First Title Insurance plc Solvency and Financial Condition Report

(For financial year ended 31 December 2019)

First Title

2019

Leading Title Insurance

Contents

Summary

First Title Insurance plc (First Title) is an insurance company based in the United Kingdom (UK) that provides title indemnity insurance to both the UK and European markets. Title insurance is classified as miscellaneous financial loss business and is a no-fault insurance policy that can protect from a wide range of title risks associated with buying and owning a property. It covers legal expenses and costs in resolving the problem or compensates for loss.

In past years First Title also wrote England & Wales solicitors' professional indemnity insurance. The board decided to cease writing this line of business with effect from 1 October 2015 and it is therefore in run-off. As at 31 December 2019 this line of business represented 4% of the statutory accounts value of insurance liabilities net of reinsurance.

This solvency and financial condition report (SFCR) provides information on First Title and an overview of business and performance, system of governance, risk profile, valuation for solvency purposes and capital management. Ultimate responsibility for this report and these areas lies with the board.

In the year ended 31 December 2019 First Title reported a statutory accounts profit after tax of £2.6m, which compares to £2.0m in the prior year. The underwriting performance was less profitable than the exceptional performance in the prior year, being impacted by slow downs in key housing and development markets. The balance on the technical account was a profit of £0.7m, however the investment performance during the year substantially increased profit before tax, to £3.2m. The increase in the value of investments reflected the trends in equity markets in the year.

On a Solvency II valuation basis, eligible own funds decreased by £1.3m from £30.6m to £29.3m. The decrease reflected the payment of a dividend of £3.7m during the year, exceeding the retained profit for the year on a Solvency II basis. The retained profit for the year on a Solvency II basis was less than the retained profit on a UK GAAP basis as the net claims incurred were higher on a Solvency II valuation basis. Net technical provisions increased by £0.3m year on year in the statutory accounts whereas there was an increase of £0.7m year on year on a Solvency II valuation basis.

First Title's eligible own funds solely comprise tier 1 unrestricted amounts classified as basic own funds. The solvency capital requirement (SCR) at the year end decreased by £0.4m from £13.9m to £13.5m. Overall therefore the ratio of eligible own funds to solvency capital requirement decreased from 220% to 217%. The minimum capital requirement decreased from £4.3m to £4.0m. First Title fully complied with the solvency capital requirement and minimum capital requirement throughout the year.

There have been no material changes to the system of governance, the risk profile or financial stability of First Title during the reporting period. First Title operates the universally recognised three lines of defence model in respect of the governance of risk, as more fully set out in section B below.

First Title's most material risk is underwriting risk, followed by market risk, the combination of which account for the majority of First Title's solvency capital requirement. These and other less significant risks are considered more fully in section C below.

First Title has not used any transitional arrangements in the calculation of its eligible own funds or solvency capital requirement.

Directors' statement in respect of the SFCR for the year ended 31 December 2019

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

We are satisfied that:

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

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

Signed: Date: 7 April 2020

A. Business and performance

A.1 Business

First Title is a public company limited by shares and incorporated in England & Wales with the registered company number 01112603. First Title is authorised by the Prudential Regulation Authority (PRA) and regulated by the Financial Conduct Authority (FCA) and the PRA. Group supervision is also undertaken by the PRA. Further details of First Title's regulation can be found on The Financial Services Register at https://register.fca.org.uk, where First Title has the reference number 202103.

Contact details for the PRA:	20 Moorgate, London, EC2R 6DA
	Telephone: 020 7601 4444
Contact details for the FCA:	12 Endeavour Square, London, E20 1JN
	Telephone: 0800 111 6768 (UK); +44 (0) 20 7066 1000 (abroad)
	consumer.queries@fca.org.uk

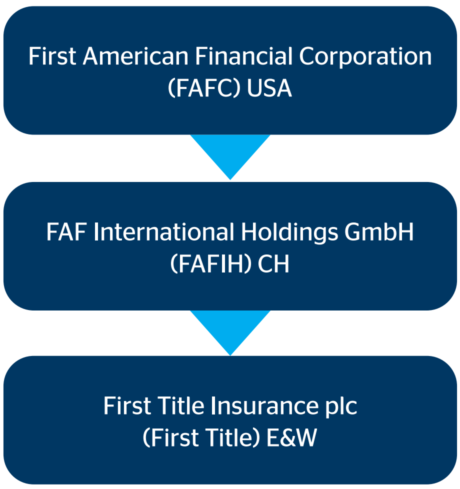
The external auditor for the year ended 31 December 2019 was PricewaterhouseCoopers LLP:

7 More London Riverside, London, SE1 2RD

Telephone: +44 (0) 20 7583 5000

First Title is a wholly owned subsidiary of FAF International Holdings GmbH (FAFIH), a company incorporated in Switzerland. FAFIH is a wholly owned subsidiary of First American Financial Corporation (FAFC). FAFC is a public company incorporated in the United States of America and listed on the New York Stock Exchange (NYSE: FAF).

A simplified group structure identifying where First Title is located within the worldwide group is shown below:



First Title has no subsidiaries or investments in jointly owned entities or associates.

First Title currently issues title indemnity insurance in both the UK and European markets. Title insurance is classified as miscellaneous financial loss business and is a no-fault insurance policy that can protect from a wide range of title risks associated with buying and owning a property. It covers legal expenses and costs in resolving the problem or compensates for loss. First Title used to issue professional indemnity insurance to England & Wales solicitors, but ceased to underwrite this business with effect from 1 October 2015.

There have not been any significant business or other events that have occurred over the reporting period that have had a material impact on First Title.

A.2 Underwriting performance

The tables below analyse the underwriting performance for each of the years 2019 and 2018 into material lines of business and geographical areas.

Profit in 2019 of £0.7m (before investment income and taxation) was a decrease of £2.4m on the prior year, which reflects a decrease in gross premiums earned of £4.0m less the related decrease in costs, being a decrease in the cost of reinsurance £0.2m, in net claims of £0.8m and in operating expenses of £0.6m.

First Title's combined operating ratio, being the ratio of net claims incurred and operating expenses to net premiums earned, increased to 95.4% during 2019 (2018: 84.1%).

2019 - Performance

	General liability insurance (UK) £'000	Miscellaneous financial loss (UK) £'000	Miscellaneous financial loss (Europe ex UK) £'000	Total £'000
Gross premiums earned	-	11,961	4,653	16,614
Reinsurance premium	-	(406)	(140)	(546)
Net premiums earned	-	11,555	4,513	16,068
Gross claims incurred	(35)	483	(1,471)	(1,023)
Reinsurers' share of claims	26	573	1,713	2,312
Net claims incurred	(9)	1,056	242	1,289
Underwriting result	9	10,499	4,271	14,779
Operating expenses				(14,046)
Balance on technical account				733

2018 - Performance

	General liability insurance (UK) £'000	Miscellaneous financial loss (UK) £'000	Miscellaneous financial loss (Europe ex UK) £'000	Total £'000
Gross premiums earned	-	16,130	4,477	20,607
Reinsurance premium	-	(637)	(134)	(771)
Net premiums earned	-	15,493	4,343	19,836
Gross claims incurred	(458)	8,068	167	7,777
Reinsurers' share of claims	457	(5,710)	(448)	(15,701)
Net claims incurred	(1)	2,358	(281)	2,076
Underwriting result	1	13,135	4,624	17,760
Operating expenses				(14,614)
Balance on technical account				3,146

A.3 Investment performance

The investment performance for the year is detailed below, together with the prior year comparative:

	Investment performance 2019 £'000	Investment performance 2018 £'000
Income from corporate bonds	630	630
Income from government bonds	10	19
Income from equities	229	187
Income from other investments	55	46
	924	**882**
Losses on the realisation of investments	(371)	(87)
Less accumulated unrealised losses from prior years	408	48
Profit / (loss) on disposal of investments	**37**	**(39)**
Unrealised gains / (losses) on investments	1,473	(1,535)
Total investment income / (losses)	**2,434**	**(692)**

Investment management expenses included within operating expenses disclosed above in A.2 Underwriting performance were £112,000 during 2019 (2018: £109,000).

