100.00%	100.00%	100.00%	0	Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
22	GB	213800K98IYF86NOVO18	LEI	RSA Accident Repairs Limited	100.00%	100.00%	100.00%	0	Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
23	IN	213800RZ5127857GQ681	LEI	RSA Actuarial Services (India) Private Limited	100.00%	100.00%	100.00%	0	Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
24	GB	21380027C4I45O77BS20	LEI	RSA Finance	100.00%	100.00%	100.00%	0	Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
25	IM	213800T7NQT6LNQZQ295	LEI	RSA Isle of Man No.1 Limited	100.00%	100.00%	100.00%	0	Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
26	GB	213800QUPYRC4MX7D553	LEI	RSA Law Limited	90.00%	100.00%	90.00%	0	Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
27	GB	2138004LEUAJPN7ZTL31	LEI	RSA Northern Ireland Insurance Limited	100.00%	100.00%	100.00%	0	Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method

S.32.01.22

Undertakings in the scope of the group

	Country	Identification code of the undertaking	Type of code of the ID of the undertaking	Legal Name of the undertaking	Type of undertaking	Legal form	Category (mutual/ non mutual)	Supervisory Authority
Row	C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080
28	GB	213800RIF98KZ1HHHH93	LEI	RSA Overseas (Netherlands) B.V.	Other	Company limited by shares or by guarantee or unlimited	Non-mutual	0
29	GB	213800OCAOG1IVQXR288	LEI	RSA Overseas Holdings B.V.	Other	Company limited by shares or by guarantee or unlimited	Non-mutual	0
30	IE	2138004U5LQVDZFC325	LEI	RSA Reinsurance Ireland Limited	Other	Company limited by shares or by guarantee or unlimited	Non-mutual	0
31	GB	QG45WAOCBQ35QVT5KU66	LEI	Sal Pension Fund Limited	Other	Company limited by shares or by guarantee or unlimited	Non-mutual	0
32	GB	213800YRS9W5SAZAPB68	LEI	Sun Alliance Insurance Overseas Limited	Other	Company limited by shares or by guarantee or unlimited	Non-mutual	0
33	GB	213800R663W5CDREOC48	LEI	Sun Alliance Mortgage Company Limited	Other	Company limited by shares or by guarantee or unlimited	Non-mutual	0
34	GB	213800D6JMQCD3O7VJ98	LEI	Sun Insurance Office Limited	Other	Company limited by shares or by guarantee or unlimited	Non-mutual	0
35	GB	213800XEBBP59GJ7RB65	LEI	The Globe Insurance Company Limited	Insurance holding company as defined in Article 212(1) (f) of Directive 2009/138/EC	Company limited by shares or by guarantee or unlimited	Non-mutual	0
36	GB	21380051JKP1VT3RG38	LEI	The London Assurance	Other	Company limited by shares or by guarantee or unlimited	Non-mutual	0
37	GB	213800ZPJG2HWOKGX70	LEI	The Marine Insurance Company Limited	Non life insurance undertaking	Company limited by shares or by guarantee or unlimited	Non-mutual	Prudential Regulation Authority
38	IM	213800GQH2OG5CX23H28	LEI	Tower Insurance Company Limited	Non life insurance undertaking	Company limited by shares or by guarantee or unlimited	Non-mutual	Isle of Man Financial Services Authority
39	GB	213800K4XGW6XFT9ZC81	LEI	Westgate Properties Limited	Other	Company limited by shares or by guarantee or unlimited	Non-mutual	0
40	IE	635400PUDJ8XTX95FW67	LEI	RSA Insurance Ireland DAC	Non life insurance undertaking	Company limited by shares or by guarantee or unlimited	Non-mutual	Central Bank of Ireland
41	IE	213800SOY368PRPH9818	LEI	RSA Overseas Holdings (No. 2) Unlimited Company	Other	Company limited by shares or by guarantee or unlimited	Non-mutual	0
42	IE	2138007UK3VNVV5JQW88	LEI	RSA Overseas Holdings (No 1) Unlimited Company	Other	Company limited by shares or by guarantee or unlimited	Non-mutual	0
43	GB	213800MOAG1P5WPBYN70	LEI	Royal Insurance Holdings Limited	Insurance holding company as defined in Article 212(1) (f) of Directive 2009/138/EC	Company limited by shares or by guarantee or unlimited	Non-mutual	0
44	LU	213800PT2YLSYDVYLA41	LEI	RSA Luxembourg S.A.	Non life insurance undertaking	Company limited by shares or by guarantee or unlimited	Non-mutual	Commissariat aux Assurances
45	GB	213800HZN854V174TQ06	LEI	R&SA Marketing Services Limited	Other	Company limited by shares or by guarantee or unlimited	Non-mutual	0
46	GB	21380021T4T3KT7JV62	LEI	Sun Alliance and London Insurance Limited	Other	Company limited by shares or by guarantee or unlimited	Non-mutual	0
47	IE	635400BFCWZIQOMIJB05	LEI	RSA Broker Motor Insurance Ireland Ltd	Other	Company limited by shares or by guarantee or unlimited	Non-mutual	0
48	GB	8945007ETYXPC0DWFO78	LEI	Hempton Court Manco	Other	Company limited by shares or by guarantee or unlimited	Non-mutual	0
49	GB	213800ANK59AYB612F23	LEI	Royal & Sun Alliance Insurance Limited	Non life insurance undertaking	Company limited by shares or by guarantee or unlimited	Non-mutual	Prudential Regulation Authority
50	GB	549300HOGQ7E0TY86138	LEI	RSA Insurance Group Limited	Insurance holding company as defined in Article 212(1) (f) of Directive 2009/138/EC	Company limited by shares or by guarantee or unlimited	Non-mutual	0
51	GB	2138008YP8JR2458Y193	LEI	Regent Subco Limited	Other	Company limited by shares or by guarantee or unlimited	Non-mutual	0
52	GB	213800XN4Y2M5VJA8G66GB10111	Specific code	RSA Pension Funding LP	Other	Scottish Limited Partnership	Non-mutual	0
53	GB	213800ANK59AYB612F23GB10059	Specific Code	UK Investment Management Limited	Other	Company limited by shares or by guarantee or unlimited	Non-mutual	0
54	GB	213800ANK59AYB612F23GB00003	Specific Code	Emersons Green Management Company Limited	Other	Company limited by shares or by guarantee or unlimited	Non-mutual	0

