First Title Insurance plc
Solvency & Financial Condition Report

(For financial year ended 31 December 2020)

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Summary

First Title Insurance plc (First Title) is an insurance company based in the United Kingdom (UK) that provides title insurance to the UK market. 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. Prior to May 2020, First Title also provided title insurance directly to non-UK European markets. However, this ceased as part of First Title's actions to ensure legal and regulatory compliance in relation to the withdrawal of the UK from the European Union (Brexit). On 28 April 2020, First Title completed a transfer of all non-UK European policies, under Part VII of the Financial Services and Markets Act, to First European Title Insurance Company Limited (First European), an insurance company within the wider First American Financial Corporation group, which has its base of operations in Malta (the Part VII transfer). Following the Part VII transfer, First European commenced providing title insurance to non-UK European markets, with reinsurance cover provided by First Title on all policies issued by First European since that date. This reinsurance cover provided by First Title is classified as non-proportional reinsurance business.

In past years, First Title also wrote England & Wales solicitors' professional indemnity insurance. The board of First Title 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 2020, this line of business represented 5% 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 of First Title.

In the year ended 31 December 2020, First Title reported a statutory accounts profit after tax of £0.6m, which compares to £2.6m in the prior year. The underwriting performance was less profitable than the performance in the prior year, being impacted by the economic slowdown as a result of the global Covid-19 pandemic, as well as by the impact of First Title's actions in response to Brexit. The balance on the technical account was a loss of £0.7m. However, the investment performance during the year resulted in a profit before tax of £0.7m. The increase in the value of investments reflected the trends in global equity markets in the year.

On a Solvency II valuation basis, eligible own funds decreased by £1.3m from £29.3m to £28.0m. The decrease reflected the payment of a dividend of £1.5m during the year, necessary to facilitate the Part VII transfer process, 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 due to the Part VII transfer, where the value of the net technical provisions transferred were lower on a Solvency II basis than on a UK GAAP basis. Net technical provisions decreased by £2.5m year-on-year in the statutory accounts whereas there was a decrease of £2.1m 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 £2.1m from £13.5m to £11.4m. Overall, therefore, the ratio of eligible own funds to SCR increased from 217% to 246%. The minimum capital requirement (MCR) decreased from £4.0m to £3.3m. First Title fully complied with the SCR and MCR 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 other than as set out above. 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 SCR. 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 SCR.

Directors' statement in respect of the SFCR for the year ended 31 December 2020

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:

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)

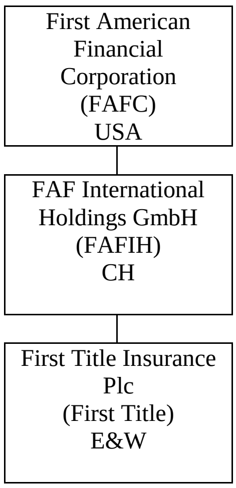
consumer.queries@fca.org.uk

The external auditor for the year ended 31 December 2020 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 insurance directly in the UK market and provides reinsurance to First European on title insurance issued by that company in non-UK 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 underwriting this business with effect from 1 October 2015.

Significant business or other events that have occurred over the reporting period that have had a material impact on First Title include the impact of the global Covid-19 pandemic and First Title's response to Brexit, as more fully set out at A.5 below.

A.2 Underwriting performance

The tables below analyse the underwriting performance for each of the years 2020 and 2019 into material lines of business and geographical areas.

The loss in 2020 of £0.7m (before investment income and taxation) was a decrease of £1.4m on the prior year profit of £0.7m. This reflects a decrease in gross premiums earned of £6.4m less the related decrease in costs, comprising decreases in the cost of reinsurance (£0.2m), in net claims (£0.4m) and in operating expenses (£4.4m).

First Title's combined operating ratio, being the ratio of net claims incurred and operating expenses to net premiums earned, increased to 107.0% during 2020 (2019: 95.4%).

	2020 Performance				
	General liability insurance (UK)	**Miscellaneous financial loss (UK)**	**Miscellaneous financial loss (Europe ex UK)**	**Non-proportional reinsurance (Europe ex UK)**	**Total**
	£'000	**£'000**	**£'000**	**£'000**	**£'000**
Gross premiums earned	-	8,996	1,012	188	10,196
Reinsurance premium	-	(287)	(30)	(5)	(322)
Net premiums earned	-	8,709	982	183	9,874
Gross claims incurred	(207)	783	287	28	891
Reinsurers' share of claims	137	64	(200)	(15)	(14)
Net claims incurred	(70)	847	87	13	877
Underwriting result	70	7,862	895	170	8,997
Operating expenses					(9,688)
Balance on technical account					(691)

	2019 Performance				
	General liability insurance (UK)	**Miscellaneous financial loss (UK)**	**Miscellaneous financial loss (Europe ex UK)**	**Non-proportional reinsurance (Europe ex UK)**	**Total**
	£'000	**£'000**	**£'000**	**£'000**	**£'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