It can be confirmed that during 2019, there were no:

- gains or losses on investments recognised directly in equity;
- investments in securitisations; or
- other material items of income and expenses relating to investments which have not been disclosed above.

A.4 Performance of other activities

There was no other material income and no other material expenses incurred in either 2019 or 2018.

Operating expenses in A2 above, include operating lease charges in respect of properties, amounting to £398,000 in 2019 (2018: £383,000). First Title does not have any finance leases.

A.5 Any other information

There is no other material information regarding the business or performance of First Title in 2019 or 2018. However it is worthy of note that pandemic risks have arisen since 31 December 2019 in the form of the virus Covid19. First Title has plans in place to address circumstances such as widespread infectious diseases, helping ensure that First Title can continue to operate largely as normal. There may be an impact on First Title from the general economic shock, potentially reducing demand for First Title's products in the short to medium term, and the value of investments held at 31 December 2019 have fallen in line with the market. Consideration of the impact of market risk on investments is set out in section C.2 below.

First Title is well capitalised to manage such impacts, with a ratio of eligible funds to SCR at 31 December 2019 of 217%, as set out in section E.2 below. Pandemic risks do not impact upon the incidence or quantum of claims arising from title insurance business.

B. System of governance

B.1 General information on the system of governance

First Title is committed to high standards of governance and transparency and has in place a governance structure to support this which the board considers is appropriate for the nature, scale and complexity of the risks inherent in the business. The governance structure has not materially changed during the year.

The board meets at least four times a year, and the executive team meets monthly. In addition, there are a number of committees, each of which has board representation. These committees meet regularly with minutes and reports provided to the board / executive team to assist with oversight, strategic discussions and the maintenance of effective systems and controls.

The following committees have been appointed by, and operate under terms of reference set by, the board to assist them in satisfying their responsibilities:

Committee	Key roles and responsibilities
Audit	To oversee both the internal and external audit activities of First Title, ensuring that these audit activities can be carried out free from interference to maintain independence and objectivity.
Claims	To oversee the management and progress of higher value individual and classes of claims.
Reserving	To oversee the appropriateness of the technical provisions set on a gross and net basis including the review of actuarial reports assessing the best estimate technical provisions.
Risk	To oversee First Title's risk management framework including strategic decisions and policies on risk management; the setting of risk appetite and tolerance; and the identification, measurement, management, monitoring and reporting of risk.
Underwriting	To oversee the underwriting of risk including the development of underwriting guidelines; changes in underwriting criteria and policy wording; the setting of underwriting criteria and limits; and the evaluation of any issues notified by the claims committee.

In addition to the internal control functions listed in B.3, 4, 5 and 6 the following key functions were also identified and in place during the reporting period:

Key function	Key roles and responsibilities
Claims	Undertakes claims handling and panel management of claims for UK and Europe.
Finance	Ensures efficient and timely delivery of relevant and accurate financial and regulatory reporting, as well as the provision of capital and investment management information.
Human resources (HR)	Formulates, develops and implements effective HR strategies, policies and procedures including strategic aspects of change management, training & development, resourcing, plus pay and reward management.
Information technology (IT)	Implementation of IT strategy, and responsibility for development, operations, strategy and project services, delivering efficient and effective IT solutions in all aspects of the business.
Legal	Advising and reporting to the board on changes in legislation, managing projects to implement operational changes.
Underwriting - European	Contributes to the development and implementation of underwriting policy and strategy across European underwriting and business.
Underwriting - UK	Contributes to the development and implementation of underwriting policy and strategy across UK underwriting and business.

Board members are appointed to ensure that First Title has in place a range of skills and competence at its most senior level to ensure there is appropriate scrutiny and good governance.

All key policies are approved by the board. This includes policies to support governance, underwriting performance and the internal control functions.

First Title's remuneration policy applies to all members of staff; it seeks to ensure that good corporate governance is maintained and that:

- First Title is able to attract, develop and retain high-performing and motivated employees;
- employees are offered a competitive and market-aligned remuneration package making fixed salaries a significant remuneration component;
- employees feel encouraged to create sustainable results; and
- goals set for staff are in alignment with First Title's business strategies and long term goals.

Members of staff receive fixed remuneration, determined by the role and position of the individual employee, including professional experience, skills, responsibility, job complexity and local market conditions.

In addition, staff may receive a discretionary performance related payment based upon First Title's financial results and individual performance.

Sales staff may participate in commission schemes, which are set annually on an individual basis with a maximum cap per policy and per year and are designed to encourage individual performance without excessive risk-taking.

Executive directors have specific performance targets based on financial and non-financial metrics which reflect First Title's short and long-term objectives. They are reviewed and approved by FAFC along with overall remuneration packages.

Non-executive directors receive fixed fees and do not receive performance-related remuneration.

Other benefits are awarded on the basis of individual employment contracts and local market practice and may include pension, death in service, private medical insurance and car allowance.

All First Title employees based in the UK are automatically enrolled into the defined contribution group personal pensions plan, the assets of which are held separately from First Title and independently administered.

During the reporting period two directors participated in the First American Financial Corporation 2010 incentive compensation plan which granted them restricted stock units which vest 25% per year over the four years from the date of grant.

First Title's primary reinsurer in respect of the title indemnity insurance line of business is with a subsidiary of FAFC, First American Title Insurance Company (FATIC). There were no other material transactions with shareholders or management during the reporting period.

B.2 Fit and proper requirements

First Title has in place a policy setting out the procedure to be followed to ensure that all relevant employees are assessed as, and remain, fit and proper in the discharge of their functions. The core objectives of the policy are:

- to ensure that the Senior Managers and Certification Regime of the PRA and FCA is complied with;
- to ensure that on appointment, individuals are competent to perform their role and meet with the fit and proper standard;
- to ensure ongoing competency and fitness;
- to provide a basis and process for the identification and notification of any potential, perceived or real conflicts of interest;
- to ensure that all individuals are aware of the policy, and that they are under a duty to report any areas of concern; and
- to ensure the appropriate regulator is notified when changes or amendments are made, or when any regulatory issues arise.

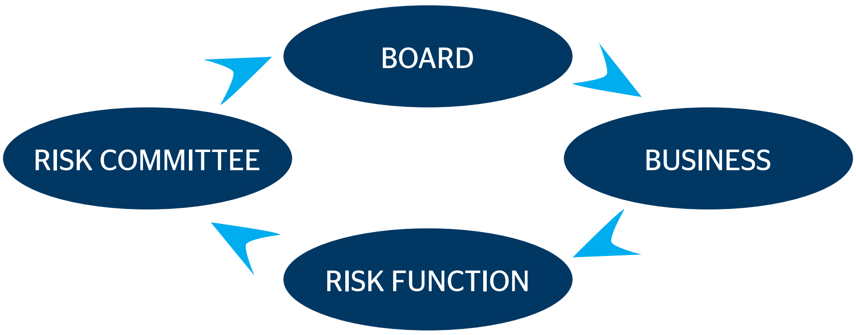
Compliance with the policy is the responsibility of the chief executive officer. In assessing whether or not an approved person or potential approved person is fit and proper their CV will be reviewed and consideration given to their educational and technical qualifications, competence and experience relative to their duties or proposed duties and these will be examined during an in depth interview. Professional, personal and regulatory references will be obtained and reviewed as appropriate. A number of additional searches will be conducted including checks of criminal convictions, disciplinary proceedings, regulatory disqualifications and solvency.

The policy sets out that it is the responsibility of every relevant employee to ensure that they continue to meet the fitness requirements and that First Title will support them in this obligation by providing appropriate training. First Title monitor ongoing compliance through annual declarations, annual conduct checks for regulatory disqualification and repeat criminal record checks on at least a three-year rolling basis.

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

Risk management is embedded within First Title, through a risk management framework, which has been designed and implemented to support strategy, assist stakeholder confidence and to ensure that risk is identified, managed, monitored and controlled as far as it can be. The risk function is also responsible for the production of the Own Risk and Solvency Assessment (ORSA) with the risk management framework used to support this.

The risk management framework also supports the board in the implementation of strategy and the ongoing assessment of this, in the following way:



- Board: Ownership of risk at board level, setting strategic objectives and risk appetite.
- Business: Own the risks within their own areas and are accountable for risk.
- Risk function: Provides support and advice to the business to manage risks. Assists with the embedding and operation of the risk management strategies and policies.
- Risk committee: Assists the board in satisfying their responsibilities in respect of risk.