S.32.01.22

Undertakings in the scope of the group

Row	Country	Identification code of the undertaking	Type of code of the ID of the undertaking	Legal Name of the undertaking	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	
	C0010	C0020	C0030	C0040	C0180	C0190	C0200	C0210	C0220	C0230	C0240	C0250	C0260
28	GB	213800RIF98KZ1HHHH93	LEI	RSA Overseas (Netherlands) B.V.	100.00%	100.00%	100.00%	0	Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
29	GB	213800OCAOG11VQXR288	LEI	RSA Overseas Holdings B.V.	100.00%	100.00%	100.00%	0	Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
30	IE	2138004U5LQVDZFC3325	LEI	RSA Reinsurance Ireland Limited	100.00%	100.00%	100.00%	0	Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
31	GB	QG45WA0CBQ35QVT5KU66	LEI	Sal Pension Fund Limited	100.00%	100.00%	100.00%	0	Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
32	GB	213800YRS9W55AZAPB68	LEI	Sun Alliance Insurance Overseas Limited	100.00%	100.00%	100.00%	0	Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
33	GB	213800R663W5CDREOC48	LEI	Sun Alliance Mortgage Company Limited	100.00%	100.00%	100.00%	0	Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
34	GB	213800D6JMQCD3O7VJ98	LEI	Sun Insurance Office Limited	100.00%	100.00%	100.00%	0	Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
35	GB	213800XEBBP59GJ7RB65	LEI	The Globe Insurance Company Limited	100.00%	100.00%	100.00%	0	Dominant	100.00%	Included in the scope		Method 1: Full consolidation
36	GB	21380051JKP11VT3RG38	LEI	The London Assurance	100.00%	100.00%	100.00%	0	Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
37	GB	213800ZPIJG2HWOKGX70	LEI	The Marine Insurance Company Limited	100.00%	100.00%	100.00%	0	Dominant	100.00%	Included in the scope		Method 1: Full consolidation
38	IM	213800GQHZOG5CX23H28	LEI	Tower Insurance Company Limited	100.00%	100.00%	100.00%	0	Dominant	100.00%	Included in the scope		Method 1: Full consolidation
39	GB	213800K4XGW6XFT9ZC81	LEI	Westgate Properties Limited	100.00%	100.00%	100.00%	0	Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
40	IE	635400PUDJ8XTX95FW67	LEI	RSA Insurance Ireland DAC	100.00%	100.00%	100.00%	0	Dominant	100.00%	Included in the scope		Method 1: Full consolidation
41	IE	2138005OY368PRPH9818	LEI	RSA Overseas Holdings (No. 2) Unlimited Company	100.00%	100.00%	100.00%	0	Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
42	IE	2138007UK3VNVV5JQW88	LEI	RSA Overseas Holdings (No 1) Unlimited Company	100.00%	100.00%	100.00%	0	Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
43	GB	213800MOAG1P5WPBYN70	LEI	Royal Insurance Holdings Limited	100.00%	100.00%	100.00%	0	Dominant	100.00%	Included in the scope		Method 1: Full consolidation
44	LU	213800PTZYLSDVYLA41	LEI	RSA Luxembourg S.A.	100.00%	100.00%	100.00%	0	Dominant	100.00%	Included in the scope		Method 1: Full consolidation
45	GB	213800HZNB54V174TQ06	LEI	R&SA Marketing Services Limited	100.00%	100.00%	100.00%	0	Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
46	GB	21380021T4T3KTV7JV62	LEI	Sun Alliance and London Insurance Limited	100.00%	100.00%	100.00%	0	Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
47	IE	635400BFCWZIQOMJB05	LEI	RSA Broker Motor Insurance Ireland Ltd	100.00%	100.00%	100.00%	0	Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
48	GB	8945007ETYXPC0DWF078	LEI	Hempton Court Manco	62.50%	100.00%	62.50%	0	Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
49	GB	213800ANK59AYB612F23	LEI	Royal & Sun Alliance Insurance Limited	26.46%	100.00%	100.00%	73.54% of ordinary share capital owned by ultimate parent	Dominant	100.00%	Included in the scope		Method 1: Full consolidation
50	GB	549300HOGQ7E0TY86138	LEI	RSA Insurance Group Limited	0.00%	100.00%	0.00%	0	Dominant	100.00%	Included in the scope		Method 1: Full consolidation
51	GB	2138008YP8JR2458Y193	LEI	Regent Subco Limited	100.00%	100.00%	100.00%	0	Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
52	GB	213800XN4Y2M5VJA8G66GB10111	Specific code	RSA Pension Funding LP	100.00%	100.00%	100.00%	0	Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
53	GB	213800ANK59AYB612F23GB10059	Specific Code	UK Investment Management Limited	100.00%	100.00%	100.00%	0	Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method
54	GB	213800ANK59AYB612F23GB00003	Specific Code	Emersons Green Management Company Limited	33.00%	33.00%	33.00%	0	Significant	0.00%	Included in the scope		Method 1: Adjusted equity method

S.32.01.22

Undertakings in the scope of the group

	Country	Identification code of the undertaking	Type of code of the ID of the undertaking	Legal Name of the undertaking	Type of undertaking	Legal form	Category (mutual/ non mutual)	Supervisory Authority
Row	C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080
55	GB	213800XN4Y2M5VJA8G66	LEI	RSA Pension funding GP Limited	Other	Company limited by shares or by guarantee or unlimited	Non-mutual	0

S.32.01.22

Undertakings in the scope of the group

				Criteria of influence						Inclusion in the scope of Group supervision		Group solvency calculation	
Country	Identification code of the undertaking	Type of code of the ID of the undertaking	Legal Name of the undertaking	% capital share	% used for the establishment of consolidated accounts	% voting rights	Other criteria	Level of influence	Proportional share used for group solvency calculation	YES/NO	Date of decision if art. 214 is applied	Method used and under method 1, treatment of the undertaking	
Row	C0010	C0020	C0030	C0040	C0180	C0190	C0200	C0210	C0220	C0230	C0240	C0250	C0260
55	GB	213800XN4Y2M5VJA8G66	LEI	RSA Pension funding GP Limited	100.00%	100.00%	100.00%	0	Dominant	100.00%	Included in the scope		Method 1: Adjusted equity method

S.02.01.02

Balance sheet

Solvency II value	
C0010	
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	Property (other than for own use)
R0090	Holdings in related undertakings, including participations
R0100	Equities
R0110	Equities - listed
R0120	Equities - unlisted
R0130	Bonds
R0140	Government Bonds
R0150	Corporate Bonds
R0160	Structured notes
R0170	Collateralised securities
R0180	Collective Investments Undertakings
R0190	Derivatives
R0200	Deposits other than cash equivalents
R0210	Other investments
R0220	Assets held for index-linked and unit-linked contracts
R0230	Loans and mortgages
R0240	Loans on policies
R0250	Loans and mortgages to individuals
R0260	Other loans and mortgages
R0270	Reinsurance recoverables from:
R0280	Non-life and health similar to non-life
R0290	Non-life excluding health
R0300	Health similar to non-life
R0310	Life and health similar to life, excluding index-linked and unit-linked
R0320	Health similar to life
R0330	Life excluding health and index-linked and unit-linked
R0340	Life index-linked and unit-linked
R0350	Deposits to cedants
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	
R0510	Technical provisions - non-life
R0520	Technical provisions - non-life (excluding health)
R0530	TP calculated as a whole
R0540	Best Estimate
R0550	Risk margin
R0560	Technical provisions - health (similar to non-life)
R0570	TP calculated as a whole
R0580	Best Estimate
R0590	Risk margin
R0600	Technical provisions - life (excluding index-linked and unit-linked)
R0610	Technical provisions - health (similar to life)
R0620	TP calculated as a whole
R0630	Best Estimate
R0640	Risk margin
R0650	Technical provisions - life (excluding health and index-linked and unit-linked)
R0660	TP calculated as a whole
R0670	Best Estimate
R0680	Risk margin
R0690	Technical provisions - index-linked and unit-linked
R0700	TP calculated as a whole
R0710	Best Estimate
R0720	Risk margin
R0740	Contingent liabilities
R0750	Provisions other than technical provisions
R0760	Pension benefit obligations
R0770	Deposits from reinsurers
R0780	Deferred tax liabilities
R0790	Derivatives
R0800	Debts owed to credit institutions
R0810	Financial liabilities other than debts owed to credit institutions
R0820	Insurance & intermediaries payables
R0830	Reinsurance payables
R0840	Payables (trade, not insurance)
R0850	Subordinated liabilities
R0860	Subordinated liabilities not in BOF
R0870	Subordinated liabilities in BOF
R0880	Any other liabilities, not elsewhere shown
R0900	Total liabilities
R1000	Excess of assets over liabilities