A.3 Investment performance

The investment performance for 2020 is detailed below, together with the prior year comparative:

	2020 £'000	2019 £'000
Income from corporate bonds	561	630
Income from government bonds	69	10
Income from equities	144	229
Income from other investments	19	55
	793	**924**
Losses on the realisation of investments	(890)	(371)
Less accumulated unrealised losses from prior years	357	408
(Loss) / Profit on disposal of investments	**(533)**	**37**
Unrealised gains on investments	1,116	1,473
Total investment income	**1,376**	**2,434**

Investment management expenses included within operating expenses disclosed above in A.2 Underwriting performance were £132,000 during 2020 (2019: £112,000).

It can be confirmed that, during 2020, 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 2020 or 2019.

Operating expenses in A.2, above, include operating lease charges in respect of properties, amounting to £455,000 in 2020 (2019: £398,000). First Title does not have any finance leases.

A.5 Any other information

There were two key events that had a material adverse impact upon First Title during 2020, namely the global Covid-19 pandemic and actions taken by First Title necessitated by Brexit.

First Title was well prepared to manage the impact of the global Covid-19 pandemic, and operations were able to continue without detriment to First Title's policyholders and other stakeholders. Similarly, First Title was very well capitalised to manage the impact upon its solvency and financial position. Nevertheless, the pandemic significantly impacted the volume and value of property transactions in the residential and commercial real estate markets in the UK and the rest of Europe. The impact was acutely felt in relation to very large commercial property deals, which were cancelled or postponed until such time as confidence returned to the markets. The impact upon First Title can be seen at A.2, above, where gross premiums earned in the Miscellaneous financial loss (UK) segment fell by 25% compared to the prior year.

The UK officially left the European Union on 31 January 2020 but the UK and European Union had agreed transitional arrangements until 31 December 2020. During the reporting period, First Title had to take action to ensure ongoing legal and regulatory compliance beyond 31 December 2020 and, on 23 April 2020, completed a transfer of all non-UK European policies under Part VII of the Financial Services and Markets Act to First European, an insurance company within the wider First American Financial Corporation group, which has its base of operations in Malta (the Part VII transfer). Following the Part VII transfer, First European commenced providing title insurance to non-UK European markets, with reinsurance cover provided by First Title on all policies issued by First European since that date, and First Title ceased to provide title insurance to the non-UK European markets directly. The impact upon First Title can be seen at A.2, above, where gross premiums earned in the Miscellaneous financial loss (Europe ex UK) segment fell by 78% compared to the prior year, replaced to a small degree by reinsurance premium income from these markets.

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 that 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, B.4, B.5 and B.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.
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	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 aligned 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 that 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 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 that vest 25% per year over the four years from the date of grant.

First Title's primary reinsurer in respect of the title 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.

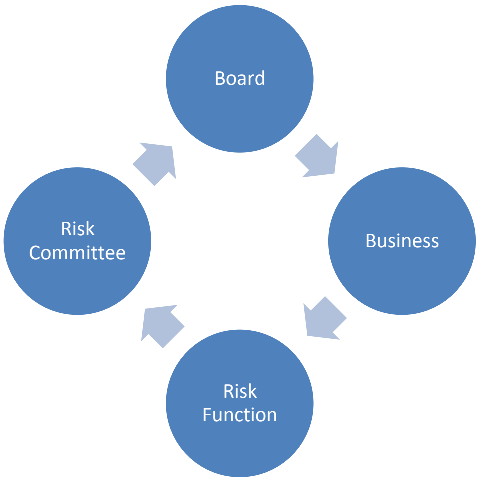
Compliance with the policy is the responsibility of the chief executive officer. In assessing whether or not an approved person or potential approved person is fit and proper, their CV will be reviewed and consideration given to their educational and technical qualifications, competence and experience 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 includes 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.

The high-level ORSA process can be found at Appendix A.

B.4 Internal control system

Each of the internal control functions comprising risk, internal audit, compliance and actuarial 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, which then sub-outsourced this to RSM Risk Assurance Services LLP (RSM) for the audits conducted during 2020. 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 provides 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, which 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, First Title has been impacted by the global Covid-19 pandemic. However, as the pandemic is not anticipated to impact the ultimate claim frequency or severity for First Title, the risk profile of First Title has not been significantly affected, although First Title will continue to monitor economic developments to assess whether this continues to be the case. First Title uses the standard formula to quantify the risk inherent in its business and the SCR for First Title for the year ended 31 December 2020 across each of the risk modules is set out at E.2 below.

