MULSANNE INSURANCE COMPANY LIMITED

SOLVENCY AND FINANCIAL CONDITION REPORT

As at 31 December 2019

1 Contents

Summary

Introduction
Mulsanne Insurance Company Limited ('MICL', 'Mulsanne' or 'the Company') is an insurance company licenced in Gibraltar, specialising predominantly in underwriting UK motor insurance business in niche segments of the market that generate higher than average premiums. Mulsanne carries out its functions via the Board of Directors, various Committees and carefully selected, experienced outsourced service providers.

The purpose of this report is to satisfy the public disclosure requirements under the Financial Services (Insurance Companies) (Solvency II Directive) Act ("the Solvency II Act in Gibraltar") including the Delegated Regulations of the European Parliament. The elements of the disclosure relate to business performance, governance, risk profile, solvency and capital management.

Business and Performance
During the year ended 31 December 2019, Mulsanne wrote £37.3 million (2018 – £33.3 million) of business after co-insurance and made an unaudited loss for the year of £4.9 million (2018 – loss £3.0 million). The Company's net assets at 31 December 2019 amounted to £8 million (2018 – £11.8 million) on a GAAP basis.

Underwriting produced a loss of £4.6 million (2018 - £1.6 million loss) net of investment gains whilst investment performance contributed a gain £0.89 million (2018 – loss £0.12 million). The underwriting loss was predominantly driven by adverse development on the 2017 year of account, which whilst protected by the LPT contract, gave rise reductions in the co-insurance and reinsurance commission income due to Mulsanne. The Company also took action to address some of the poorer performing segments of the book in 2019, and management expects this underwriting year performance to develop more favourably during 2020.

Mulsanne purchases both Excess of Loss and Quota Share reinsurance to protect the business against the impact of large losses and to assist with the effective management of capital. Excess of Loss retention is £1 million on the most recent underwriting years. During 2019 the Quota Share ceding percentage was increased such that for the most recent underwriting year the company retains 18% of each and every motor risk.

In December 2019, the Company received a capital injection of £1 million from Mulsanne Holdings Limited, the Company's immediate parent. The capital injection was in the form of ordinary Tier 1 equity capital.

In January 2020, following regulatory approval, the company was subject to a change in ultimate beneficial owner, as the group was acquired by a new shareholder. Subsequently the company received a share capital injection of £7 million from the new shareholder in April 2020. As a result of the capital injection, the company's unaudited solvency ratio as at 30 April 2020 was in excess of 130% of the Solvency Capital Requirement ("SCR").

In April 2019 the Company purchased a Loss Portfolio Transfer (LPT) reinsurance contract in respect of the 2017 and prior underwriting years. This contract replaced Adverse Development Cover and LPT contracts that were commuted at the end of 2018. The new LPT contract will protect the Company against adverse future development on the prior underwriting years.

Systems of Governance

Mulsanne operates an outsourced business model and the Company's expenses reflect charges from its outsourced service providers. Day-to-day operational management is outsourced to Mulsanne's insurance manager in Gibraltar, Artex Risk Solutions (Gibraltar) Limited ("Artex"). This encompasses in particular financial accounting, assistance with risk management, Solvency II reporting, company secretarial and compliance services. In addition, other key outsourced services comprise policy administration, the provision of management information, and claims handling. These services are outsourced to other entities within the wider group.

The Company has in place systems of governance which are proportionate to the size and complexity of the operation. Such systems, and the underlying processes and procedures are subject to ongoing review to ensure any required improvements are made.

Over-arching responsibility for governance rests with Mulsanne's Board of Directors, which comprises four Executive Directors and two Non-Executive Directors, one of whom is independent. The Company also operates via two sub-committees: Claims and Underwriting Committee and Investment Committee. Responsibility for audit oversight and risk management is retained by the Board.

Mulsanne complies with all requirements with regard to key functions and fitness and propriety, with full details provided in section B. There were no material changes to the Company's systems of governance during the period.

Risk Profile
Mulsanne has a strong risk management system, with close involvement of the entire Board. Risk is classified into strategic risk, insurance risk, investment risk, liquidity risk, credit risk, concentration risk, operational risk and reputational risk.

Key risks identified by management comprise:

- Increased claims costs caused by increased ferocity of claims farming, and increased repair costs due to sterling's deflation arising from Brexit
- Increasing levels of customer non-disclosure
- Company falling below the minimum solvency requirement
- Risks priced too low
- Undesirable market segments written
- Bad publicity for jurisdiction due to adverse media, company failure or similar event
- Breach of FSC or other regulatory requirements or expectations
- Incorrect risk proposal information provided
- Exposure to ghost broking
- Unplanned underwriting risk concentrations
- Increase in frequency of claims
- Breach of data security, including GDPR requirements
- Sabotage from internal sources, including viruses, loss of intellectual property, paralysis of systems

Full detail on risk management is provided in Section C.