S.05.01.02

Premiums, claims and expenses by line of business

Non-life

Line of Business for: non-life insurance and reinsurance obligations (direct business and accepted proportional reinsurance)												Line of business for: accepted non-proportional reinsurance				Total	
Medical expense insurance	Income protection insurance	Workers' compensation insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance	Legal expenses insurance	Assistance	Misc. financial loss	Health	Casualty	Marine, aviation and transport	Property		
C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0120	C0130	C0140	C0150	C0160	C0200	
Premiums written																	
R0110	Gross - Direct Business			506,090	312,090	144,449	1,082,352	327,652		8,859	4	249,208				2,630,704	
R0120	Gross - Proportional reinsurance accepted		651	297,091	104,666	123,230	465,784	134,284			0	2				1,125,708	
R0130	Gross - Non-proportional reinsurance accepted															6,590	6,590
R0140	Reinsurers' share			309,221	204,196	34,159	286,188	77,012		-1		1,961				912,736	
R0200	Net		651	493,960	212,560	233,520	1,261,948	384,924		8,860	4	247,249			6,590	2,850,266	
Premiums earned																	
R0210	Gross - Direct Business			457,212	274,880	151,258	1,121,267	312,708		9,526	-29	250,688				2,577,510	
R0220	Gross - Proportional reinsurance accepted		667	307,520	108,440	120,954	459,894	135,291			5	5				1,132,777	
R0230	Gross - Non-proportional reinsurance accepted															6,590	6,590
R0240	Reinsurers' share			269,987	175,914	34,169	289,804	67,152		-1		1,944				838,969	
R0300	Net		667	494,745	207,406	238,043	1,291,358	380,847		9,527	-24	248,749			6,590	2,877,908	
Claims incurred																	
R0310	Gross - Direct Business			394,820	355,203	65,037	679,977	163,135		5,334	-147	135,892				1,799,251	
R0320	Gross - Proportional reinsurance accepted		216	200,295	63,330	37,674	268,053	52,635			-230	21				621,994	
R0330	Gross - Non-proportional reinsurance accepted													-2,388		899	-1,489
R0340	Reinsurers' share			214,216	246,956	3,797	168,482	26,348				516				660,316	
R0400	Net		216	380,899	171,577	98,913	779,548	189,422		5,334	-377	135,397		-2,388	899	1,759,440	
Changes in other technical provisions																	
R0410	Gross - Direct Business																
R0420	Gross - Proportional reinsurance accepted																
R0430	Gross - Non-proportional reinsurance accepted																
R0440	Reinsurers' share																
R0500	Net																
R0550	Expenses incurred		239	185,396	77,251	85,337	590,729	148,862	251	3,486	705	94,470				1,186,725	
R1200	Other expenses															-2,832	
R1300	Total expenses															1,183,893	

S.05.01.02

Premiums, claims and expenses by line of business

Life

Line of Business for: life insurance obligations						Life reinsurance obligations		Total
Health insurance	Insurance with profit participation	Index-linked and unit-linked insurance	Other life insurance	Annuities stemming from non-life insurance contracts and relating to health insurance obligations	Annuities stemming from non-life insurance contracts and relating to insurance obligations other than health insurance obligations	Health reinsurance	Life reinsurance	
C0210	C0220	C0230	C0240	C0250	C0260	C0270	C0280	C0300
Premiums written								
R1410	Gross							
R1420	Reinsurers' share							
R1500	Net							
Premiums earned								
R1510	Gross							
R1520	Reinsurers' share							
R1600	Net							
Claims incurred								
R1610	Gross				4,507			4,507
R1620	Reinsurers' share				2,026			2,026
R1700	Net				2,481			2,481
Changes in other technical provisions								
R1710	Gross							
R1720	Reinsurers' share							
R1800	Net							
R1900	Expenses incurred							
R2500	Other expenses							
R2600	Total expenses							

S.05.02.01

Premiums, claims and expenses by country

Non-life

	C0010	C0020	C0030	C0040	C0050	C0060	C0070
	Home Country	Top 5 countries (by amount of gross premiums written) - non-life obligations			Top 5 countries (by amount of gross premiums written) - non-life obligations		Total Top 5 and home country
		CA	IE	LU			
	C0080	C0090	C0100	C0110	C0120	C0130	C0140
R0010							
	Premiums written						
R0110	Gross - Direct Business	2,407,099	0				2,407,099
R0120	Gross - Proportional reinsurance accepted	208,437	420,026	186,557	179,952		994,972
R0130	Gross - Non-proportional reinsurance accepted	6,590					6,590
R0140	Reinsurers' share	822,063					822,063
R0200	Net	1,800,063	420,026	186,557	179,952		2,586,598
	Premiums earned						
R0210	Gross - Direct Business	2,353,159	-2				2,353,156
R0220	Gross - Proportional reinsurance accepted	201,119	433,524	189,349	181,099		1,005,092
R0230	Gross - Non-proportional reinsurance accepted	6,590					6,590
R0240	Reinsurers' share	750,104					750,104
R0300	Net	1,810,764	433,524	189,347	181,099		2,614,734
	Claims incurred						
R0310	Gross - Direct Business	1,650,811	-529				1,650,281
R0320	Gross - Proportional reinsurance accepted	52,775	281,750	94,906	107,570		537,002
R0330	Gross - Non-proportional reinsurance accepted	2,471	-3,960				-1,489
R0340	Reinsurers' share	585,248					585,248
R0400	Net	1,120,809	281,750	90,417	107,570		1,600,546
	Changes in other technical provisions						
R0410	Gross - Direct Business						
R0420	Gross - Proportional reinsurance accepted						
R0430	Gross - Non-proportional reinsurance accepted						
R0440	Reinsurers' share						
R0500	Net						
R0550	Expenses incurred	843,424	136,556	68,020	55,183		1,103,183
R1200	Other expenses						-3,463
R1300	Total expenses						1,099,720

S.05.02.01

Premiums, claims and expenses by country

Life

		C0150	C0160	C0170	C0180	C0190	C0200	C0210
		Home Country	Top 5 countries (by amount of gross premiums written) - life obligations			Top 5 countries (by amount of gross premiums written) - life obligations		Total Top 5 and home country
			CA	IE	LU			
		C0220	C0230	C0240	C0250	C0260	C0270	C0280
	Premiums written							
R1410	Gross							
R1420	Reinsurers' share							
R1500	Net							
	Premiums earned							
R1510	Gross							
R1520	Reinsurers' share							
R1600	Net							
	Claims incurred							
R1610	Gross	4,507						4,507
R1620	Reinsurers' share	2,026						2,026
R1700	Net	2,481						2,481
	Changes in other technical provisions							
R1710	Gross							
R1720	Reinsurers' share							
R1800	Net							
R1900	Expenses incurred							
R2500	Other expenses							
R2600	Total expenses							