Under the standard formula, title insurance is classified as miscellaneous financial loss business which attracts high premium and reserve rates when calculating the SCR compared to other lines of direct insurance business. Similarly, the non-proportional reinsurance class of business also attracts high premium and reserve rates. The board consider that the resultant SCR 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 SCR as shown at E.2 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 net 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 SCR. The effect on First Title's solvency ratio is not material.

Assumptions	Profit after tax £'000	Net Assets £'000	Solvency Ratio %
Actual 2020 profit and net assets	580	27,222	246%
Increase in claims cost of 20%	438	27,080	244%
Increase in claims cost of 10%	509	27,151	245%
Decrease in claims cost of 10%	651	27,293	246%
Decrease in claims cost of 20%	722	27,364	247%

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 2020 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 2020 profit and net assets	580	27,222	246%
Scenario 1	(1,091)	25,551	237%
Scenario 2	(1,850)	24,792	236%
Scenario 3	2,252	28,894	253%
Scenario 4	3,011	29,653	253%

C.3 Credit and counterparty default risk

Credit and counterparty default risk is the risk of loss to, 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. It is noted that, as at 31 December 2020 cash and cash equivalents plus AA rated sovereign bond investments held cover 76% of the SCR. This mitigation is further supported by the reinsurance arrangements that are in place, especially in respect of large claims, which limit 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 in the year ended 31 December 2020. 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 that 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 that 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 sufficiently capitalised to be able to deal with significant events that may occur over the next five years based on the scenarios considered. The board does 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 as at 31 December 2020 is summarised below, detailing the values of assets and liabilities on both Solvency II and statutory accounting bases.

As at 31 December 2020	Solvency II value £'000	Statutory accounting value £'000
Total assets (excluding reinsurance recoveries on technical provisions)	40,072	40,137
Net technical provisions	(10,378)	(11,424)
Liabilities other than technical provisions	(1,649)	(1,491)
Total eligible own funds / net assets	**28,045**	**27,222**

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 2020:

As at 31 December 2020	Solvency II value £'000	Statutory accounting value £'000
Property, plant and equipment	-	36
Deferred tax asset	-	35
Government bonds	3,851	3,828
Corporate bonds	18,926	18,715
Listed equities	2,609	2,609
Collective investment undertakings	6,761	6,757
Debtors	927	1,162
Cash and cash equivalents	6,998	6,995
Total assets (excluding reinsurance recoveries on technical provisions)	**40,072**	**40,137**

Property, plant and equipment

Property, plant and equipment amount relate 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 2020 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 2020.

As at 31 December 2020	**Solvency II value £'000**	**Statutory accounting value £'000**
Technical provisions		
Gross insurance technical provisions	17,122	22,210
Reinsurers' share of technical provisions	(8,150)	(10,786)
Risk margin	1,406	-
Net technical provisions	**10,378**	**11,424**

For Solvency II, the net technical provisions comprise 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:

	2020 Solvency II value			
	General liability insurance £'000	**Miscellaneous financial loss £'000**	**Non-proportional reinsurance £'000**	**Total £'000**
Gross best estimate technical provisions	**638**	**16,458**	**26**	**17,122**
Reinsurers' share of technical provisions	**(478)**	**(7,667)**	**(5)**	**(8,150)**
Best estimate liabilities net of reinsurance	**160**	**8,791**	**21**	**8,972**
Risk margin	**14**	**1,388**	**4**	**1,406**
Net technical provisions	**174**	**10,179**	**25**	**10,378**

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.

The technical provisions in relation to non-proportional reinsurance relate to the reinsurance cover provided to First European, which commenced from May 2020. The underlying risks insured by First European are wholly title insurance risks and therefore are recorded locally as miscellaneous financial loss business, as above.

First Title's chief mitigation for underwriting risk is reinsurance to guard against large losses. The main reinsurance for the miscellaneous financial loss and non-proportional reinsurance lines of business is with FATIC, a subsidiary of FAFC, 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:

	2020 Statutory Accounts value			
	General liability insurance £'000	**Miscellaneous financial loss £'000**	**Non-proportional reinsurance £'000**	**Total £'000**
Gross insurance technical provisions	**2,059**	**20,123**	**28**	**22,210**
Reinsurers' share of technical provisions	**(1,544)**	**(9,227)**	**(15)**	**(10,786)**
Insurance liabilities net of reinsurance	**515**	**10,896**	**13**	**11,424**

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, are 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 2020	**Solvency II value £'000**	**Statutory accounting value £'000**
Liabilities (excluding technical provisions)		
Deferred tax liabilities	159	-
Taxation and social security	349	349
Insurance & intermediaries payable	281	281
Amounts owed to other group companies	860	861
Total Liabilities (excluding technical provisions)	**1,649**	**1,491**

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 throughout the reporting period. The board maintains adequate eligible funds in excess of the SCR 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 that 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, all as at 31 December 2020.