Risks to First Title are monitored on an ongoing basis, with departments asked to consider any material changes at least quarterly. Reporting by the risk function is carried out and reviewed monthly. Quarterly risk reporting, including risk profile, is completed and provided to the risk committee along with supporting documentation.

Documented policies and procedures are in place in relation to the risk management framework, and the ORSA, with the key policies reviewed and approved by the board.

The ORSA is completed at least annually. It incorporates an assessment of the strategy over the next five-year period and assesses First Title's solvency needs on a best estimate basis and under a number of stressed scenarios. The ORSA also considers whether the risk and capital profile remains appropriate and a review of capital management. Whenever a strategic change is considered, or a prescribed material predefined event occurs, the ORSA will be performed. Pre-defined events include, for example acquisitions, significant new products, reduction of solvency below critical values, significant changes in regulation or a significant governance failure.

As noted in A5 above, pandemic risks have arisen since 31 December 2019 in the form of the virus Covid19. Pandemic risks are not of themselves considered as one of the nine pre-defined events in the First Title ORSA policy and thus no ad hoc ORSA has been undertaken as at the date of this report. However, as there may be an impact on First Title, from the general economic shock, potentially reducing demand for First Title's products in the short to medium term, and given the value of investments held at 31 December 2019 have fallen in line with the market, consideration of the impact of market risk on investments is set out in section C.2 below. The annual ORSA process for 2020 is underway as at the date of this report and stress and scenario testing is being undertaken to include various pandemic scenarios.

The high-level process for the ORSA can be found at appendix A.

B.4 Internal control system

The internal control functions comprising risk, internal audit, compliance and actuarial each have the necessary resources, remit and authority to provide oversight and challenge within First Title. First Title operates the universally recognised three lines of defence model to provide assurance internally, as well as to all external stakeholders. The internal audit function is independent and all other control functions are operationally independent.

Compliance is ultimately the responsibility of all members of staff within the identified control framework, with the ethos of compliance with regulation and good governance communicated by the board. The compliance function is an internal function. It is responsible for providing compliance advice to the business and ensuring regulations are complied with via a cycle of reviews and control checking. The compliance function reports to the board on the outcome of the reviews and makes recommendations to enable compliance with changes to regulatory requirements.

B.5 Internal audit function

Internal audit is outsourced to FAFC who then sub-outsourced this to RSM Risk Assurance Services LLP (RSM) for the audits conducted during 2019. Internal audit reports directly to the audit committee consisting entirely of non-executive directors. The function carries out a cycle of audits, as agreed by the audit committee, following a risk-based approach with focus placed on identified key functions, providing assurance to the board and to the business. To ensure that the independence of internal audit is maintained, internal auditors do not have direct operational responsibility or authority over any of the activities audited. Accordingly, they will not implement internal controls, develop procedures, install systems, prepare records, or engage in any other activity that may impair judgement.

B.6 Actuarial function

The actuarial function is outsourced to Milliman LLP. The actuarial function is overseen by the chief executive officer. Milliman LLP attends various committees, including the reserving committee, throughout the year. The function provides assurance and assistance in relation to claims and reserving, regulatory reporting and the identification and assessment of risk. In addition to the annual reserving report Milliman LLP produce to the board a formal annual actuarial function holder report.

B.7 Outsourcing

In addition to the outsourcing of the internal audit function and the actuarial function the following activities are also considered critical outsourced functions:

Investment management: Arrangements are in place with third party investment managers, Investec Wealth & Investments Ltd, to manage First Title's portfolio of bond and equity investments. This relationship is overseen by the chief financial officer. Investment guidelines are agreed by the board. Management information on investments is reviewed by the board and the risk committee.

Claims handling for England & Wales solicitors' professional indemnity insurance: Arrangements are in place with an external firm of solicitors who provide services to support the day-to-day requirements of claims handling in this area. Formal contractual arrangements are in place, which include mandates, authorisation levels and general expectations when working on behalf of First Title.

B.8 Any other information

There have been no material changes in the system of governance during the reporting period.

Internal audit provides the board with independent assessments of the adequacy of First Title's system of governance. The board considers that First Title's system of governance is appropriate to the size, nature and complexity of the business.

C. Risk profile

First Title's risk profile is regularly reviewed and communicated to the board.

Within the time period of this report there has been no material change in the risk profile of First Title. First Title uses the standard formula to quantify the risk inherent in its business and the solvency capital requirement for First Title for the year ended 31 December 2019 across each of the risk modules is set out at E2 below.

Under the standard formula, title insurance is classified as miscellaneous financial loss business which attracts high premium and reserve rates when calculating the solvency capital requirement compared to other lines of direct insurance business. The board consider that the resultant solvency capital requirement is therefore appropriately prudent when considering the nature of title insurance and the coverage provided to policyholders, such that use of the standard formula is still considered to be appropriate.

First Title's most material risk is underwriting risk, followed by market risk, the combination of which account for the majority of First Title's solvency capital requirement as shown at E2 below. These and other categories of risk are considered below:

C.1 Underwriting risk

Underwriting risk is the risk to First Title of an adverse change in the value of insurance liabilities which could arise from a number of factors including an inadequate assessment or understanding of the risk, incorrect pricing or incorrect reserving assumptions due to a miscalculation of the size or frequency of future claims.

Title insurance is a very specialist line of business. Sums insured are often high and the risks covered are known and existing risks. To manage and mitigate this risk First Title's senior underwriters are highly trained, experienced property professionals. First Title also benefits from the experience of its reinsurance company, FATIC, which has over 125 years' experience in writing title insurance and paying title insurance claims.

To further manage and mitigate risk in this area, First Title has in place the following committees that meet regularly to assist the board in its responsibilities to maintain effective systems, strategies and controls:

- Underwriting committee: Oversees the underwriting of risk, including oversight of development and adherence to underwriting limits and guidelines, reviews significant changes in underwriting criteria, pricing, policy wording and risk coverages.
- Claims committee: Oversees the management and progress of higher value individual and classes of claims.
- Reserving committee: Oversees the appropriateness of the technical provisions (both gross and net) and ensures appropriate reserves are held to cover likely future claim payments.

Information is regularly shared between these committees as well as with the actuarial function.

The chief mitigation for underwriting risk is reinsurance to diminish the impact of large losses. First Title has extensive reinsurance arrangements in place. First Title's primary reinsurance for title insurance business is on a non-proportional treaty / risk attaching basis with FATIC. Ongoing liabilities for the previously underwritten England & Wales solicitors' professional indemnity insurance are covered under both quota share and stop loss treaties with third party reinsurers.

The table below sets out the sensitivity of First Title's profit after tax, net assets and solvency ratio for the reporting period to changes in claims costs as a result of underwriting risk. The assumptions show the effect of an increase or a decrease in claim costs in the year at both a 10% and 20% level, on the basis that there is no change in future management actions, the year-end technical provisions or solvency capital requirement. The effect on First Title's solvency ratio is not material.

Assumptions	Profit after tax £'000	Net assets £'000	Solvency ratio %
Actual 2019 profit and net assets	2,623	28,134	217%
Increase in claims cost of 20%	2,414	27,925	216%
Increase in claims cost of 10%	2,519	28,030	217%
Decrease in claims cost of 10%	2,728	28,239	218%
Decrease in claims cost of 20%	2,832	28,343	219%

C.2 Market risk

Market risk for First Title encompasses the risk of adverse changes in the value of First Title's assets or liabilities as a result of changes in market variables such as interest rates, equity prices and exchange rates. Market risk includes currency risk, being the risk of a loss to First Title arising from changes in currency exchange rates. Market risk also includes concentration risk, which is the increased exposure to losses arising from a single event due to a lack of diversification of invested funds. These risks are managed by investment policies and guidelines designed to ensure investments are made in accordance with the "prudent person principle" such that they are of sufficient security, quality, liquidity and diversity to meet future liabilities and to limit concentration risk exposure. First Title does not invest in derivative products, all investments held are traded on regulated financial markets and cash deposits are held with institutions with appropriate deposit credit ratings.