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, including 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)	
				Contracts without options and guarantees	Contracts with options or guarantees		Contracts without options and guarantees				Contracts with options or guarantees		Contracts without options and guarantees				Contracts with options or guarantees
		C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0150	C0160	C0170	C0180	C0190	C0200	C0210
R0010	Technical provisions calculated as a whole																
R0020	Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP calculated as a whole																
Technical provisions calculated as a sum of BE and RM																	
Best estimate																	
R0030	Gross Best Estimate								250,812		250,812						
R0080	Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default								103,138		103,138						
R0090	Best estimate minus recoverables from reinsurance/SPV and Finite Re								147,674		147,674						
R0100	Risk margin								54,681		54,681						
Amount of the transitional on Technical Provisions																	
R0110	Technical Provisions calculated as a whole																
R0120	Best estimate																
R0130	Risk margin																
R0200	Technical provisions - total								305,493		305,493						

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
R0010	Technical provisions calculated as a whole																	
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																	
Technical provisions calculated as a sum of BE and RM																		
Best estimate																		
Premium provisions																		
R0060	Gross		75		81,830	81,465	-1,585	126,809	29,086	1	-372	1,611	14,403				-1,493	331,830
R0140	Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default				-15,221	31,760	-15,644	-16,226	-8,699		0	0	-71					-24,100
R0150	Net Best Estimate of Premium Provisions		75		97,051	49,705	14,058	143,035	37,786	1	-373	1,611	14,474				-1,493	355,930
Claims provisions																		
R0160	Gross		161		1,729,435	25,527	204,849	1,286,896	1,083,671	1,858	4,077	-411	40,009	69	56,677	0	1,565	4,434,384
R0240	Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default				691,254	-11,011	20,606	355,302	145,754	-60	-300		12,667					1,214,212
R0250	Net Best Estimate of Claims Provisions		161		1,038,182	36,538	184,243	931,594	937,917	1,918	4,377	-411	27,342	69	56,677	0	1,565	3,220,172
R0260	Total best estimate - gross		237		1,811,265	106,992	203,264	1,413,705	1,112,757	1,859	3,705	1,200	54,411	69	56,677	0	72	4,766,214
R0270	Total best estimate - net		237		1,135,232	86,243	198,302	1,074,629	975,702	1,919	4,004	1,200	41,816	69	56,677	0	72	3,576,102
R0280	Risk margin		7		63,882	1,834	7,265	25,250	46,750	36	143	18	1,560	1	1,765	0	93	148,605
Amount of the transitional on Technical Provisions																		
R0290	Technical Provisions calculated as a whole																	
R0300	Best estimate																	
R0310	Risk margin																	
R0320	Technical provisions - total		244		1,875,147	108,827	210,529	1,438,955	1,159,508	1,895	3,847	1,218	55,972	71	58,442	0	165	4,914,819
R0330	Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total				676,033	20,750	4,962	339,076	137,055	-60	-299	0	12,595					1,190,112
R0340	Technical provisions minus recoverables from reinsurance/SPV and Finite Re - total		244		1,199,114	88,077	205,567	1,099,879	1,022,453	1,955	4,147	1,218	43,376	71	58,442	0	165	3,724,707

S.19.01.21

Non-Life insurance claims

Total Non-life business

Z0020 Accident year / underwriting year

Gross Claims Paid (non-cumulative) (absolute amount)														
Year	C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0170	C0180	
	Development year										In Current year	Sum of years (cumulative)		
	0	1	2	3	4	5	6	7	8	9	10 & +			
R0100	Prior											20,486	20,486	20,486
R0160	2013	864,821	543,310	163,119	106,145	94,738	73,497	46,072	36,268	17,754	23,094	23,094	1,968,818	
R0170	2014	900,126	460,928	186,362	102,684	121,973	87,600	56,841	25,088	22,625		22,625	1,964,228	
R0180	2015	871,421	572,865	201,452	121,442	83,906	75,887	57,340	44,843			44,843	2,029,156	
R0190	2016	899,285	541,482	218,119	134,718	91,966	85,065	40,756				40,756	2,011,392	
R0200	2017	982,040	640,713	278,646	137,696	98,286	91,407					91,407	2,228,788	
R0210	2018	1,019,225	732,493	259,229	153,440	122,777						122,777	2,287,164	
R0220	2019	953,441	540,830	247,879	148,242							148,242	1,890,392	
R0230	2020	818,509	602,373	193,410								193,410	1,614,292	
R0240	2021	772,346	537,805									537,805	1,310,151	
R0250	2022	881,329										881,329	881,329	
R0260												Total	2,126,775	
													18,206,197	

Gross Undiscounted Best Estimate Claims Provisions (absolute amount)													
Year	C0200	C0210	C0220	C0230	C0240	C0250	C0260	C0270	C0280	C0290	C0300	C0360	
	Development year										Year end (discounted data)		
	0	1	2	3	4	5	6	7	8	9	10 & +		
R0100	Prior											274,567	244,005
R0160	2013	0	0	0	373,332	290,784	207,081	148,273	93,504	69,921	52,245	48,062	
R0170	2014	0	0	542,852	405,165	273,068	170,656	113,678	85,487	52,091		47,557	
R0180	2015	0	856,501	500,119	372,632	255,737	206,865	145,395	94,294			86,046	
R0190	2016	1,120,753	796,776	495,110	379,111	294,610	210,801	166,506				151,214	
R0200	2017	1,280,878	689,314	590,592	443,177	349,644	251,180					229,073	
R0210	2018	1,379,205	843,262	592,599	457,926	355,956						323,988	
R0220	2019	1,322,800	849,138	624,334	690,338							417,760	
R0230	2020	1,243,199	998,522	698,956								643,968	
R0240	2021	1,266,879	976,990									899,510	
R0250	2022	1,450,416										1,343,201	
R0260												Total	4,434,384

S.22.01.21

Impact of long term guarantees measures and transitionals

	Amount with Long Term Guarantee measures and transitionals	Impact of transitional on technical provisions	Impact of transitional on interest rate	Impact of volatility adjustment set to zero	Impact of matching adjustment set to zero
	C0010	C0030	C0050	C0070	C0090
R0010 Technical provisions	5,220,312	0	0	22,129	0
R0020 Basic own funds	1,993,664	0	0	-15,397	0
R0050 Eligible own funds to meet Solvency Capital Requirement	2,167,415	0	0	-15,397	0
R0090 Solvency Capital Requirement	1,224,644	0	0	0	0
R0100 Eligible own funds to meet Minimum Capital Requirement	1,690,886	0	0	-15,397	0
R0110 Minimum Capital Requirement	551,090	0	0	0	0

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
89,953	89,953			
1,854,183	1,701,133		153,050	
-210,418	-210,418			
259,946				259,946

1,993,664	1,580,668		153,050	259,946

250,000			250,000	
250,000			250,000	

2,243,664	1,580,668		403,050	259,946
1,733,718	1,580,668		153,050	
2,167,415	1,580,668		403,050	183,697
1,690,886	1,580,668		110,218	