	As at 31 December 2020 £'000
Excess of assets over liabilities and equity within the statutory accounts	**24,745**
Leasehold improvements valued at nil for Solvency II	(36)
Decrease in value of net technical provisions for Solvency II	1,046
Change in deferred tax reflecting Solvency II adjustments	(192)
Other small valuation differences	5
Excess of assets over liabilities and equity on a Solvency II basis	**25,568**
Tier 1 share capital	2,477
Total Solvency II eligible own funds	**28,045**

Own funds as at 31 December 2020, 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 2020 £'000	As at 31 December 2019 £'000
Ordinary share capital	2,477	2,477
Reconciliation reserve	25,568	26,787
Total eligible own funds for Solvency II	**28,045**	**29,264**

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 C.1 above, including extensive reinsurance arrangements. Investment performance volatility is managed through investment policies and guidelines, as more fully set out in C.2 above.

First Title paid a dividend of £1,492,000 during 2020. 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 SCR for First Title and the change to the SCR over the reporting period are detailed as follows:

	As at 31 December 2020 £'000	As at 31 December 2019 £'000
Underwriting risk	7,872	10,169
Market risk	5,492	4,766
Counterparty default risk	762	1,243
Diversification benefit	(3,062)	(3,235)
Basic solvency capital requirement	**11,064**	**12,943**
Operational risk	514	753
Loss-absorbing capacity of deferred taxes	(159)	(240)
Solvency capital requirement	**11,419**	**13,456**

The MCR 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 higher 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 2020 £'000	As at 31 December 2019 £'000
Eligible own funds to cover the SCR and MCR	28,045	29,264
SCR	11,419	13,456
MCR	3,338	3,957
Ratio of eligible own funds to SCR	246%	217%
Ratio of eligible own funds to MCR	840%	740%

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 2020 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 39%, and a decrease in net technical provisions for Solvency II, which decreased by 18% 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 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

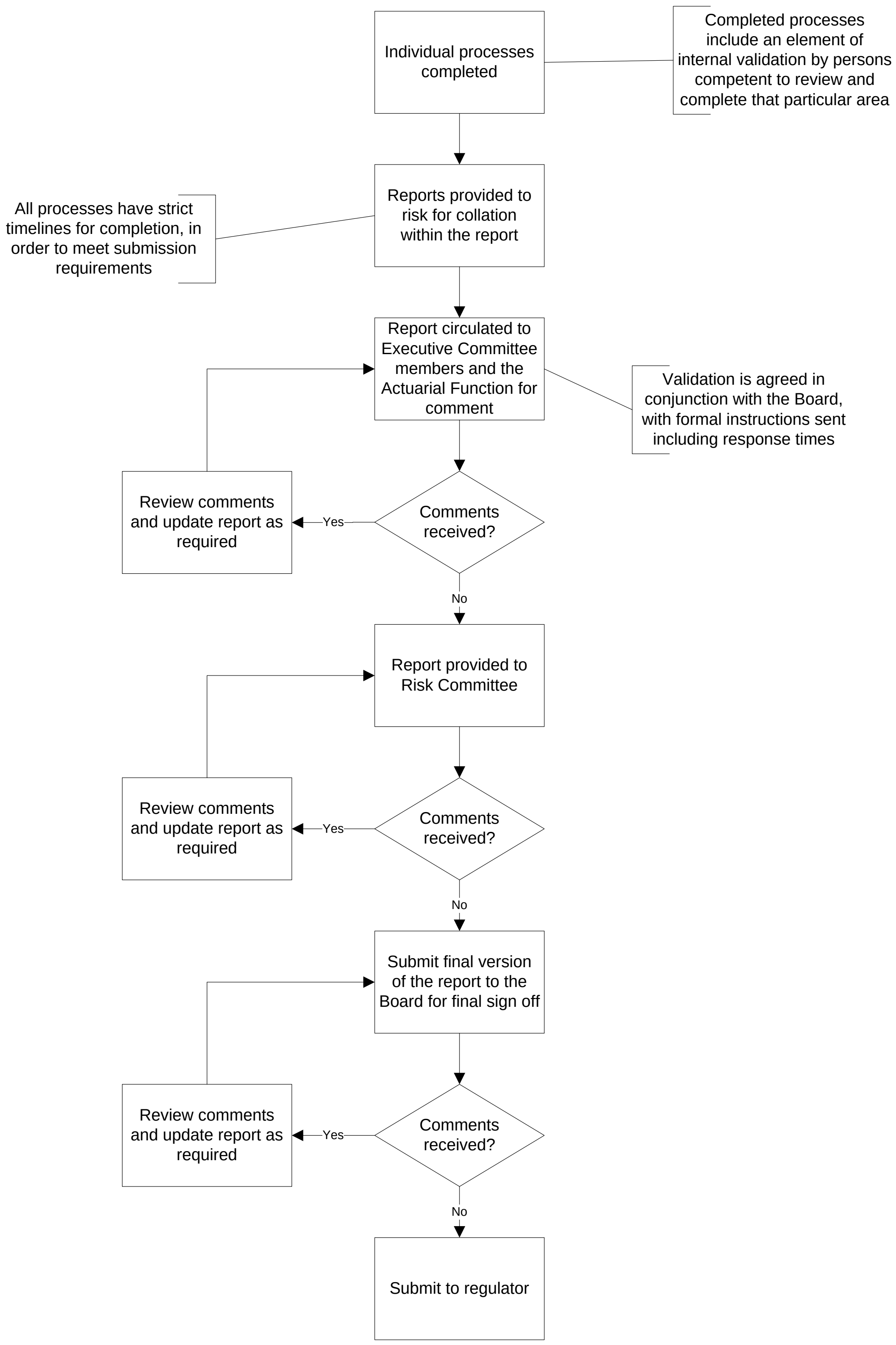
First Title evaluated its capital requirement both in relation to that required as per the standard formula and as per that indicated as a result of the ORSA, including stress and scenario testing. As a result of these measures, First Title has maintained sufficient capital to adhere to both the SCR 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