The table below sets out the sensitivity of First Title's profit after tax, net assets and solvency ratio for the reporting period to changes in the market value of investments at 31 December 2019 on the basis that there is no change in future management actions. As the market values of bond investments are generally less volatile than the market value of equity investments the assumptions are:

- **Scenario 1:** A decrease in the value of bond investments of 5% and of equity and collective investments of 10%;
- **Scenario 2:** A decrease in the value of bond investments of 5% and of equity and collective investments of 20%;
- **Scenario 3:** An increase in the value of bond investments of 5% and of equity and collective investments of 10%;
- **Scenario 4:** An increase in the value of bond investments of 5% and of equity and collective investments of 20%.

Assumptions	Profit after tax £'000	Net assets £'000	Solvency ratio %
Actual 2019 profit and net assets	2,623	28,134	217%
Scenario 1	1,187	26,689	208%
Scenario 2	477	25,988	204%
Scenario 3	4,068	29,579	227%
Scenario 4	4,769	30,280	229%

C.3 Credit and counterparty default risk

Credit and counterparty default risk is the risk of loss, or of adverse change in the financial situation of First Title, resulting from fluctuations in the credit standard of issuers of securities, counterparties and any debtors to which First Title is exposed. This risk also includes the risk that a counterparty defaults on payments due under the terms of arrangements in place. First Title's two main risks in this area, and mitigation thereof are:

- the default of credit institutions holding First Title's cash deposits, this is mitigated by investment guidelines and policies that limit the amount held by any one institution and ensure each institution is of adequate financial standing; and
- the default of reinsurers, this is mitigated by ensuring that the reinsurers are of adequate financial standing and that amounts due are settled promptly in accordance with contractual terms.

Management information is provided to the board monthly and monitored on a regular basis.

C.4 Liquidity risk

Liquidity risk is the risk that First Title is unable to realise investments and other assets in order to settle its financial obligations when they fall due. First Title mitigates this risk through investment guidelines that are designed to ensure sufficiently liquid assets are always available to ensure any urgent need that arises can be met and it is noted that as at 31 December 2019 cash and cash equivalents exceeded the SCR. This mitigation is further supported by the reinsurance arrangements that are in place especially in respect of large claims which limits the obligations that have to be funded from First Title's investments and other assets. First Title does not recognise any expected profit included in future premiums and therefore the settlement of these amounts does not contribute to liquidity risk for First Title.

C.5 Operational risk

Operational risk is the risk to First Title of loss, resulting from inadequate or failed internal processes, people and systems or from external events. Risks are mitigated through ensuring the existence of up-to-date documented policies and procedures for all key operational areas, staff training, regular performance reviews, internal audit and other independent reviews such as ISO certification audits.

Pandemic risks have arisen since the end of the year ended 31 December 2019. First Title has long had detailed plans in place to address circumstances such as widespread infectious diseases.

C.6 Other material risks

In addition to the risk categories above, First Title also monitors, manages and controls;

- conduct risk, the risk that the behaviour of First Title either collectively or by individuals will result in poor outcomes for customers or the market;
- group risk, the risk that First Title may be adversely affected by its relationships with other entities within the same group or by risks which may affect the group as a whole;
- reputational risk, the risk to First Title through deterioration of its reputation or standing due to negative perception of First Title, its group or associated companies, among customers, the market and its shareholders; and
- strategic risk, the risk to current and prospective earnings or capital for First Title arising from adverse business decisions, a failure to identify key opportunities, improper implementation of decisions or lack of responsiveness to industry changes.

C.7 Any other information

First Title is fully aware of the potential risks to the business and believes it has the appropriate controls in place to mitigate them. In addition, the risk management framework is used to identify these areas of risk and any potential areas of risk. These are also subjected to rigorous stress and scenario testing. Testing is carried out on a forward-looking basis incorporating any future strategy and projected financial data. This data is then stressed to reflect a variety of potential adverse scenarios and business challenges which the business may face. Factors applied to the data are considered severe but potentially realistic. Testing completed has provided assurance to the board that First Title is well managed and capitalised to deal with significant events that may occur over the next five years based on the scenarios considered and the board do not consider there to be any reasonable foreseeable risk of non-compliance with First Title's MCR or SCR.

D. Valuation for solvency purposes

First Title's balance sheet is summarised below detailing the values of assets and liabilities on both Solvency II and statutory accounting bases.

As at 31 December 2019	Solvency II value £'000	Statutory accounting value £'000
Total assets (excluding reinsurance recoveries on technical provisions)	45,089	45,130
Net technical provisions	(12,508)	(13,919)
Liabilities other than technical provisions	**(3,317)**	**(3,077)**
Total eligible own funds / net assets	**29,264**	**28,134**

The Solvency II balance sheet has been calculated in accordance with Directive 2009/138/EC of the European Parliament and of the Council (the Solvency II Directive), specifically Articles 75 to 86 of the Solvency II Directive text.

The statutory accounting balance sheet, has been calculated in accordance with UK accounting standards including FRS 102, 'The financial reporting standard applicable in the United Kingdom and the Republic of Ireland' and FRS 103, 'Insurance Contracts'.

The approach and assumptions applied to the valuation of the balance sheet items have not changed during the year.

D.1 Assets

The following table analyses First Title's total assets (excluding reinsurance recoveries on technical provisions) as at 31 December 2019:

As at 31 December 2019	Solvency II value £'000	Statutory accounting value £'000
Property, plant and equipment	-	55
Deferred tax asset	-	25
Government bonds	1,028	1,328
Corporate bonds	17,575	17,050
Listed equities	3,410	3,410
Collective investment undertakings	5,243	5,243
Debtors	1,949	2,160
Cash and cash equivalents	15,884	15,859
Total assets (excluding reinsurance recoveries on technical provisions)	**45,089**	**45,130**

Property, plant and equipment

Property, plant and equipment relates to leasehold improvements which under Solvency II are valued at £nil. For statutory accounting, these are stated at the historic purchase cost less accumulated depreciation. Depreciation is calculated to write off the costs on a straight-line basis over the life of the asset, which for leasehold improvements is the length of the lease.

Government and corporate bonds

Both government bonds and corporate bonds are held at fair value, being at quoted market price in active markets for identical assets for both Solvency II and statutory accounts.

For Solvency II accrued interest on the bond investments held at 31 December 2019 is included within the value of the bond investments held, but for statutory accounts, the accrued interest is included within debtors.

Equity investments

Equity investments are held at fair value, being at quoted market price in active markets for identical assets. The equity investments are valued on the same basis for Solvency II and statutory accounts.

Debtors

Debtors represent amounts due to First Title less any provisions made for irrecoverable balances, the amount of such provisions being immaterial at the year-end.

As noted above, for statutory accounts, interest due to First Title on the bond investments held is included in debtors whereas for Solvency II it is included in the value of government and corporate bonds.

Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less. For Solvency II euro denominated amounts are translated into the reporting currency as at the rate advised by the Prudential Regulation Authority, which was slightly different to the rate used for the statutory accounts resulting in an immaterial difference in the table above.

D.2 Technical provisions

The net technical provisions represent the current expected cost of insurance liabilities as at 31 December 2019.

As at 31 December 2019	Solvency II value £'000	Statutory accounting value £'000
Gross insurance technical provisions	25,113	31,063
Reinsurers' share of technical provisions	(14,198)	(17,144)
Risk margin	1,593	-
Net technical provisions	**12,508**	**13,919**

For Solvency II the net technical provisions comprise of the gross best estimate technical provisions less the reinsurers' share of those technical provisions plus a risk margin. These are apportioned across the classes of business identified by Solvency II as follows:

2019 - Solvency II value

	General liability insurance £'000	Miscellaneous financial loss £'000	Total £'000
Gross best estimate technical provisions	1,508	23,605	25,113
Reinsurers' share of technical provisions	(1,110)	(13,088)	(14,198)
Best estimate liabilities net of reinsurance	398	10,517	10,915
Risk margin	35	1,558	1,593
Net technical provisions	433	12,075	12,508

The gross best estimate technical provisions and reinsurers' share of technical provisions represent the discounted cash flows of the undiscounted claims provisions as calculated by the actuarial function and reviewed by the board and executive team. Standard actuarial techniques such as the basic chain ladder, the expected loss ratio and the Bornhuetter-Ferguson methods were used to model the undiscounted claims provisions. The key assumptions used in the calculation of the provisions, which are unchanged from the prior year, were the loss development factors (derived from historical data and expert judgement), consideration of events not in data and estimation of costs associated with the run-off of policies in force at the balance sheet date. First Title does not recognise any expected profit included in future premiums and does not hold an unearned premium reserve.