Valuation for Solvency Purposes
Section D of this report sets out in detail the inputs, bases and methods of recognition and valuation of assets and liabilities, including a comparison between Solvency II and GAAP valuation. The main valuation differences arise from reclassifications and from differences in the valuation of technical provisions.

Capital Management
In April 2019, Mulsanne purchased a retrospective Loss Portfolio Transfer cover to provide protection against adverse development of reserves on the 2017 and prior underwriting years. Following purchase of this cover, the Company had eligible own funds of £9.307million (2018 – £12.4 million) compared to a Solvency Capital Requirement of £8.01 million (2018 – £11.4 million), giving a coverage ratio of 116.2% (2018 – 108.6%). As a further capital management measure the firm has sought to reduce it's net retained premiums on the motor book by increasing the reinsurer and co-insures share of premiums during 2019. The Company's fourth quarter regulatory reporting templates reported the Company had a solvency coverage of 113% of the SCR. At the end of March 2020, the Company received the results of the external independent actuarial report of the review of reserves. The report was slightly more pessimistic than

managements view in respect of the most recent underwriting years. However, the Board duly adopted the results of the external report when producing the annual reporting templates. This revised view of the reserves resulted in the Company reporting a solvency coverage of 83% of the SCR in the annual filings. Pursuant to Part 7 Article 122 of the Financial Services (insurance Companies) Regulations 2020, the Board duly notified the Gibraltar Financial Services Commission of the position. The following month a £7 million share capital injection was received by the Company. As at the end of April 2020, post capital injection, the Company's solvency coverage was in excess of 135% of the SCR. The Board is currently in discussion with the GFSC in respect of additional capital injections to further increase the Company's solvency coverage in 2020.

A Business and Performance

A.1 Business Information

A.1.1 Company Details

Mulsanne Insurance Company Limited
P.O. Box 1338
First Floor
Grant Ocean Plaza
Ocean Village
Gibraltar

Mulsanne Insurance Company Limited ("Mulsanne") is incorporated in Gibraltar and is a company limited by shares. Mulsanne's registered number 101673.

This Solvency and Financial Condition Report covers Mulsanne on a solo basis. While Mulsanne is part of a Group, this is not an insurance group for Solvency II purposes.

A.1.2 Supervisory Authority

Mulsanne is regulated by:

Gibraltar Financial Services Commission
P.O. Box 940
Suite 3, Ground Floor
Atlantic Suites
Europort Avenue
Gibraltar

A.1.3 Auditor

Mulsanne's auditors are:

KPMG Limited
3B Leisure Island Business Centre
P.O. Box 1197
Ocean Village
Gibraltar

A.1.4 Ultimate Shareholders

Mulsanne is a 100% subsidiary of Mulsanne Holdings (Gibraltar) Limited, a company incorporated in Gibraltar.

As at 31 December 2019 Direct and indirect holders of qualifying holdings in the Company are:

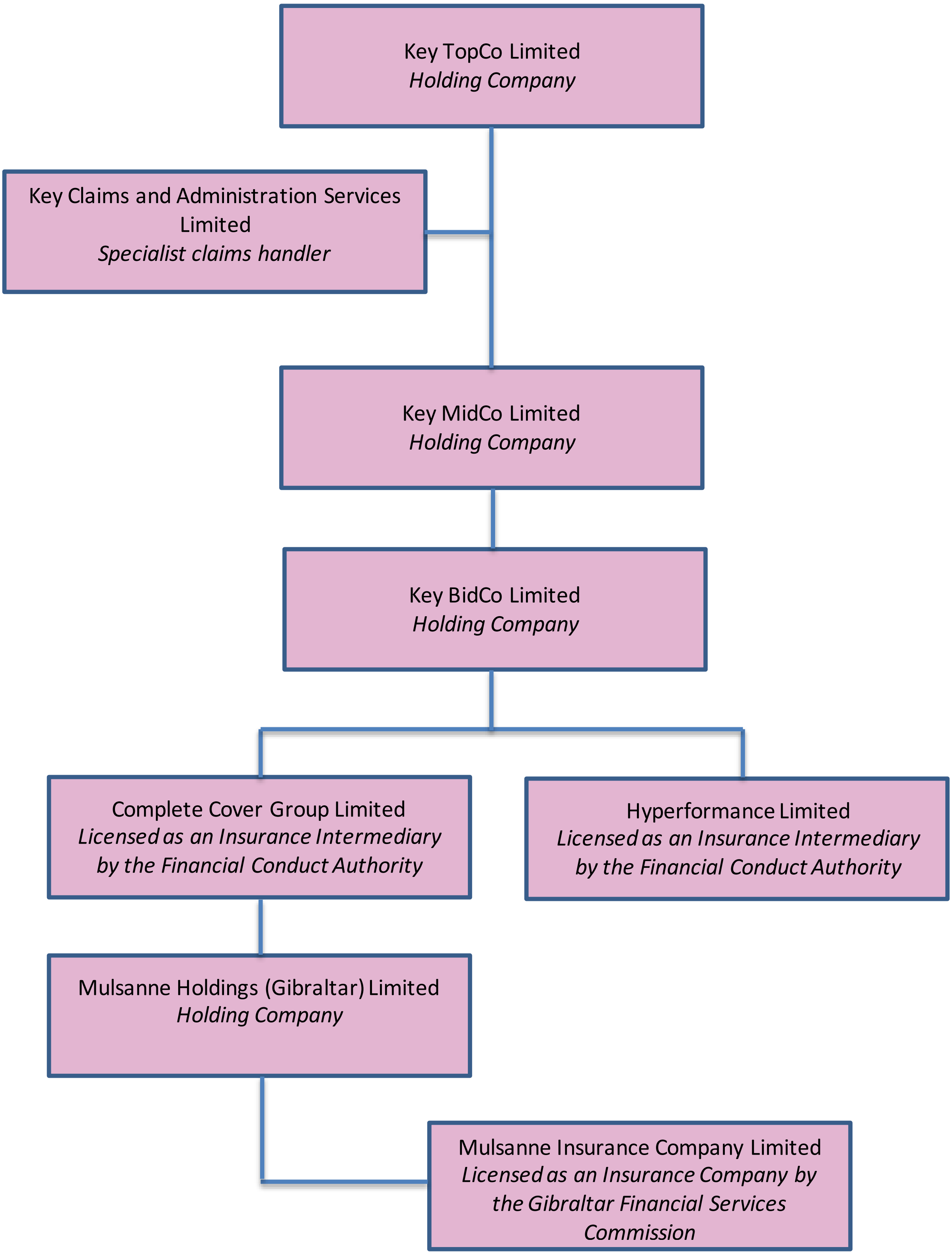
Name	Legal Form	Country	Direct / Indirect	Proportion of ownership interest
Mulsanne Holdings (Gibraltar) Limited	Company limited by shares	Gibraltar	Direct	100%
Complete Cover Group Limited (“CCGL”)	Company limited by shares	United Kingdom	Indirect	100%
Key BidCo Limited	Company limited by shares	United Kingdom	Indirect	100%
Key MidCo Limited	Company limited by shares	United Kingdom	Indirect	79.23%
Key TopCo Limited	Company limited by shares	United Kingdom	Indirect	79.23%
Various individuals (no individuals hold more than 10% of the 21%)	N/A	N/A	Indirect	20.77%

Direct holders of qualifying holdings in ultimate holding company, Key Topco Limited, are as follows:

Name	Legal Form	Country	Direct / Indirect	Proportion of ownership interest
Darwin General Partner 1 Limited as General Partner of certain Funds managed by Darwin Private Equity LLP	Limited Liability Partnership	United Kingdom	Direct	62.18%
Anthony Allen	N/A	United Kingdom	Direct	15.94%
Various individuals (no individual holds more than 5% of the 22%)	N/A	United Kingdom	Direct	21.88%

In January 2020, the Company’s ultimate parent company was subject to a change of control. As a result of this change, The Darwin Private Equity Limited LLP was replaced by Ormiston Holdco Limited. Ormiston Holdco Limited now owns 100% of Key TopCo Limited.

A.1.5 Group Structure



A.1.6 Material Lines of Business and Geographical Areas

Mulsanne's main business is UK motor insurance. The following table shows the business by class for the year ended 31 December 2019. Motor premiums are shown below net of co-insurers share. All business has been conducted in the UK.

	As at 31 December 2019		As at 31 December 2018	
	Amount £'000	**% of Total %**	**Amount £'000**	**% of Total %**
Premium				
Gross written premiums				
Motor	36,532	98%	32,211	97%
Assistance	698	2%	977	3%
Miscellaneous Financial Loss	116	0%	162	0%
Total	37,346	100%	33,351	100%
Net Written Premium				
Motor	4,007	83%	15,136	93%
Assistance	698	14%	977	6%
Miscellaneous Financial Loss	116	2%	162	1%
Total	4,820	100%	16,276	100%

A.1.7 Significant Business or Other Events

In July 2019 the Lord Chancellor announced the new discount rate ("Ogden Rate") used to establish the quantum of award for certain large bodily injury claims. The Ogden rate was amended from minus 0.75% to minus 0.25%. This increase was disappointing, somewhat lower than market expectations and has resulted in increases to XoL reinsurance costs during the 2020 renewal process as the change in Ogden rate was smaller than anticipated by the reinsurance market. Mulsanne duly amended the valuation of claims reserves where the Ogden rate was applicable, and both the new Ogden rate and increased XoL costs are factored into the Company's forward looking projections.