1,224,644
551,090
176.98%
306.83%

C0060
2,188,790
195,126
2,204,082
-210,418

40,889
40,889

S.25.03.21

Solvency Capital Requirement - for undertakings on Full Internal Models

	Unique number of component	Component description	Calculation of the Solvency Capital Requirement
Row	C0010	C0020	C0030
1	5015JA	PPO UW Risk - Expectation	5,394
2	5015JB	PPO UW Risk - Movement from Expectation	25,607
3	5015ZA	Other Underwriting Risk - Expectation	-287,121
4	5015ZB	Other Underwriting Risk - Movement from Expectation	532,614
5	50199B	Diversification within Underwriting Risk	-23,158
6	50310A	Catastrophe Risk - Expectation	201,405
7	50310B	Catastrophe Risk - Movement from Expectation	504,002
8	5021JA	PPO Reserve Risk - Expectation	9,040
9	5021JB	PPO Reserve Risk - Movement in Expectation	150,663
10	5021ZA	Other Reserving Risks - Expectation	67,403
11	5021ZB	Other Reserving Risks - Movement from Expectation	449,638
12	50299B	Diversification within Reserving Risk	-121,775
13	10300A	Market Risk: interest rate risk - Expectation	-174,295
14	10300B	Market Risk: interest rate risk - Movement from Expectation	142,815
15	10400A	Market Risk: equity risk - Expectation	-9,586
16	10400B	Market Risk: equity risk - Movement from Expectation	63,434
17	10600A	Market Risk: property risk - Expectation	-15,842
18	10600B	Market Risk: property risk - Movement from Expectation	84,892
19	1071AA	Market Risk: spread risk AAA - Expectation	-6,263
20	1071AB	Market Risk: spread risk AAA - Movement from Expectation	42,064
21	1071BA	Market Risk: spread risk AA - Expectation	-5,488
22	1071BB	Market Risk: spread risk AA - Movement from Expectation	33,009
23	1071CA	Market Risk: spread risk A - Expectation	-17,418
24	1071CB	Market Risk: spread risk A - Movement from Expectation	107,505
25	1071DA	Market Risk: spread risk below A - Expectation	-42,882
26	1071DB	Market Risk: spread risk below A - Movement from Expectation	181,235
27	10900A	Market Risk: Group Currency Risk - Expectation	-15,030
28	10900B	Market Risk: Group Currency Risk - Movement from Expectation	115,914
29	19900I	Diversification within Market	-336,218
30	20100A	Credit Risk - Expectation	6,186
31	20100B	Credit Risk - Movement from Expectation	69,559
32	70100B	Operational Risk - Movement from Expectation	134,200
33	80110A	Other Risks: Pension Risk - Expectation	98,479
34	80110B	Other Risks: Pension Risk - Movement from Expectation	237,641
35	80190A	Other Risks: Costs - Expectation	168,242
36	80190B	Other Risks: Costs - Movement from Expectation	638
37	80140A	Other Risks: Tax - Expectation	10,002
38	80140B	Other Risks: Tax - Movement from Expectation	-10,002
39	80199B	Diversification within Other Risks	-4,149
40	80190C	Other Adjustments: Additional Model Adjustments	60,000

S.25.03.21

Solvency Capital Requirement - for undertakings on Full Internal Models

Calculation of Solvency Capital Requirement

R0110	Total undiversified components
R0060	Diversification
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

C0100

2,432,354
-1,207,710
1,224,644
1,224,644

Other information on SCR

R0300	Amount/estimate of the overall loss-absorbing capacity of technical provisions
R0310	Amount/estimate of the overall loss-absorbing capacity of deferred taxes
R0410	Total amount of Notional Solvency Capital Requirements for remaining part
R0420	Total amount of Notional Solvency Capital Requirement for ring fenced funds
R0430	Total amount of Notional Solvency Capital Requirement for matching adjustment portfolios
R0440	Diversification effects due to RFF nSCR aggregation for article 304

Approach to tax rate

R0590	Approach based on average tax rate
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C0109

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Calculation of loss absorbing capacity of deferred taxes

R0640	Amount/estimate of LAC DT
R0650	Amount/estimate of LAC DT justified by reversion of deferred tax liabilities
R0660	Amount/estimate of LAC DT justified by reference to probable future taxable economic profit
R0670	Amount/estimate of AC DT justified by carry back, current year
R0680	Amount/estimate of LAC DT justified by carry back, future years
R0690	Amount/estimate of Maximum LAC DT

LAC DT

C0130

S.28.01.01

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

Linear formula component for non-life insurance and reinsurance obligations		C0010			
R0010	MCR _{NL} Result		616,284		
				Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance) written premiums in the last 12 months
				C0020	C0030
R0020	Medical expense insurance and proportional reinsurance				
R0030	Income protection insurance and proportional reinsurance		237		651
R0040	Workers' compensation insurance and proportional reinsurance				
R0050	Motor vehicle liability insurance and proportional reinsurance		1,135,232		493,960
R0060	Other motor insurance and proportional reinsurance		86,243		212,560
R0070	Marine, aviation and transport insurance and proportional reinsurance		198,302		233,520
R0080	Fire and other damage to property insurance and proportional reinsurance		1,074,629		1,261,948
R0090	General liability insurance and proportional reinsurance		975,702		384,924
R0100	Credit and suretyship insurance and proportional reinsurance		1,919		
R0110	Legal expenses insurance and proportional reinsurance		4,004		8,860
R0120	Assistance and proportional reinsurance		1,200		4
R0130	Miscellaneous financial loss insurance and proportional reinsurance		41,816		247,249
R0140	Non-proportional health reinsurance		69		
R0150	Non-proportional casualty reinsurance		56,677		
R0160	Non-proportional marine, aviation and transport reinsurance				
R0170	Non-proportional property reinsurance		72		6,590
Linear formula component for life insurance and reinsurance obligations		C0040			
R0200	MCR _L Result		3,101		
				Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance/SPV) total capital at risk
				C0050	C0060
R0210	Obligations with profit participation - guaranteed benefits				
R0220	Obligations with profit participation - future discretionary benefits				
R0230	Index-linked and unit-linked insurance obligations				
R0240	Other life (re)insurance and health (re)insurance obligations			147,674	
R0250	Total capital at risk for all life (re)insurance obligations				
Overall MCR calculation		C0070			
R0300	Linear MCR		619,385		
R0310	SCR		1,224,644		
R0320	MCR cap		551,090		
R0330	MCR floor		306,161		
R0340	Combined MCR		551,090		
R0350	Absolute floor of the MCR		3,445		
R0400	Minimum Capital Requirement		551,090		

S.02.01.02

Balance sheet

	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	
	452,748
	452,748
	451,914
	834