As noted above title insurance, classified as miscellaneous financial loss business, is a no-fault insurance policy that can protect from a wide range of title risks associated with buying and owning a property. Risks in relation to this line of business are generally known at the point the policy is issued and are not materially affected by subsequent environmental events for example. Uncertainty is therefore primarily due to whether or not the known title risk results in a claim and if so the quantum of that claim. Title insurance claim liabilities have tended to be long-tailed, meaning that it often takes several years for all the claims arising from an underwriting year to be notified and for them then to be settled and paid. Therefore many years of historical experience are needed to provide a sound basis for the projection of future claims development.

The technical provisions in relation to general liability insurance relate to England & Wales solicitors' professional indemnity insurance which the board of First Title decided to cease writing with effect from 1 October 2015. This line of business is therefore in run-off and uncertainty in relation to technical provisions will continue to reduce in the year ahead as known claims are resolved, although it remains possible that a large claim could still arise from policies already written.

First Title's chief mitigation for underwriting risk is reinsurance to guard against large losses. The main reinsurance for the miscellaneous financial loss line of business is with a subsidiary of FAFC, FATIC on a non-proportional treaty / risk-attaching basis. For the general liability insurance line of business it is with Greenlight Reinsurance (Ireland) Limited or Greenlight Reinsurance Ireland, DAC on both a quota share and stop loss basis.

The required risk margin has been calculated in accordance with risk margin methodology 3 as per guideline 62 within the European Insurance and Occupational Pensions Authority "Guidelines on the valuation of technical provisions". The risk margin is calculated as the amount of capital needed to support the solvency capital ratio over the lifetime of the business.

First Title has not used any simplifications in the calculation of its technical provisions.

First Title does not apply the matching adjustment referred to in Article 77b of the Solvency II Directive.

First Title does not use the volatility adjustment referred to in Article 77d of the Solvency II Directive.

First Title does not apply the risk-free interest rate-term structure referred to in Article 308c of the Solvency II Directive.

First Title does not apply the transitional deduction referred to in Article 308d of the Solvency II Directive.

For statutory accounts the net technical provisions are calculated in accordance with UK accounting standards and comprise the gross insurance technical provisions less the reinsurers' share of those technical provisions. These are apportioned across the classes of business as follows:

2019 - Statutory accounts value

	General liability insurance £'000	Miscellaneous financial loss £'000	Total £'000
Gross insurance technical provisions	2,511	28,552	31,063
Reinsurers' share of technical provisions	(1,865)	(15,279)	(17,144)
Insurance liabilities net of reinsurance	646	13,273	13,919

Gross insurance technical provisions are held at the year-end for the estimated cost of claims incurred but not settled at the balance sheet date, including the cost of claims incurred but not yet reported (IBNR) to First Title. The estimated cost of claims includes expenses to be incurred in settling claims and a deduction for the expected value of salvage and other recoveries. First Title takes all reasonable steps to ensure that it has appropriate information regarding its claims exposures, and the IBNR provision is based upon the historical experience of First Title as well as consideration of sums insured and other factors as appropriate. However, given the uncertainty in establishing claims provisions, it is likely that the final outcome will prove to be different from the original liability established. The estimation of IBNR is generally subject to a greater degree of uncertainty than the estimation of the cost of settling claims already notified to First Title, where more information about the claim event is available. Claims IBNR may often not be apparent to First Title until many years after the claim event has arisen.

Where possible, First Title adopts multiple techniques to estimate the required level of these gross insurance technical provisions. This assists in giving greater understanding of the trends inherent in the data being projected. The projections given by the various methodologies also assist in setting the range of possible outcomes. The most appropriate estimation technique is selected taking into account the characteristics of the business class and the extent of the development of each year of claim.

Gross insurance technical provisions are calculated at present value, not discounted and exclude reinsurance recoveries. A separate estimate is made of the amounts that will be recoverable from reinsurers based on these gross insurance technical provisions.

D.3 Other liabilities

As at 31 December 2019	Solvency II value £'000	Statutory accounting value £'000
Deferred tax liabilities	240	-
Taxation and social security	670	670
Insurance & intermediaries payable	382	382
Amounts owed to other group companies	2,025	2,025
Total Liabilities (excluding technical provisions)	**3,317**	**3,077**

Deferred tax liability

The deferred tax liability arises primarily as a result of the best estimate technical provisions included for Solvency II being lower in value than the technical provisions recognised in the statutory accounts.

Other liabilities

These represent amounts payable relating to tax arising on business written and profits earned, insurance liabilities payable, amounts owed to reinsurers and amounts owed to other companies within the group for services performed for First Title. These are all valued on the same basis for both Solvency II and statutory accounts as their amortised historical cost is not materially different to their fair value.

D.4 Alternative method for valuation

First Title does not use an alternative method for valuation.

D.5 Any other information

There is no other material information regarding the valuation of assets or liabilities for solvency purposes.

E. Capital management

The standard formula has been adopted for calculation of the capital position in accordance with the Solvency II Directive and the board considers that there was more than sufficient solvency capital for the business. The board maintains adequate eligible funds in excess of the solvency capital requirement to meet its business objectives. First Title's business objectives are set quantitatively and qualitatively by the board annually on a forward-looking five-year basis. The five year plan is tested using plausible scenarios and circumstances, identifying potential business stresses and so ensuring that adequate eligible funds in excess of the SCR are maintained.

Current eligible own funds, SCR and risks to the business are monitored by the executive team on a monthly basis and by the board quarterly, to identify any material variances which may necessitate a review of that five year plan.

E.1 Own funds

Set out below is a table showing a reconciliation between the excess of assets over liabilities and equity shown in First Title's statutory accounts compared to total eligible own funds shown in the Solvency II balance sheet as at 31 December 2019.

	As at 31 December 2019 £'000
Excess of assets over liabilities and equity within the statutory accounts	25,657
Leasehold improvements valued at nil for Solvency II	(56)
Decrease in value of net technical provisions for Solvency II	1,412
Change in deferred tax reflecting Solvency II adjustments	(265)
Other small valuation differences	39
Excess of assets over liabilities and equity on a Solvency II basis	**26,787**
Tier 1 share capital	2,477
Total Solvency II eligible own funds	**29,264**

Own funds as at 31 December 2019, and throughout the year, were comprised solely of tier 1 unrestricted amounts classified as basic own funds. Share capital relates wholly to ordinary paid up share capital. There is therefore no difference between own funds and basic own funds and these were as follows over the reporting period:

	As at 31 December 2019 £'000	As at 31 December 2018 £'000
Ordinary share capital	2,477	2,477
Reconciliation reserve	26,787	28,114
Total eligible own funds for Solvency II	**29,264**	**30,591**

The reconciliation reserve is dependent upon both underwriting performance and investment performance. With regard to underwriting performance volatility is managed through underwriting risk mitigation as set out in C1 above, including extensive reinsurance arrangements. Investment performance volatility is managed through investment policies and guidelines as more fully set out in C2 above. At 31 December 2019 First Title held cash balances in excess of the SCR to ensure that liquid assets were available to meet liabilities as they fall due.

First Title paid a dividend of £3,669,000 during 2019. First Title has no plans to raise additional finance or issue new shares in the short or medium term.