In April 2019, Mulsanne entered into a Loss Portfolio Transfer ("LPT") reinsurance arrangement, applying retrospectively from 31 December 2018 with an A+ rated reinsurer, to protect against future adverse movement on claims incurred on business written up to 31 December 2017. This cover resulted in a significant element of risk transfer and therefore assisted the Company in meeting its SCR. This contract replaced a previously incepted Adverse Development Cover that was entered into in the prior years.

The Company received capital injections from its parent totalling £1 million in December 2019, and a further £7 million in April 2020.

A.2 Underwriting Performance

Mulsanne underwrote mainly motor business during the year, with a small amount of add-on products. All business was written in the United Kingdom.

The Company mitigates its risk through a mixture of co-insurance, Quota Share reinsurance and Excess of Loss reinsurance. This provides protection both against adverse performance from attritional losses and from large claims.

Mulsanne prepares its financial statements in accordance with Generally Accepted Accounting Principles in Gibraltar ("GAAP") and the underwriting performance information given in this section is therefore on a GAAP basis.

The following table summarises the technical account performance for the year ended 31 December 2019 with a comparison for 2018.

	As at 31 December 2019				
	Motor Liability	Other Motor	Miscellaneous Financial Loss	Assistance	Total
	£'000	£'000	£'000	£'000	£'000
Gross written premiums	34,522	2,010	116	698	37,346
Outward reinsurance premiums	(30,736)	(1,790)	-	-	(32,526)
Net written premiums	**3,786**	**220**	**116**	**698**	**4,820**
Earned premiums, net of reinsurance	**6,896**	**402**	**134**	**809**	**8,241**
Other technical income	**3,057**	**178**	**10**	**62**	**3,307**
Claims incurred - gross amount	(29,122)	(1,696)	(57)	(358)	(31,233)
Claims incurred - reinsurers' share	19,687	1,076	-	-	20,763
Claims incurred, net of reinsurance	**(9,435)**	**(620)**	**(57)**	**(358)**	**(10,469)**
Net operating expenses	(5,863)	(341)	(114)	(422)	(6,741)
Balance on the technical account	**(5,346)**	**(382)**	**(26)**	**91**	**(5,662)**

	As at 31 December 2018				
	Motor Liability	Other Motor	Miscellaneous Financial Loss	Assistance	Total
	£'000	£'000	£'000	£'000	£'000
Gross written premiums	30,436	1,775	162	977	33,351
Outward reinsurance premiums	(16,135)	(941)	-	-	(17,076)
Net written premiums	**14,301**	**834**	**162**	**977**	**16,276**
Earned premiums, net of reinsurance	**17,462**	**1,018**	**184**	**1,080**	**19,744**
Other technical income	**3,828**	**223**	**20**	**123**	**4,194**
Claims incurred - gross amount	(30,462)	(1,777)	(13)	(420)	(32,671)
Claims incurred - reinsurers' share	14,219	829	-	-	15,048
Claims incurred, net of reinsurance	**(16,243)**	**(947)**	**(13)**	**(420)**	**(17,623)**
Net operating expenses	(7,971)	(465)	(168)	(546)	(9,149)
Balance on the technical account	**(2,924)**	**(171)**	**24**	**237**	**(2,834)**

In 2019, the Company has focused on measures to improve the performance of the book using enhanced methods of statistical modelling. Poor performing segments of the book have been aggressively targeted or removed entirely in conjunction with improved point of quote validation techniques. The Group's in-house claims handler continues to employ robust anti-fraud measures.

A.3 Investment Performance

Mulsanne invests in a diversified portfolio comprising corporate and government bonds, together with some investment in collective investment schemes. In addition, the Company has deposits with banks to ensure appropriate diversification and liquidity.

2018 was a challenging year for investment returns with most asset classes posting negative returns. As a result during 2018 the Company recorded unrealised losses on the investment portfolio, however, during 2019 investment conditions were more favourable the Company's investment portfolios generated positive returns for the year. The Company's investment portfolios remained defensively positioned to minimise the downside risks whilst seeking to achieve a conservative return.