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 SCR and MCR, 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 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.

General information

Undertaking name	First Title Insurance plc
Undertaking identification code	213800288SFVMP3RTW12
Type of code of undertaking	LEI
Type of undertaking	Non-life undertakings
Country of authorisation	GB
Language of reporting	en
Reporting reference date	31 December 2020
Currency used for reporting	GBP
Accounting standards	Local GAAP
Method of Calculation of the SCR	Standard formula
Matching adjustment	No use of matching adjustment
Volatility adjustment	No use of volatility adjustment
Transitional measure on the risk-free interest rate	No use of transitional measure on the risk-free interest rate
Transitional measure on technical provisions	No use of transitional measure on technical provisions

List of reported templates

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

S.02.01.02

Balance sheet

		Solvency II value
	Assets	C0010
R0030	Intangible assets	
R0040	Deferred tax assets	
R0050	Pension benefit surplus	
R0060	Property, plant & equipment held for own use	0
R0070	Investments (other than assets held for index-linked and unit-linked contracts)	32,148
R0080	*Property (other than for own use)*	0
R0090	*Holdings in related undertakings, including participations*	0
R0100	*Equities*	2,609
R0110	*Equities - listed*	2,609
R0120	*Equities - unlisted*	
R0130	*Bonds*	22,778
R0140	*Government Bonds*	3,851
R0150	*Corporate Bonds*	18,927
R0160	*Structured notes*	0
R0170	*Collateralised securities*	0
R0180	*Collective Investments Undertakings*	6,761
R0190	*Derivatives*	
R0200	*Deposits other than cash equivalents*	0
R0210	*Other investments*	0
R0220	Assets held for index-linked and unit-linked contracts	
R0230	Loans and mortgages	0
R0240	*Loans on policies*	0
R0250	*Loans and mortgages to individuals*	
R0260	*Other loans and mortgages*	
R0270	Reinsurance recoverables from:	8,151
R0280	*Non-life and health similar to non-life*	8,151
R0290	*Non-life excluding health*	8,151
R0300	*Health similar to non-life*	0
R0310	*Life and health similar to life, excluding index-linked and unit-linked*	0
R0320	*Health similar to life*	
R0330	*Life excluding health and index-linked and unit-linked*	
R0340	*Life index-linked and unit-linked*	
R0350	Deposits to cedants	0
R0360	Insurance and intermediaries receivables	901
R0370	Reinsurance receivables	6
R0380	Receivables (trade, not insurance)	20
R0390	Own shares (held directly)	
R0400	Amounts due in respect of own fund items or initial fund called up but not yet paid in	0
R0410	Cash and cash equivalents	6,998
R0420	Any other assets, not elsewhere shown	
R0500	**Total assets**	48,224

S.02.01.02

Balance sheet

		Solvency II value
	Liabilities	C0010
R0510	Technical provisions - non-life	18,528
R0520	*Technical provisions - non-life (excluding health)*	18,528
R0530	*TP calculated as a whole*	0
R0540	*Best Estimate*	17,122
R0550	*Risk margin*	1,406
R0560	*Technical provisions - health (similar to non-life)*	0
R0570	*TP calculated as a whole*	0
R0580	*Best Estimate*	0
R0590	*Risk margin*	0
R0600	Technical provisions - life (excluding index-linked and unit-linked)	0
R0610	*Technical provisions - health (similar to life)*	0
R0620	*TP calculated as a whole*	
R0630	*Best Estimate*	
R0640	*Risk margin*	
R0650	*Technical provisions - life (excluding health and index-linked and unit-linked)*	0
R0660	*TP calculated as a whole*	
R0670	*Best Estimate*	
R0680	*Risk margin*	
R0690	Technical provisions - index-linked and unit-linked	0
R0700	*TP calculated as a whole*	
R0710	*Best Estimate*	
R0720	*Risk margin*	
R0740	Contingent liabilities	
R0750	Provisions other than technical provisions	349
R0760	Pension benefit obligations	
R0770	Deposits from reinsurers	
R0780	Deferred tax liabilities	159
R0790	Derivatives	
R0800	Debts owed to credit institutions	
R0810	Financial liabilities other than debts owed to credit institutions	
R0820	Insurance & intermediaries payables	281
R0830	Reinsurance payables	68
R0840	Payables (trade, not insurance)	
R0850	Subordinated liabilities	0
R0860	*Subordinated liabilities not in BOF*	
R0870	*Subordinated liabilities in BOF*	0
R0880	Any other liabilities, not elsewhere shown	793
R0900	**Total liabilities**	20,178
R1000	**Excess of assets over liabilities**	28,045