S.05.01.02

Premiums, claims and expenses by line of business

Non-life

Line of Business for: non-life insurance and reinsurance obligations (direct business and accepted proportional reinsurance)												Line of business for: accepted non-proportional reinsurance				Total									
Medical expense insurance	Income protection insurance	Workers' compensation insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance	Legal expenses insurance	Assistance	Misc. financial loss	Health	Casualty	Marine, aviation and transport	Property										
C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0120	C0130	C0140	C0150	C0160	C0200									
Premiums written																									
R0110	Gross - Direct Business																								
R0120	Gross - Proportional reinsurance accepted																						325,414		
R0130	Gross - Non-proportional reinsurance accepted																					-1,700	-1,700		
R0140	Reinsurers' share																					-1,700	323,714		
R0200	Net																								
Premiums earned																									
R0210	Gross - Direct Business																								
R0220	Gross - Proportional reinsurance accepted																						317,329		
R0230	Gross - Non-proportional reinsurance accepted																					-1,705	-1,705		
R0240	Reinsurers' share																					-1,705	315,624		
R0300	Net																								
Claims incurred																									
R0310	Gross - Direct Business																								
R0320	Gross - Proportional reinsurance accepted																						190,335		
R0330	Gross - Non-proportional reinsurance accepted																					-5,312	48	8,839	3,575
R0340	Reinsurers' share																					-5,312	48	8,839	193,910
R0400	Net																								
Changes in other technical provisions																									
R0410	Gross - Direct Business																								
R0420	Gross - Proportional reinsurance accepted																								
R0430	Gross - Non-proportional reinsurance accepted																								
R0440	Reinsurers' share																								
R0500	Net																								
R0550	Expenses incurred																								
R1200	Other expenses																								
R1300	Total expenses																								

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																	
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																	
Technical provisions calculated as a sum of BE and RM																		
Best estimate																		
Premium provisions																		
R0060	Gross				45	7	3,401	12,834	7,181									23,468
R0140	Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default				44	7	3,418	10,446	6,954									20,869
R0150	Net Best Estimate of Premium Provisions				1	0	-17	2,388	227									2,599
Claims provisions																		
R0160	Gross				269	125	27,272	177,159	95,972						57,516	-273	70,405	428,446
R0240	Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default				266	121	27,251	173,795	94,865						56,850	-271	69,701	422,579
R0250	Net Best Estimate of Claims Provisions				3	4	21	3,365	1,107						666	-3	704	5,867
R0260	Total best estimate - gross				314	132	30,673	189,994	103,153						57,516	-273	70,405	451,914
R0270	Total best estimate - net				3	4	4	5,753	1,333						666	-3	704	8,466
R0280	Risk margin				1	0	85	212	275						118	0	142	834
Amount of the transitional on Technical Provisions																		
R0290	Technical Provisions calculated as a whole																	
R0300	Best estimate																	
R0310	Risk margin																	
R0320	Technical provisions - total				315	132	30,758	190,205	103,428						57,634	-273	70,547	452,748
R0330	Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total				310	128	30,669	184,241	101,820						56,850	-271	69,701	443,448
R0340	Technical provisions minus recoverables from reinsurance/SPV and Finite Re - total				5	4	89	5,965	1,609						785	-3	846	9,299

S.19.01.21

Non-Life insurance claims

Total Non-life business

Z0020 Accident year / underwriting year

Gross Claims Paid (non-cumulative)													
(absolute amount)													
Year	C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0170	C0180
	Development year											In Current year	Sum of years (cumulative)
	0	1	2	3	4	5	6	7	8	9	10 & +		
R0100 Prior											4,529	4,529	4,529
R0160 2013	30,861	46,213	23,323	5,675	2,694	2,648	2,364	11,701	1,316	1,605		1,605	128,400
R0170 2014	47,217	68,754	36,986	7,436	4,000	6,574	1,969	4,965	667			667	178,569
R0180 2015	21,351	58,265	40,823	20,554	1,848	2,033	1,108	521				521	146,502
R0190 2016	27,702	67,561	20,892	5,718	1,916	8,824	1,054					1,054	133,668
R0200 2017	33,882	101,688	68,356	10,231	7,520	2,561						2,561	224,237
R0210 2018	18,802	99,827	43,796	11,258	17,305							17,305	190,988
R0220 2019	40,734	51,733	39,643	18,614								18,614	150,725
R0230 2020	48,011	47,014	20,606									20,606	115,631
R0240 2021	19,818	40,224										40,224	60,042
R0250 2022	51,317											51,317	51,317
R0260												Total	1,384,608

Gross Undiscounted Best Estimate Claims Provisions													
(absolute amount)													
Year	C0200	C0210	C0220	C0230	C0240	C0250	C0260	C0270	C0280	C0290	C0300	C0360	
	Development year											Year end (discounted data)	
	0	1	2	3	4	5	6	7	8	9	10 & +		
R0100 Prior											31,164	29,075	
R0160 2013	0	0	0	15,005	12,678	3,755	5,729	4,521	4,298	2,416		2,269	
R0170 2014	0	0	15,664	10,736	6,275	4,819	3,563	5,304	3,319			3,139	
R0180 2015	0	65,019	21,745	8,364	5,292	2,981	2,335	2,990				2,801	
R0190 2016	132,821	78,990	28,301	26,064	20,929	13,558	13,168					12,290	
R0200 2017	179,874	118,714	37,359	24,904	35,248	25,829						23,968	
R0210 2018	149,090	102,472	59,450	52,714	32,519							29,906	
R0220 2019	154,011	87,964	41,324	35,246								32,761	
R0230 2020	173,909	77,548	59,018									54,717	
R0240 2021	155,565	79,750										74,993	
R0250 2022	170,003											162,526	
R0260												Total	428,446

S.22.01.21

Impact of long term guarantees measures and transitionals

	Amount with Long Term Guarantee measures and transitionals	Impact of transitional on technical provisions	Impact of transitional on interest rate	Impact of volatility adjustment set to zero	Impact of matching adjustment set to zero
	C0010	C0030	C0050	C0070	C0090
R0010 Technical provisions	452,748	0	0	1,309	0
R0020 Basic own funds	68,763	0	0	90	0
R0050 Eligible own funds to meet Solvency Capital Requirement	68,763	0	0	90	0
R0090 Solvency Capital Requirement	24,165	0	0	0	0
R0100 Eligible own funds to meet Minimum Capital Requirement	67,573	0	0	90	0
R0110 Minimum Capital Requirement	6,041	0	0	0	0

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
70,000	70,000			
-2,427	-2,427			
1,190				1,190

68,763	67,573			1,190

68,763	67,573			1,190
67,573	67,573			
68,763	67,573			1,190
67,573	67,573			

24,165
6,041
284.56%
1118.53%

C0060
68,763
71,190
-2,427

S.25.03.21

Solvency Capital Requirement - for undertakings on Full Internal Models

	Unique number of component	Component description	Calculation of the Solvency Capital Requirement
Row	C0010	C0020	C0030
1	5015ZA	Other Underwriting Risk - Expectation	440
2	5015ZB	Other Underwriting Risk - Movement from Expectation	415
3	5021ZA	Other Reserving Risk - Expectation	-307
4	5021ZB	Other Reserving Risk - Movement from Expectation	212
5	10300A	Market Risk: interest rate risk - Expectation	-4,066
6	10300B	Market Risk: interest rate risk - Movement from Expectation	6,103
7	1071BA	Market Risk: spread risk AA - Expectation	-249
8	1071BB	Market Risk: spread risk AA - Movement from Expectation	1,904
9	1071CA	Market Risk: spread risk A - Expectation	-301
10	1071CB	Market Risk: spread risk A - Movement from Expectation	1,993
11	1071DA	Market Risk: spread risk below A - Expectation	-9
12	1071DB	Market Risk: spread risk below A - Movement from Expectation	132
13	10900A	Market Risk: Group Currency Risk - Expectation	-1,261
14	10900B	Market Risk: Group Currency Risk - Movement from Expectation	20,052
15	19900I	Diversification within Market	-9,688
16	20100A	Credit Risk - Expectation	95
17	20100B	Credit Risk - Movement from Expectation	1,259
18	70100B	Operational Risk - Movement from Expectation	9,055
19	80140A	Other Risks: Tax - Expectation	1,643
20	80140B	Other Risks: Tax - Movement from Expectation	-1,643