The Company's investment portfolio comprises:

	As at 31 December 2019		As at 31 December 2018	
	Amount £'000	% of Total %	Amount £'000	% of Total %
Investible Assets				
Corporate bonds	18,728	49%	14,644	35%
Government bonds	451	1%	2,973	7%
Funds	3,605	9%	6,538	15%
Derivatives	-	0%	15	0%
Cash and Cash Equivalents	15,498	40%	17,715	42%
Land and buildings	-	0%	540	1%
Total	38,282	100%	42,425	100%

The Company's investment returns and expenses were:

	As at 31 December 2019		As at 31 December 2018	
	Amount £'000	% of Total %	Amount £'000	% of Total %
Investment Income				
Corporate bonds	763	86%	205	23%
Government bonds	8	1%	(35)	-4%
Funds	275	31%	(238)	-27%
Derivatives	(150)	-17%	(29)	-3%
Cash and Cash Equivalents	96	11%	136	15%
Property income	-	0%	(28)	-3%
Investment management expenses	(105)	-12%	(134)	-15%
Total	886	100%	(123)	-14%

Mulsanne uses the services of experienced investment managers to manage its portfolios and these investments are actively managed, with assets not necessarily held until maturity.

Mulsanne does not invest in securitisations and has not recognised any gains or losses directly to equity.

A.4 Performance of other Activities

Mulsanne receives co-insurance and reinsurance commission with respect to costs incurred by the Company. The table below shows the net amounts in the year. These value of commissions received are in part linked to the underlying underwriting result of the company.

	31/12/2019	31/12/2018
	£'000	**£'000**
Co-Insurance commission	(239)	653
Reinsurance commission	3,945	2,714
Reinsurance Profit Commissions	(411)	819
Total	**3,295**	**4,187**

A.5 Any other Information

There are no other material matters with regard to the Company's performance.

B Systems of Governance

B.1 General Information on Systems of Governance

B.1.1 Structure of the Board and Committees

Mulsanne operates through a main Board and two Sub-Committees, with current membership as set out below:

Board of Directors

- Darren McCauley
- James Cumming
- Paul Twilley
- Paul Cole
- Marcus Hayday (appointed 21/2/2019)
- Liz Quinn (resigned 28/2/2019)
- Franco Cassar

Claims and Underwriting Committee

- Darren McCauley
- Paul Twilley
- Paul Cole
- Marcus Hayday (appointed 21/2/2019)
- Liz Quinn (resigned 28/2/2019)
- Colin Peters

Investment Committee

- Darren McCauley
- James Cumming
- Paul Cole
- Franco Cassar
- Steve Quinn (resigned 28/2/2019)

Mulsanne's Company Secretary is Raphael Jacob Abergel.

The Company has decided not to establish an Audit and Risk Committee, with responsibility for these functions being retained by the Board.

The Board is responsible for overseeing the business of Mulsanne, for providing strategic direction and for supervising management. While the Board delegates certain function to Sub-Committees, this does not absolve the Directors of their responsibility to the Company.

The Board operates under agreed Terms of Reference which set out the following key responsibilities:

- Setting the strategic direction and objectives of the Company
- Ensuring the integrity and reliability of the Company's finances, including
    - Business planning
    - Capital and Solvency position
    - Directors' remuneration
    - Dividend policy
    - Accounting policies
    - Approval of public documents
- Approving, managing and monitoring the internal and external audit strategy and the performance and effectiveness of the external and internal auditors
- Establishing an appropriate internal control system and monitoring its effectiveness
- Approving the underwriting strategy and policy and monitoring its implementation
- Establishing an effective risk management framework including risk management strategies and policies and risk appetite and tolerance limits
- Overseeing the calculation of the SCR and technical provisions
- Overseeing, guiding and challenging the ORSA and approving the ORSA report
- Overseeing the completion of quarterly and annual QRTs, the SFCR and the RSR

The Company has in place a Claims and Underwriting Committee, which operates under agreed Terms of Reference approved by the Board. The key responsibilities of the Committee include:

- Implementing and overseeing the claims handling, reserving and settlement strategy and philosophy
- Overseeing the performance of all product lines and intermediaries/distributors
- Receiving, considering, reviewing, challenging and agreeing recommendations and proposals for changes to the underwriting and/or rating
- Considering business opportunities and underwriting proposals presented by management
- Assisting with the negotiation, placement, performance and monitoring of the reinsurance arrangements
- Providing input into the calculation of the SCR and technical provisions
- Providing input into the ORSA process
- Considering and advising on insurance risk management, including risk identification, controls, appetite and mitigation
- Monitoring and reporting on market trends and legislative or regulatory changes
- Reporting on all relevant matters to the Board

The Company has in place an Investment Committee, which operates under agreed Terms of Reference approved by the Board. The key responsibilities of the Committee include:

- Providing guidance on, managing and monitoring the investment and cash flow strategy
- Overseeing the performance of investments and investment managers
- Advising on investment risk strategy and policy and risk appetites and limits
- Providing input into the calculation of the SCR
- Providing input into the ORSA process

- Ensuring appropriate information is required for regulatory reporting purposes
- Reporting on all relevant matters to the Board

B.1.2 Key Functions

Mulsanne has in place the four key functions as required by the Solvency II Directive. These are:

- Risk Management
- Compliance
- Actuarial
- Internal Audit

These functions are responsible for providing oversight of the relevant area and providing assurance to the Board on the operation of the Company's risk management framework. All functions are overseen by Directors of the business, thus ensuring they have the appropriate authority to carry out their roles.