S.05.01.02

Premiums, claims and expenses by line of business

Non-life

		Line of Business for: non-life insurance and reinsurance obligations (direct business and accepted proportional reinsurance)											Line of business for: accepted non-proportional reinsurance				Total
	Medical expense insurance	Income protection insurance	Workers' compensation insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance	Legal expenses insurance	Assistance	Misc. financial loss	Health	Casualty	Marine, aviation and transport	Property	
	C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0120	C0130	C0140	C0150	C0160	C0200
Premiums written																	
R0110 Gross - Direct Business												10,008					10,008
R0120 Gross - Proportional reinsurance accepted																	0
R0130 Gross - Non-proportional reinsurance accepted																188	188
R0140 Reinsurers' share												317				6	323
R0200 Net								0				9,691				183	9,874
Premiums earned																	
R0210 Gross - Direct Business												10,008					10,008
R0220 Gross - Proportional reinsurance accepted																	0
R0230 Gross - Non-proportional reinsurance accepted																188	188
R0240 Reinsurers' share												317				6	323
R0300 Net								0				9,691				183	9,874
Claims incurred																	
R0310 Gross - Direct Business								-207				1,104					897
R0320 Gross - Proportional reinsurance accepted												-34					-34
R0330 Gross - Non-proportional reinsurance accepted																28	28
R0340 Reinsurers' share								-137				137				15	15
R0400 Net								-70				933				13	877
Changes in other technical provisions																	
R0410 Gross - Direct Business																	0
R0420 Gross - Proportional reinsurance accepted																	0
R0430 Gross - Non-proportional reinsurance accepted																	0
R0440 Reinsurers' share																	0
R0500 Net								0				0				0	0
R0550 **Expenses incurred**								-2				4,340				204	4,542
R1200 **Other expenses**																	5,146
R1300 **Total expenses**																	9,688

S.05.02.01

Premiums, claims and expenses by country

Non-life

		C0010	C0020	C0030	C0040	C0050	C0060	C0070
		Home Country	Top 5 countries (by amount of gross premiums written) - non-life obligations			Top 5 countries (by amount of gross premiums written) - non-life obligations		Total Top 5 and home country
R0010			PL	MT	FR	CZ	BG	
		C0080	C0090	C0100	C0110	C0120	C0130	C0140
	Premiums written							
R0110	Gross - Direct Business	8,996	842		97	37	25	9,997
R0120	Gross - Proportional reinsurance accepted							0
R0130	Gross - Non-proportional reinsurance accepted			188				188
R0140	Reinsurers' share	287	25	6	3	1	1	322
R0200	Net	8,709	816	183	94	36	24	9,863
	Premiums earned							
R0210	Gross - Direct Business	8,996	842		97	37	25	9,997
R0220	Gross - Proportional reinsurance accepted							0
R0230	Gross - Non-proportional reinsurance accepted			188				188
R0240	Reinsurers' share	287	25	6	3	1	1	322
R0300	Net	8,709	816	183	94	36	24	9,863
	Claims incurred							
R0310	Gross - Direct Business	576	35		8	2	1	622
R0320	Gross - Proportional reinsurance accepted							0
R0330	Gross - Non-proportional reinsurance accepted			28				28
R0340	Reinsurers' share	-201	17	15	1	1	1	-166
R0400	Net	777	18	13	7	1	1	816
	Changes in other technical provisions							
R0410	Gross - Direct Business							0
R0420	Gross - Proportional reinsurance accepted							0
R0430	Gross - Non-proportional reinsurance accepted							0
R0440	Reinsurers' share							0
R0500	Net	0	0	0	0	0	0	0
R0550	**Expenses incurred**	3,716	358	204	222	16	11	4,527
R1200	**Other expenses**							5,146
R1300	**Total expenses**							9,674

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Non-Life Technical Provisions