S.25.03.21

Solvency Capital Requirement - for undertakings on Full Internal Models

Calculation of Solvency Capital Requirement

R0110	Total undiversified components
R0060	Diversification
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

C0100

25,780
-1,615
24,165
24,165

Other information on SCR

R0300	Amount/estimate of the overall loss-absorbing capacity of technical provisions
R0310	Amount/estimate of the overall loss-absorbing capacity of deferred taxes
R0410	Total amount of Notional Solvency Capital Requirements for remaining part
R0420	Total amount of Notional Solvency Capital Requirement for ring fenced funds
R0430	Total amount of Notional Solvency Capital Requirement for matching adjustment portfolios
R0440	Diversification effects due to RFF nSCR aggregation for article 304

Approach to tax rate

R0590	Approach based on average tax rate
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C0109

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Calculation of loss absorbing capacity of deferred taxes

R0640	Amount/estimate of LAC DT
R0650	Amount/estimate of LAC DT justified by reversion of deferred tax liabilities
R0660	Amount/estimate of LAC DT justified by reference to probable future taxable economic profit
R0670	Amount/estimate of AC DT justified by carry back, current year
R0680	Amount/estimate of LAC DT justified by carry back, future years
R0690	Amount/estimate of Maximum LAC DT

LAC DT

C0130

S.28.01.01

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

Linear formula component for non-life insurance and reinsurance obligations		C0010			
R0010	MCR _{NL} Result		934		
				Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance) written premiums in the last 12 months
				C0020	C0030
R0020	Medical expense insurance and proportional reinsurance				
R0030	Income protection insurance and proportional reinsurance				
R0040	Workers' compensation insurance and proportional reinsurance				
R0050	Motor vehicle liability insurance and proportional reinsurance			3	
R0060	Other motor insurance and proportional reinsurance			4	
R0070	Marine, aviation and transport insurance and proportional reinsurance			4	
R0080	Fire and other damage to property insurance and proportional reinsurance			5,753	
R0090	General liability insurance and proportional reinsurance			1,333	
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			666	
R0160	Non-proportional marine, aviation and transport reinsurance				
R0170	Non-proportional property reinsurance			704	
Linear formula component for life insurance and reinsurance obligations		C0040			
R0200	MCR _L Result				
				Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance/SPV) total capital at risk
				C0050	C0060
R0210	Obligations with profit participation - guaranteed benefits				
R0220	Obligations with profit participation - future discretionary benefits				
R0230	Index-linked and unit-linked insurance obligations				
R0240	Other life (re)insurance and health (re)insurance obligations				
R0250	Total capital at risk for all life (re)insurance obligations				
Overall MCR calculation		C0070			
R0300	Linear MCR		934		
R0310	SCR		24,165		
R0320	MCR cap		10,874		
R0330	MCR floor		6,041		
R0340	Combined MCR		6,041		
R0350	Absolute floor of the MCR		3,445		
R0400	Minimum Capital Requirement		6,041		

The Marine Insurance Company Limited

S.02.01.02

Balance sheet

Solvency II value	
C0010	
	35,957
	35,957
	35,907
	50

S.05.01.02

Premiums, claims and expenses by line of business

Non-life

Line of Business for: non-life insurance and reinsurance obligations (direct business and accepted proportional reinsurance)												Line of business for: accepted non-proportional reinsurance				Total		
Medical expense insurance	Income protection insurance	Workers' compensation insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance	Legal expenses insurance	Assistance	Misc. financial loss	Health	Casualty	Marine, aviation and transport	Property			
C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0120	C0130	C0140	C0150	C0160	C0200		
					26,312	15,465	1,465										43,242	
						8,876											8,876	
					26,312	24,341	1,465									52,118		
					24,411	15,613	548										40,572	
						7,112											7,112	
					24,411	22,725	548									47,684		
					5,601	4,932	86										10,619	
						4,100											4,100	
					5,601	9,032	86									14,719		
					-3,120	-2,990	15									-6,094		
																-6,094		

The Marine Insurance Company Limited

S.05.02.01

Premiums, claims and expenses by country

Non-life

	C0010	C0020	C0030	C0040	C0050	C0060	C0070
	Home Country	Top 5 countries (by amount of gross premiums written) - non-life obligations			Top 5 countries (by amount of gross premiums written) - non-life obligations		Total Top 5 and home country
		US					
	C0080	C0090	C0100	C0110	C0120	C0130	C0140
R0010							
	Premiums written						
R0110	Gross - Direct Business	27,777	15,465				43,242
R0120	Gross - Proportional reinsurance accepted		8,876				8,876
R0130	Gross - Non-proportional reinsurance accepted						
R0140	Reinsurers' share	27,777	24,341				52,118
R0200	Net						
	Premiums earned						
R0210	Gross - Direct Business	24,959	15,613				40,572
R0220	Gross - Proportional reinsurance accepted		7,112				7,112
R0230	Gross - Non-proportional reinsurance accepted						
R0240	Reinsurers' share	24,959	22,725				47,684
R0300	Net						
	Claims incurred						
R0310	Gross - Direct Business	5,687	4,932				10,619
R0320	Gross - Proportional reinsurance accepted		4,100				4,100
R0330	Gross - Non-proportional reinsurance accepted						
R0340	Reinsurers' share	5,687	9,032				14,719
R0400	Net						
	Changes in other technical provisions						
R0410	Gross - Direct Business						
R0420	Gross - Proportional reinsurance accepted						
R0430	Gross - Non-proportional reinsurance accepted						
R0440	Reinsurers' share						
R0500	Net						
R0550	Expenses incurred	-3,044	-3,050				-6,094
R1200	Other expenses						
R1300	Total expenses						-6,094

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																	
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																	
Technical provisions calculated as a sum of BE and RM																		
Best estimate																		
Premium provisions																		
R0060	Gross						1,594	2,839	281									4,714
R0140	Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default						255	983	278									1,516
R0150	Net Best Estimate of Premium Provisions						1,340	1,855	2									3,197
Claims provisions																		
R0160	Gross						8,828	19,919	2,447									31,194
R0240	Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default						8,739	19,720	2,423									30,881
R0250	Net Best Estimate of Claims Provisions						89	199	24									312
R0260	Total best estimate - gross						10,422	22,758	2,728									35,907
R0270	Total best estimate - net						1,428	2,055	27									3,510
R0280	Risk margin						20	26	4									50
Amount of the transitional on Technical Provisions																		
R0290	Technical Provisions calculated as a whole																	
R0300	Best estimate																	
R0310	Risk margin																	
R0320	Technical provisions - total						10,442	22,784	2,732									35,957
R0330	Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total						8,994	20,703	2,701									32,398
R0340	Technical provisions minus recoverables from reinsurance/SPV and Finite Re - total						1,448	2,081	31									3,559