B.1.2.1 Risk Function

The Board of Mulsanne retains full responsibility for the risk function. The function is overseen by Paul Cole.

The function holder is supported in his role by the outsourced service providers, including the Company's insurance manager and the third party administrator, who provide input into and assistance with risk management.

The Board has retained responsibility for risk management and the function therefore has the required authority to fill its role.

B.1.2.2 Compliance Function

Mulsanne outsources compliance services to its insurance manager, with the function overseen by Marcus Hayday during the year. This was subsequently transferred to Marcus Hayday in 2019. The compliance team works closely with the wider group in providing compliance services to the Company.

The Board has approved a compliance monitoring programme, which is updated on an annual basis, and is intended to ensure that Mulsanne complies at all times with all relevant rules, regulations, legislation and guidance to which the Company is subject, both in Gibraltar and, where applicable, in the UK.

Being outsourced, the function is operationally independent from the other areas of the business and, while it reports to the Board, the Board is not able to influence the function or to exert other inappropriate pressures. The Compliance function is authorised to access all areas of the business and is therefore entitled to full and unrestricted access to all information, records, property, personnel and activities, including those residing with outsourced service providers.

The Compliance function formally reports to the Board on a quarterly basis.

B.1.2.3 Actuarial Function

The Actuarial Function has specific duties and responsibilities under Solvency II. Mulsanne outsources the actuarial function services to RTP Consultancy, under oversight of Darren McCauley as the Actuarial Function Holder. The outsourcing arrangement ensures that the actuarial function is operationally independent. Specific duties of the Actuarial Function include, but are not limited to:

- Coordinating the calculation of the firm's technical provisions
- Assessing the sufficiency and quality of the data used in the calculation of technical provisions against the data quality standards as set in Solvency II
- Informing the Board of the reliability and adequacy of the calculation of technical provisions
- Expressing an opinion on the overall underwriting policy
- Expressing an opinion on the adequacy of reinsurance arrangements
- Contributing to the effective implementation of the risk management system
- Preparing the Actuarial Function Report for the Board at least annually

In addition, Mulsanne utilised the services of an external actuary, RPC Consulting, to carry out annual reserve reviews and provide an element of operational independence.

B.1.2.4 Internal Audit

Mulsanne's Internal Audit function is overseen by Paul Cole. Internal Audit is responsible for evaluating the approach to risk management and governance, with particular emphasis on the internal control system.

Mulsanne outsources the Internal Audit function to PWC, who have the skills, knowledge and expertise to provide the services and are entirely independent from operational aspects of the business.

B.1.3 Changes during the Period

There were no changes during the period.

B.1.4 Remuneration Policy

Mulsanne does not have any employees other than the Directors of the Company. The Independent Non-Executive Director is the only individual to receive remuneration from the Company. All other Directors are remunerated elsewhere.

Due to the size of the Company and the simple remuneration arrangements, Mulsanne does not have a separate Remuneration Committee, with responsibility for this area being retained by the Board.

The Independent Non-Executive received a fixed fee and there were no variable or performance-related elements to the remuneration. The remuneration of other Directors is not linked directly to the performance of the Company and none of the Directors are entitled to share options or shares in the Company and do not have any entitlement to pensions from Mulsanne.

B.1.5 Material Transactions

During the year, Mulsanne paid a fee of £250,000 (2018 - £225,524) to its insurance manager for services provided. Two of the Directors are also Directors of the insurance manager. At 31 December 2019, the balance owed by Mulsanne was £20,833 (2018 - £18,908).

During 2019 the company entered into a Loss Portfolio Transfer reinsurance arrangement with a highly rated reinsurer covering adverse development of 2017 and prior underwriting years. The total premiums attached to this contract were £17.04 million.

During the year the Company's parent subscribed for additional capital of £1 million in total in order to assist with Mulsanne's solvency position.

B.2 Fit and Proper Requirements

B.2.1 Requirements for Skills, Knowledge and Expertise

Mulsanne requires that members of the Board and Committees and those individuals carrying out other significant functions are fit to carry out their roles through the possession of the necessary skills, knowledge and experience and that all such individuals are of good repute and integrity. This ensures an appropriate spread of skills for managing the business.