		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
R0010	**Technical provisions calculated as a whole**								0				0				0	0
R0050	Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP calculated as a whole																	0
	Technical provisions calculated as a sum of BE and RM																	
	Best estimate																	
	Premium provisions																	
R0060	Gross								0				0				0	0
R0140	Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default																	0
R0150	**Net Best Estimate of Premium Provisions**								0				0				0	0
	Claims provisions																	
R0160	Gross								638				16,458				26	17,122
R0240	Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default								478				7,667				6	8,151
R0250	**Net Best Estimate of Claims Provisions**								160				8,791				21	8,972
R0260	**Total best estimate - gross**								638				16,458				26	17,122
R0270	**Total best estimate - net**								160				8,791				21	8,972
R0280	**Risk margin**								13				1,388				4	1,406
	Amount of the transitional on Technical Provisions																	
R0290	Technical Provisions calculated as a whole																	0
R0300	Best estimate																	0
R0310	Risk margin																	0
R0320	**Technical provisions - total**								651				17,846				31	18,528
R0330	**Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total**								478				7,667				6	8,151
R0340	**Technical provisions minus recoverables from reinsurance/SPV and Finite Re - total**								174				10,179				25	10,378

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Non-Life insurance claims

Total Non-life business

Z0020 Accident year / underwriting year: Underwriting Year

Gross Claims Paid (non-cumulative)
(absolute amount)

	Year	C0010 0	C0020 1	C0030 2	C0040 3	C0050 4	C0060 5	C0070 6	C0080 7	C0090 8	C0100 9	C0110 10 & +	C0170 In Current year	C0180 Sum of years (cumulative)
R0100	Prior											12	12	12
R0160	2011	23	556	1,231	130	749	397	176	15	7	30		30	3,313
R0170	2012	11	289	555	719	420	154	142	6	2			2	2,297
R0180	2013	14	654	883	589	2,421	1,294	96	11				11	5,961
R0190	2014	76	1,193	1,873	3,421	1,840	702	1,387					1,387	10,493
R0200	2015	38	80	191	603	505	97						97	1,513
R0210	2016	63	176	236	319	65							65	858
R0220	2017	31	105	109	129								129	375
R0230	2018	4	63	120									120	187
R0240	2019	5	64										64	69
R0250	2020	10											10	10
R0260												Total	1,927	25,088

Gross Undiscounted Best Estimate Claims Provisions
(absolute amount)

	Year	C0200 0	C0210 1	C0220 2	C0230 3	C0240 4	C0250 5	C0260 6	C0270 7	C0280 8	C0290 9	C0300 10 & +	C0360 Year end (discounted data)
R0100	Prior											1,204	1,205
R0160	2011	0	0	0	0	0	1,842	1,361	956	1,016	777		777
R0170	2012	0	0	0	0	1,396	1,285	847	847	699			699
R0180	2013	0	0	0	2,821	2,240	1,214	1,149	945				944
R0190	2014	0	0	4,145	6,111	9,253	8,294	6,425					6,431
R0200	2015	0	1,147	1,245	852	835	731						729
R0210	2016	1,254	1,066	918	1,067	988							984
R0220	2017	1,544	1,446	1,372	1,309								1,303
R0230	2018	1,703	1,643	1,609									1,602
R0240	2019	1,405	1,381										1,372
R0250	2020	1,084											1,075
R0260												Total	17,122

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Own Funds

		Total	Tier 1 unrestricted	Tier 1 restricted	Tier 2	Tier 3
	Basic own funds before deduction for participations in other financial sector as foreseen in article 68 of Delegated Regulation 2015/35	C0010	C0020	C0030	C0040	C0050
R0010	Ordinary share capital (gross of own shares)	2,477	2,477		0	
R0030	Share premium account related to ordinary share capital	0	0		0	
R0040	Initial funds, members' contributions or the equivalent basic own-fund item for mutual and mutual-type undertakings	0	0		0	
R0050	Subordinated mutual member accounts	0		0	0	0
R0070	Surplus funds	0	0			
R0090	Preference shares	0		0	0	0
R0110	Share premium account related to preference shares	0		0	0	0
R0130	Reconciliation reserve	25,569	25,569			
R0140	Subordinated liabilities	0		0	0	0
R0160	An amount equal to the value of net deferred tax assets	0				0
R0180	Other own fund items approved by the supervisory authority as basic own funds not specified above	0	0	0	0	0
R0220	**Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds**	0				
R0230	**Deductions for participations in financial and credit institutions**	0				
R0290	**Total basic own funds after deductions**	28,045	28,045	0	0	0
	Ancillary own funds					
R0300	Unpaid and uncalled ordinary share capital callable on demand	0				
R0310	Unpaid and uncalled initial funds, members' contributions or the equivalent basic own fund item for mutual and mutual - type undertakings, callable on demand	0				
R0320	Unpaid and uncalled preference shares callable on demand	0				
R0330	A legally binding commitment to subscribe and pay for subordinated liabilities on demand	0				
R0340	Letters of credit and guarantees under Article 96(2) of the Directive 2009/138/EC	0				
R0350	Letters of credit and guarantees other than under Article 96(2) of the Directive 2009/138/EC	0				
R0360	Supplementary members calls under first subparagraph of Article 96(3) of the Directive 2009/138/EC	0				
R0370	Supplementary members calls - other than under first subparagraph of Article 96(3) of the Directive 2009/138/EC	0				
R0390	Other ancillary own funds	0				
R0400	**Total ancillary own funds**	0			0	0
	Available and eligible own funds					
R0500	Total available own funds to meet the SCR	28,045	28,045	0	0	0
R0510	Total available own funds to meet the MCR	28,045	28,045	0	0	
R0540	Total eligible own funds to meet the SCR	28,045	28,045	0	0	0
R0550	Total eligible own funds to meet the MCR	28,045	28,045	0	0	
R0580	**SCR**	11,419				
R0600	**MCR**	3,338				
R0620	**Ratio of Eligible own funds to SCR**	245.61%				
R0640	**Ratio of Eligible own funds to MCR**	840.26%				