E.2 Solvency capital requirement and minimum capital requirement

The solvency capital requirement for First Title and the change to the capital requirement over the reporting period are detailed as follows:

	As at 31 December 2019 £'000	As at 31 December 2018 £'000
Underwriting risk	10,169	11,134
Market risk	4,766	3,570
Counterparty default risk	1,243	1,524
Diversification benefit	(3,235)	(2,865)
Basic solvency capital requirement	**12,943**	**13,363**
Operational risk	753	797
Loss-absorbing capacity of deferred taxes	(240)	(236)
Solvency capital requirement	**13,456**	**13,924**

The minimum capital requirement is calculated as a percentage of the technical provisions at the balance sheet date net of reinsurance recoveries and the net premiums over the previous 12 month period. It can be no more than 45% of the SCR and no less than the highest of 25% of the SCR and €3.7m for First Title. The own funds and capital requirements over the reporting period are detailed as follows:

	As at 31 December 2019 £'000	As at 31 December 2018 £'000
Eligible own funds to cover the SCR and MCR	29,264	30,591
SCR	13,456	13,924
MCR	3,957	4,328
Ratio of eligible own funds to SCR	217%	220%
Ratio of eligible own funds to MCR	740%	707%

First Title applies simplification method 3 as per TP.5.32 of the technical specifications for calculation of the Risk Margin. First Title does not use undertaking specific parameters in the calculation of the SCR.

The material movements in capital requirements in the year 31 December 2019 are detailed below.

Underwriting risk

The decrease in the underwriting risk element of the SCR reflects a decrease in net premiums earned during the year, which were down by 19%. This was partially offset by the increase in net technical provisions for Solvency II, which increased by 6% during the year.

Market risk

The increase in market risk is primarily due to the increase in the value of investments held.

Counterparty default risk.

The decrease in counterparty default risk is as a result of the decrease in the debtors and reinsurers' share of technical provisions.

E.3 Use of the duration-based equity risk sub-module in the calculation of the solvency capital requirement

First Title does not use 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

First Title does not use an internal model.

E.5 Non-compliance with the minimum capital requirement and non-compliance with the solvency capital requirement

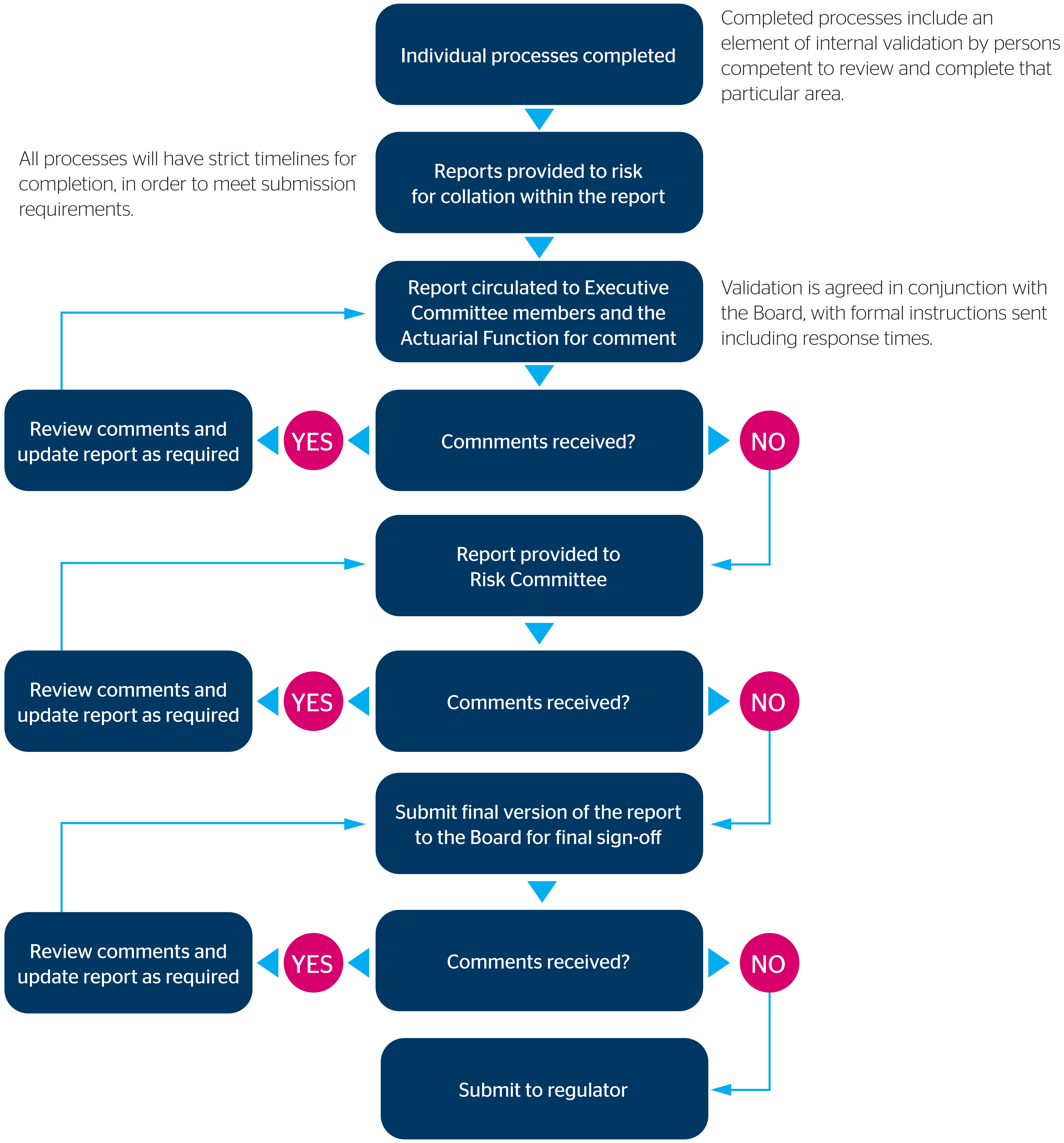
First Title evaluated its capital requirement both in relation to that required as per the standard formula and as per that indicated as a result of the ORSA, including stress and scenario testing. As a result of these measures, First Title has maintained sufficient capital to adhere to both the SCR and MCR requirements as well as maintaining an additional margin of capital to ensure compliance is continued in the event of a deterioration in claims, assets or business profitability.

E.6 Any other information

First Title can confirm that:

- there are no restrictions on the transferability of own funds within the insurer;
- that no transitional provisions are being used for calculating own funds; and
- the SCR is not subject to supervisory assessment.

Appendix A - high level process flow for the ORSA



Glossary

Term	Description
Basic Own Funds	Eligible own funds that generally consist of balance sheet amounts but which exclude ancillary own funds which require regulatory approval.
Best Estimate	The expected present value of future cash flows for an insurer's insurance obligations, calculated using best estimate assumptions projected over the insurance contracts' run-off period.
EIOPA	European Insurance and Occupational Pensions Authority
Eligible Own Funds	Capital available to cover the solvency capital requirement and minimum capital requirement, calculated on a Solvency II basis. This can include the excess of assets over liabilities on the balance sheet and subordinated liabilities.
FAFC	First American Financial Corporation, the ultimate parent company of First Title, based in the USA
FATIC	First American Title Insurance Company, a subsidiary of FAFC and the main provider of reinsurance to First Title
FCA	Financial Conduct Authority
FAFIH	FAF International Holdings GmbH, the immediate parent company of First Title, based in Switzerland
First Title	First Title Insurance plc, a UK regulated insurer providing title indemnity insurance to the UK and European markets
IBNR	Incurred but not yet reported; reserves that are established for claim events that have materialised, but have not as yet been reported to the insurer.
Net Technical Provisions	Technical provisions calculated net of reinsurance.
NYSE	New York Stock Exchange
MCR	Minimum capital requirement: the minimum amount of capital that an insurer needs to hold to cover its risks under the Solvency II framework, failing which it is likely that the regulator will withdraw the insurer's authorisation.
ORSA	Own risk and solvency assessment, an internal process undertaken by insurers and reinsurers to assess their overall solvency needs taking into account their specific risk profile and to identify, assess, monitor, manage and report the short and long term risks faced
PRA	Prudential Regulation Authority
Risk Margin	The amount an insurance company would require, over and above the best estimate liabilities, to take over and meet the whole portfolio of insurance obligations.
SCR	Solvency capital requirement: the amount of capital the regulator requires an insurer to hold to meet the requirements of the Solvency II regulatory framework. The calculation of the SCR is designed to ensure that all quantifiable risks are taken into account with the amount established covering existing business as well as new business expected over the course of a twelve month period.
Solvency II	A European Union Directive setting out a single set of prudential and supervisory requirements for almost all European insurance and reinsurance companies. Solvency II came into force in January 2016.
Standard Formula	The methodology used by a firm to calculate its SCR as prescribed by the EIOPA. Alternatively firms may use an internal model.
Subordinated Liabilities	Loans or security that ranks below other loans and securities, when assessing claims on an insurer's assets or earnings.
Technical Provisions	The aggregate of the best estimate liabilities plus the risk margin, representing the amount an insurance company would require to take over and meet the whole portfolio of insurance obligations.