The fitness requirements set out that collectively the Board and Committees cover at least the following areas:

- Knowledge of insurance and financial markets
- Understanding of the business strategy and the business model
- Understanding of the systems of governance
- Knowledge of financial matters, actuarial analysis and management information
- Understanding of the regulatory framework and requirements

B.2.2 Policies and Processes with regard to Fit Requirements

The Board will consider the skills, knowledge and experience required prior to any new appointment and assess whether the individual meets the requirements. On an ongoing basis, all individuals are required to ensure that their skills and knowledge are kept up-to-date and to confirm this annually. The fitness of key individuals is monitored and reported on by the compliance function.

B.2.3 Policies and Processes with regard to Proper Requirements

All individuals carrying out key or significant functions for Mulsanne are required to demonstrate that they meet the Company's proper requirements with regard to their reputation and character. In order to assess whether this requirement is met, the following factors will be considered:

- the individual's character;
- the individual's personal behaviour;
- the individual's business conduct;
- any criminal aspects;
- any financial aspects;
- any regulatory aspects.

Mulsanne's compliance function ensures that appropriate Notification Documents are prepared for all individuals carrying out notifiable functions and submitted for regulatory approval. The compliance function is responsible for checking propriety on an ongoing basis and to report to the Board at least annually.

B.3 Risk Management System including ORSA

B.3.1 Risk Management System

B.3.1.1 Overview

Mulsanne categorises its risks as follows:

- Strategic Risk
- Insurance Risk
- Investment Risk
- Liquidity Risk
- Credit Risk
- Concentration Risk
- Operational Risk
- Reputational Risk

Mulsanne's aim is to ensure that the business is managed at all times in a risk-focussed manner in order to achieve the Company's overall strategic objectives. The Company has in place policies, processes and procedures for each category of risk.

Risk management is the responsibility of the Board. However, due to the small size of the Company, it depends on assistance from individuals within its outsourced service provider, in particular its insurance manager and third party administrator.

The system of governance is based on the principle of proportionality, such that systems are proportionate to the nature, scale and complexity of Mulsanne's operations.

B.3.1.2 Risk Management Strategies, Objectives, Processes and Reporting

Mulsanne's risk management policy is intended to identify all material risks, minimise risks wherever possible and manage and control all significant risks within acceptable limits. The ultimate goal is to ensure policyholder protection, both now and in the future and for the company to achieve the Company's overall strategic objectives.

The Company sets risk appetite and tolerance limits for each category of risk and monitors performance on a monthly basis.

B.3.1.3 Identification, Measurement, Monitoring, Management and Reporting of Risks

Mulsanne's Board regularly discusses and considers actual or potential risks and utilises a risk register to do so. All risks identified are recorded and assessed as to their impact and the likelihood of their occurrence, both on an inherent basis (before controls and mitigations) and on a residual basis (after taking account of appropriate controls and mitigations).

The highest rated risks are reported to the Board on a regular basis by the Compliance function. In addition, at each Board meeting consideration is given to whether the Company's risk profile or risk exposure has changed due to decisions taken.

Risk events are reported to the Board when they occur and are recorded in the risk register, including their impact and resolution.