S.19.01.21

Non-Life insurance claims

Total Non-life business

Z0020

Accident year / underwriting year

Accident Year

Gross Claims Paid (non-cumulative)

(absolute amount)

Year	C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0170	C0180
	0	1	2	3	4	5	6	7	8	9	10 & +	In Current year	Sum of years (cumulative)
R0100	Prior											302	302
R0160	2013	7,856	5,759	1,514	171	488	18	3	42	-175	-5	-5	15,669
R0170	2014	2,996	1,144	1,580	168	9	18	31	15	-55		-55	5,906
R0180	2015	490	3,183	1,112	140	29	-13	16	0			0	4,957
R0190	2016	3,749	9,421	4,022	294	629	48	20				20	18,183
R0200	2017	6,115	12,286	2,917	781	1,242	5,833					5,833	29,174
R0210	2018	2,430	4,128	4,403	3,347	13,683						13,683	27,991
R0220	2019	3,998	4,674	-1,325	1,534							1,534	8,881
R0230	2020	2,597	7,143	1,391								1,391	11,132
R0240	2021	4,450	10,351									10,351	14,801
R0250	2022	2,398										2,398	2,398
R0260	Total											35,452	139,394

Gross Undiscounted Best Estimate Claims Provisions

(absolute amount)

Year	C0200	C0210	C0220	C0230	C0240	C0250	C0260	C0270	C0280	C0290	C0300	C0360
	0	1	2	3	4	5	6	7	8	9	10 & +	Year end (discounted data)
R0100	Prior											837
R0160	2013	0	0	0	437	763	103	25	-348	-196	-395	-370
R0170	2014	0	0	195	42	241	35	-335	-364	-498		-468
R0180	2015	0	1,245	116	256	417	341	215	189			180
R0190	2016	20,834	1,618	2,474	568	2,162	2,081	2,089				1,969
R0200	2017	16,668	6,248	5,850	5,689	5,307	-435					-436
R0210	2018	12,927	33,567	32,858	27,788	1,389						1,297
R0220	2019	11,516	9,823	5,360	4,742							4,396
R0230	2020	11,971	-4,493	2,316								2,191
R0240	2021	17,693	9,285									8,769
R0250	2022	13,670										12,882
R0260	Total											31,194

S.22.01.21

Impact of long term guarantees measures and transitionals

	Amount with Long Term Guarantee measures and transitionals	Impact of transitional on technical provisions	Impact of transitional on interest rate	Impact of volatility adjustment set to zero	Impact of matching adjustment set to zero
	C0010	C0030	C0050	C0070	C0090
R0010 Technical provisions	35,957	0	0	208	0
R0020 Basic own funds	67,832	0	0	-8	0
R0050 Eligible own funds to meet Solvency Capital Requirement	67,832	0	0	-8	0
R0090 Solvency Capital Requirement	2,594	0	0	0	0
R0100 Eligible own funds to meet Minimum Capital Requirement	67,634	0	0	-8	0
R0110 Minimum Capital Requirement	3,445	0	0	0	0

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
16,312	16,312			
6,022	6,022			
45,300	45,300			
198				198

67,832	67,634			198

67,832	67,634			198
67,634	67,634			
67,832	67,634			198
67,634	67,634			

2,594
3,445
2615.00%
1963.48%

C0060
67,832
22,532
45,300

S.25.03.21

Solvency Capital Requirement - for undertakings on Full Internal Models

	Unique number of component	Component description	Calculation of the Solvency Capital Requirement
Row	C0010	C0020	C0030
1	5015ZA	Other Underwriting Risk - Expectation	92
2	5015ZB	Other Underwriting Risk - Movement from Expectation	223
3	502IZA	Other Reserving Risks - Expectation	-145
4	502IZB	Other Reserving Risks - Movement from Expectation	114
5	10300A	Market Risk: interest rate risk - Expectation	-1,354
6	10300B	Market Risk: interest rate risk - Movement from Expectation	962
7	10900A	Market Risk: Group Currency Risk - Expectation	-464
8	10900B	Market Risk: Group Currency Risk - Movement from Expectation	3,423
9	19900I	Diversification within Market	-819
10	20100A	Credit Risk - Expectation	31
11	20100B	Credit Risk - Movement from Expectation	376
12	70100B	Operation Risk - Movement from Expectation	719
13	80140A	Other Risks: Tax - Expectation	453
14	80140B	Other Risks: Tax - Movement from Expectation	-453

S.25.03.21

Solvency Capital Requirement - for undertakings on Full Internal Models

Calculation of Solvency Capital Requirement

R0110	Total undiversified components
R0060	Diversification
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

C0100

3,158
-564
2,594
2,594

Other information on SCR

R0300	Amount/estimate of the overall loss-absorbing capacity of technical provisions
R0310	Amount/estimate of the overall loss-absorbing capacity of deferred taxes
R0410	Total amount of Notional Solvency Capital Requirements for remaining part
R0420	Total amount of Notional Solvency Capital Requirement for ring fenced funds
R0430	Total amount of Notional Solvency Capital Requirement for matching adjustment portfolios
R0440	Diversification effects due to RFF nSCR aggregation for article 304

Approach to tax rate

R0590	Approach based on average tax rate
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C0109

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Calculation of loss absorbing capacity of deferred taxes

R0640	Amount/estimate of LAC DT
R0650	Amount/estimate of LAC DT justified by reversion of deferred tax liabilities
R0660	Amount/estimate of LAC DT justified by reference to probable future taxable economic profit
R0670	Amount/estimate of AC DT justified by carry back, current year
R0680	Amount/estimate of LAC DT justified by carry back, future years
R0690	Amount/estimate of Maximum LAC DT

LAC DT

C0130

S.28.01.01

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

Linear formula component for non-life insurance and reinsurance obligations		C0010			
R0010	MCR _{NL} Result		343		
				Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance) written premiums in the last 12 months
				C0020	C0030
R0020	Medical expense insurance and proportional reinsurance				
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			1,428	
R0080	Fire and other damage to property insurance and proportional reinsurance			2,055	
R0090	General liability insurance and proportional reinsurance			27	
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				
Linear formula component for life insurance and reinsurance obligations		C0040			
R0200	MCR _L Result				
				Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance/SPV) total capital at risk
				C0050	C0060
R0210	Obligations with profit participation - guaranteed benefits				
R0220	Obligations with profit participation - future discretionary benefits				
R0230	Index-linked and unit-linked insurance obligations				
R0240	Other life (re)insurance and health (re)insurance obligations				
R0250	Total capital at risk for all life (re)insurance obligations				
Overall MCR calculation		C0070			
R0300	Linear MCR		343		
R0310	SCR		2,594		
R0320	MCR cap		1,167		
R0330	MCR floor		648		
R0340	Combined MCR		648		
R0350	Absolute floor of the MCR		3,445		
R0400	Minimum Capital Requirement		3,445		