Financial Data

S.02.01.02 - Balance sheet

		Solvency II value
		C0010
Assets		
Intangible assets	R0030	
Deferred tax assets	R0040	
Pension benefit surplus	R0050	
Property, plant & equipment held for own use	R0060	
Investments (other than assets held for index-linked and unit-linked contracts)	R0070	27,256
Property (other than for own use)	R0080	
Holdings in related undertakings, including participations	R0090	
Equities	R0100	3,410
Equities - listed	R0110	3,410
Equities - unlisted	R0120	
Bonds	R0130	18,603
Government Bonds	R0140	1,028
Corporate Bonds	R0150	17,575
Structured notes	R0160	
Collateralised securities	R0170	
Collective Investments Undertakings	R0180	5,243
Derivatives	R0190	
Deposits other than cash equivalents	R0200	
Other investments	R0210	
Assets held for index-linked and unit-linked contracts	R0220	
Loans and mortgages	R0230	
Loans on policies	R0240	
Loans and mortgages to individuals	R0250	
Other loans and mortgages	R0260	
Reinsurance recoverables from:	R0270	14,198
Non-life and health similar to non-life	R0280	14,198
Non-life excluding health	R0290	14,198
Health similar to non-life	R0300	
Life and health similar to life, excluding health and index-linked and unit-linked	R0310	
Health similar to life	R0320	
Life excluding health and index-linked and unit-linked	R0330	
Life index-linked and unit-linked	R0340	
Deposits to cedants	R0350	
Insurance and intermediaries receivables	R0360	1,872
Reinsurance receivables	R0370	61
Receivables (trade, not insurance)	R0380	15
Own shares (held directly)	R0390	
Amounts due in respect of own fund items or initial fund called up but not yet paid in	R0400	
Cash and cash equivalents	R0410	15,884
Any other assets, not elsewhere shown	R0420	
Total assets	R0500	59,287
Liabilities		
Technical provisions – non-life	R0510	26,705
Technical provisions – non-life (excluding health)	R0520	26,705
Technical provisions calculated as a whole	R0530	
Best Estimate	R0540	25,113
Risk margin	R0550	1,592
Technical provisions - health (similar to non-life)	R0560	
Technical provisions calculated as a whole	R0570	
Best Estimate	R0580	
Risk margin	R0590	
Technical provisions - life (excluding index-linked and unit-linked)	R0600	
Technical provisions - health (similar to life)	R0610	
Technical provisions calculated as a whole	R0620	
Best Estimate	R0630	
Risk margin	R0640	
Technical provisions – life (excluding health and index-linked and unit-linked)	R0650	
Technical provisions calculated as a whole	R0660	
Best Estimate	R0670	
Risk margin	R0680	
Technical provisions – index-linked and unit-linked	R0690	
Technical provisions calculated as a whole	R0700	
Best Estimate	R0710	
Risk margin	R0720	
Contingent liabilities	R0740	
Provisions other than technical provisions	R0750	670
Pension benefit obligations	R0760	
Deposits from reinsurers	R0770	
Deferred tax liabilities	R0780	240
Derivatives	R0790	
Debts owed to credit institutions	R0800	
Financial liabilities other than debts owed to credit institutions	R0810	
Insurance & intermediaries payables	R0820	382
Reinsurance payables	R0830	1,080
Payables (trade, not insurance)	R0840	
Subordinated liabilities	R0850	
Subordinated liabilities not in Basic Own Funds	R0860	
Subordinated liabilities in Basic Own Funds	R0870	
Any other liabilities, not elsewhere shown	R0880	946
Total liabilities	R0900	30,023
Excess of assets over liabilities	R1000	29,264

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

		Line of Business for: non-life insurance and reinsurance obligations (direct business and accepted proportional reinsurance)												Line of business for: accepted non-proportional reinsurance				Total
		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	Health	Casualty	Marine, aviation, transport	Property	
		C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0120	C0130	C0140	C0150	C0160	C0200
Premiums written																		
Gross - Direct Business	R0110												16,612					16,612
Gross - Proportional reinsurance accepted	R0120																	
Gross - Non-proportional reinsurance accepted	R0130																	
Reinsurers' share	R0140												546					546
Net	R0200												16,066					16,066
Premiums earned																		
Gross - Direct Business	R0210												16,614					16,614
Gross - Proportional reinsurance accepted	R0220																	
Gross - Non-proportional reinsurance accepted	R0230																	
Reinsurers' share	R0240												546					546
Net	R0300												16,068					16,068
Claims incurred																		
Gross - Direct Business	R0310								-35				-979					-1,013
Gross - Proportional reinsurance accepted	R0320												-9					-9
Gross - Non-proportional reinsurance accepted	R0330																	
Reinsurers' share	R0340								-26				-2,287					-2,313
Net	R0400								-9				1,299					1,290
Changes in other technical provisions																		
Gross - Direct Business	R0410																	
Gross - Proportional reinsurance accepted	R0420																	
Gross - Non- proportional reinsurance accepted	R0430																	
Reinsurers'share	R0440																	
Net	R0500																	
Expenses incurred	R0550								2				8,359					8,361
Other expenses	R1200																	5,674
Total expenses	R1300																	14,035

S.05.02.01 - Premiums, claims and expenses by country

all amounts shown in thousands

		Home country	Top 5 countries (by amount of gross premiums written) - non-life obligations					Total Top 5 and home country
		C0010	C0020	C0030	C0040	C0050	C0060	C0070
	R0010		POLAND	GERMANY	CZECH REPUBLIC	HUNGARY	ROMANIA	
		C0080	C0090	C0100	C0110	C0120	C0130	C0140
Premiums written								
Gross - Direct Business	R0110	11,959	2,922	564	560	229	153	16,386
Gross - Proportional reinsurance accepted	R0120							
Gross - Non-proportional reinsurance accepted	R0130							
Reinsurers' share	R0140	406	88	17	17	7	5	539
Net	R0200	11,553	2,834	547	544	222	148	15,847
Premiums earned								
Gross - Direct Business	R0210	11,961	2,922	564	560	229	153	16,388
Gross - Proportional reinsurance accepted	R0220							
Gross - Non-proportional reinsurance accepted	R0230							
Reinsurers' share	R0240	406	88	17	17	7	5	539
Net	R0300	11,555	2,834	547	544	222	148	15,849
Claims incurred								
Gross - Direct Business	R0310	448	265	55	47	18	-1,721	-889
Gross - Proportional reinsurance accepted	R0320							
Gross - Non-proportional reinsurance accepted	R0330							
Reinsurers' share	R0340	-599	60	9	9	3	-1,725	-2,243
Net	R0400	1,047	204	46	38	15	4	1,354
Changes in other technical provisions								
Gross - Direct Business	R0410							
Gross - Proportional reinsurance accepted	R0420							
Gross - Non-proportional reinsurance accepted	R0430							
Reinsurers' share	R0440							
Net	R0500							
Expenses incurred	R0550	5,383	1,347	887	265	112	76	8,071
Other expenses	R1200							5,674
Total expenses	R1300							13,745