		C0060
	Reconcilliation reserve	
R0700	Excess of assets over liabilities	28,045
R0710	Own shares (held directly and indirectly)	0
R0720	Foreseeable dividends, distributions and charges	
R0730	Other basic own fund items	2,477
R0740	Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	0
R0760	**Reconciliation reserve**	25,569
	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)**	0

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Solvency Capital Requirement - for undertakings on Standard Formula

		Gross solvency capital requirement	USP	Simplifications
		C0110	C0090	C0120
R0010	Market risk	5,492		
R0020	Counterparty default risk	762		
R0030	Life underwriting risk	0		
R0040	Health underwriting risk	0		
R0050	Non-life underwriting risk	7,872		
R0060	Diversification	-3,061		
R0070	Intangible asset risk	0		
R0100	**Basic Solvency Capital Requirement**	11,064		

USP Key

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

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

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

	Calculation of Solvency Capital Requirement	C0100
R0130	Operational risk	514
R0140	Loss-absorbing capacity of technical provisions	0
R0150	Loss-absorbing capacity of deferred taxes	-159
R0160	Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC	0
R0200	**Solvency Capital Requirement excluding capital add-on**	11,419
R0210	Capital add-ons already set	0
R0220	**Solvency capital requirement**	11,419
	Other information on SCR	
R0400	Capital requirement for duration-based equity risk sub-module	0
R0410	Total amount of Notional Solvency Capital Requirements for remaining part	0
R0420	Total amount of Notional Solvency Capital Requirements for ring fenced funds	0
R0430	Total amount of Notional Solvency Capital Requirements for matching adjustment portfolios	0
R0440	Diversification effects due to RFF nSCR aggregation for article 304	0

	Approach to tax rate	C0109
R0590	Approach based on average tax rate	Yes

	Calculation of loss absorbing capacity of deferred taxes	LAC DT
		C0130
R0640	LAC DT	-159
R0650	LAC DT justified by reversion of deferred tax liabilities	-159
R0660	LAC DT justified by reference to probable future taxable economic profit	0
R0670	LAC DT justified by carry back, current year	0
R0680	LAC DT justified by carry back, future years	0
R0690	Maximum LAC DT	-159

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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	2,867

		Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance) written premiums in the last 12 months
		C0020	C0030
R0020	Medical expense insurance and proportional reinsurance	0	
R0030	Income protection insurance and proportional reinsurance	0	
R0040	Workers' compensation insurance and proportional reinsurance	0	
R0050	Motor vehicle liability insurance and proportional reinsurance	0	
R0060	Other motor insurance and proportional reinsurance	0	
R0070	Marine, aviation and transport insurance and proportional reinsurance	0	
R0080	Fire and other damage to property insurance and proportional reinsurance	0	
R0090	General liability insurance and proportional reinsurance	160	
R0100	Credit and suretyship insurance and proportional reinsurance	0	
R0110	Legal expenses insurance and proportional reinsurance	0	
R0120	Assistance and proportional reinsurance	0	
R0130	Miscellaneous financial loss insurance and proportional reinsurance	8,791	9,691
R0140	Non-proportional health reinsurance	0	
R0150	Non-proportional casualty reinsurance	0	
R0160	Non-proportional marine, aviation and transport reinsurance	0	
R0170	Non-proportional property reinsurance	21	183

	Linear formula component for life insurance and reinsurance obligations	C0040
R0200	MCR_L Result	0

		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	2,867
R0310	SCR	11,419
R0320	MCR cap	5,138
R0330	MCR floor	2,855
R0340	Combined MCR	2,867
R0350	Absolute floor of the MCR	3,338
R0400	**Minimum Capital Requirement**	3,338