S.17.01.02 - Non-Life Technical Provisions

all amounts shown in thousands

		Direct business and accepted proportional reinsurance												Accepted non-proportional reinsurance				
		Medical expense insurance	Income protection insurance	Workers' compensation insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance	Legal expenses insurance	Assistance	Miscellaneous financial loss	Non-proportional health reinsurance	Non-proportional casualty reinsurance	Non-proportional marine, aviation and transport reinsurance	Non-proportional property reinsurance	Total Non-Life obligation
		C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0120	C0130	C0140	C0150	C0160	C0170	C0180
Technical provisions calculated as a whole	R0010																	
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	R0050																	
Technical provisions calculated as a sum of BE and RM																		
Best estimate																		
Premium provisions																		
Gross - Total	R0060																	
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0140																	
Net Best Estimate of Premium Provisions	R0150																	
Claims provisions																		
Gross - Total	R0160								1,508				23,605					25,113
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0240								1,110				13,088					14,198
Net Best Estimate of Claims Provisions	R0250								398				10,517					10,915
Total Best estimate - gross	R0260								1,508				23,605					25,113
Total Best estimate - net	R0270								398				10,517					10,915
Risk margin	R0280								34				1,558					1,592
Amount of the transitional on Technical Provisions																		
TP as a whole	R0290																	
Best estimate	R0300																	
Risk margin	R0310																	
Technical provisions - total																		
Technical provisions - total	R0320								1,542				25,163					26,705
Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total	R0330								1,110				13,088					14,198
Technical provisions minus recoverables from reinsurance/SPV and Finite Re- total	R0340								433				12,075					12,508

S.19.01.21 -Non-life insurance claims

all amounts shown in thousands

Total Non-Life Business

Accident year / Underwriting year	Z0010	Underwriting year

Gross Claims Paid (non-cumulative)

	Year	Development year (absolute amount)											In Current year	Sum of years (cumulative)
		0	1	2	3	4	5	6	7	8	9	10 & +		
		C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0170	C0180
Prior	R0100											705	705	705
N-9	R0160	16	101	509	77	119	415	-201	568	815	-1,006		-1,006	1,412
N-8	R0170	23	556	1,234	135	749	403	176	15	7			7	3,298
N-7	R0180	11	289	555	719	420	154	142	6				6	2,295
N-6	R0190	14	654	883	589	2,421	1,294	96					96	5,950
N-5	R0200	76	1,196	1,873	3,421	1,840	702						702	9,108
N-4	R0210	38	80	200	608	534							534	1,460
N-3	R0220	63	176	236	319								319	793
N-2	R0230	31	105	109									109	246
N-1	R0240	4	65										65	69
N	R0250	5											5	5
Total	R0260												1,542	25,342

Gross undiscounted Best Estimate Claims Provisions

	Year	Development year (absolute amount)											Year end (discounted data)
		0	1	2	3	4	5	6	7	8	9	10 & +	
		C0200	C0210	C0220	C0230	C0240	C0250	C0260	C0270	C0280	C0290	C0300	C0360
Prior	R0100											6,098	6,107
N-9	R0160							1,013	1,706	563	482		475
N-8	R0170						1,892	1,416	981	1,026			1,003
N-7	R0180					1,426	1,324	865	859				837
N-6	R0190				2,855	2,283	1,229	1,158					1,127
N-5	R0200			4,213	6,180	9,291	8,316						8,232
N-4	R0210		1,247	1,331	908	876							848
N-3	R0220	1,473	1,275	1,072	1,178								1,138
N-2	R0230	1,753	1,672	1,533									1,486
N-1	R0240	2,244	2,095										2,039
N	R0250	1,876											1,821
Total	R0260												25,113

S.23.01.01 - Own funds

all amounts shown in thousands

		Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
		C0010	C0020	C0030	C0040	C0050
Basic own funds before deduction for participations in other financial sector as foreseen in article 68 of Delegated Regulation 2015/35						
Ordinary share capital (gross of own shares)	R0010	2,477	2,477			
Share premium account related to ordinary share capital	R0030					
Initial funds, members' contributions or the equivalent basic own - fund item for mutual and mutual-type undertakings	R0040					
Subordinated mutual member accounts	R0050					
Surplus funds	R0070					
Preference shares	R0090					
Share premium account related to preference shares	R0110					
Reconciliation reserve	R0130	26,788	26,788			
Subordinated liabilities	R0140					
An amount equal to the value of net deferred tax assets	R0160					
Other own fund items approved by the supervisory authority as basic own funds not specified above	R0180					
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds						
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds	R0220					
Deductions						
Deductions for participations in financial and credit institutions	R0230					
Total basic own funds after deductions	R0290	29,264	29,264			
Ancillary own funds						
Unpaid and uncalled ordinary share capital callable on demand	R0300					
Unpaid and uncalled initial funds, members' contributions or the equivalent basic own fund item for mutual and mutual - type undertakings, callable on demand	R0310					
Unpaid and uncalled preference shares callable on demand	R0320					
A legally binding commitment to subscribe and pay for subordinated liabilities on demand	R0330					
Letters of credit and guarantees under Article 96(2) of the Directive 2009/138/EC	R0340					
Letters of credit and guarantees other than under Article 96(2) of the Directive 2009/138/EC	R0350					
Supplementary members calls under first subparagraph of Article 96(3) of the Directive 2009/138/EC	R0360					
Supplementary members calls - other than under first subparagraph of Article 96(3) of the Directive 2009/138/EC	R0370					
Other ancillary own funds	R0390					
Total ancillary own funds	R0400					
Available and eligible own funds						
Total available own funds to meet the SCR	R0500	29,264	29,264			
Total available own funds to meet the MCR	R0510	29,264	29,264			
Total eligible own funds to meet the SCR	R0540	29,264	29,264			
Total eligible own funds to meet the MCR	R0550	29,264	29,264			
SCR	R0580	13,456				
MCR	R0600	3,957				
Ratio of Eligible own funds to SCR	R0620	217.48%				
Ratio of Eligible own funds to MCR	R0640	739.51%				

		C0060
Reconciliation reserve		
Excess of assets over liabilities	R0700	29,264
Own shares (held directly and indirectly)	R0710	
Foreseeable dividends, distributions and charges	R0720	
Other basic own fund items	R0730	2,477
Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	R0740	
Reconciliation reserve	R0760	26,788
Expected profits		
Expected profits included in future premiums (EPIFP) - Life business	R0770	
Expected profits included in future premiums (EPIFP) - Non-life business	R0780	
Total Expected profits included in future premiums (EPIFP)	R0790	

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

all amounts shown in thousands

		Gross solvency capital requirement	USP	Simplifications
		C0110	C0090	C0100
Market risk	R0010	4,766		
Counterparty default risk	R0020	1,243		
Life underwriting risk	R0030			
Health underwriting risk	R0040			
Non-life underwriting risk	R0050	10,169		
Diversification	R0060	-3,236		
Intangible asset risk	R0070			
Basic Solvency Capital Requirement	R0100	12,942		

Calculation of Solvency Capital Requirement		C0100
Operational risk	R0130	753
Loss-absorbing capacity of technical provisions	R0140	
Loss-absorbing capacity of deferred taxes	R0150	-240
Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC	R0160	
Solvency Capital Requirement excluding capital add-on	R0200	13,456
Capital add-on already set	R0210	
Solvency capital requirement	R0220	13,456

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

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

all amounts shown in thousands

Linear formula component for non-life insurance and reinsurance obligations

		C0010
MCR_{NL} Result	R0010	3,957

		Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance) written premiums in the last 12 months
		C0020	C0030
Medical expense insurance and proportional reinsurance	R0020		
Income protection insurance and proportional reinsurance	R0030		
Workers' compensation insurance and proportional reinsurance	R0040		
Motor vehicle liability insurance and proportional reinsurance	R0050		
Other motor insurance and proportional reinsurance	R0060		
Marine, aviation and transport insurance and proportional reinsurance	R0070		
Fire and other damage to property insurance and proportional reinsurance	R0080		
General liability insurance and proportional reinsurance	R0090	398	
Credit and suretyship insurance and proportional reinsurance	R0100		
Legal expenses insurance and proportional reinsurance	R0110		
Assistance and proportional reinsurance	R0120		
Miscellaneous financial loss insurance and proportional reinsurance	R0130	10,517	16,066
Non-proportional health reinsurance	R0140		
Non-proportional casualty reinsurance	R0150		
Non-proportional marine, aviation and transport reinsurance	R0160		
Non-proportional property reinsurance	R0170		

Linear formula component for life insurance and reinsurance obligations

		C0040
MCR_L Result	R0200	

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

Overall MCR calculation

		C0070
Linear MCR	R0300	3,957
SCR	R0310	13,456
MCR cap	R0320	6,055
MCR floor	R0330	3,364
Combined MCR	R0340	3,957
Absolute floor of the MCR	R0350	3,187
Minimum Capital Requirement	R0400	3,957

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