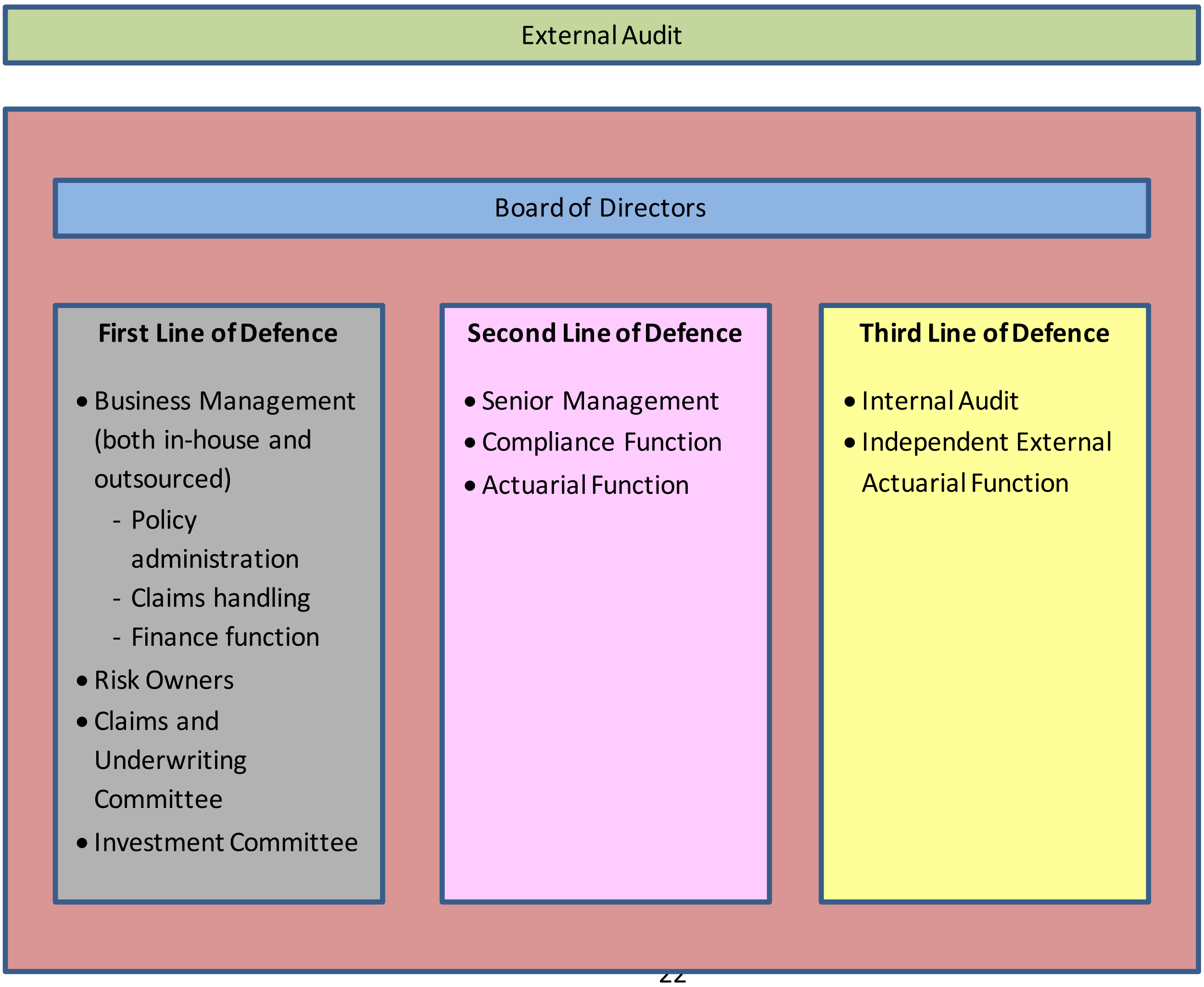
Risk management involves the Board as well as key outsourced providers. All forums and individuals involved in risk management have a duty to inform the Compliance, Internal Audit or Actuarial functions of any facts that may be relevant to these functions in performing their duties.

In addition, the Board will receive regular reports from the Internal Audit function as to the adequacy, effectiveness and efficiency of the internal controls.

B.3.1.4 Implementation of Risk Management Function

The Board of Mulsanne has retained responsibility for the risk management function. While the Company relies on its outsourced service providers for elements of the day-to-day operation of risk management, oversight and control remains with the Board. This ensures that risk management is fully integrated into Mulsanne's business and its decision-making processes.

Mulsanne operates a three-line of defence model as set out below:



First line of defence: Responsible for the day-to-day management and control of risk and the establishment and operation of appropriate internal control measures.

Second line of defence: Responsible for operation of the risk management framework and oversight of risk control and management. Has a level of independence from the day-to-day management and provides the Board with some assurance over the effectiveness of the risk management system.

Third line of defence: Responsible for providing independent assurance on the effectiveness of the first and second lines of defence and over the risk management framework and system of internal controls.

B.3.2 Own Risk and Solvency Assessment

B.3.2.1 ORSA Process and Integration

Mulsanne has established a policy setting out the requirement to carry out an Own Risk and Solvency Assessment ("ORSA"). The purpose of the policy is to ensure that all material risks faced by Mulsanne are appropriately assessed and the level of capital required managing these risks or other risk mitigation measures are determined and put in place. The ORSA should provide the Board and management with a thorough understanding of the Company's risk profile and provide the information needed to make appropriate decisions.

The ORSA takes account of historic performance and future forecasts/budgets over the business planning horizon, which is a period of three years. Various members of the management team and relevant outsourced providers will carry out the ORSA. The Mulsanne Board maintains oversight and control at all times, steering how the assessment is performed and challenging the results to ensure they properly take account of the Company's material risks.

Mulsanne conducts at least an annual ORSA after which a formal report is prepared.

As part of the ORSA process, management assess the risks to which the Company is exposed and their potential impact on the capital requirement together with any other relevant mitigating factors. This consists of both a quantitative assessment through appropriate stress and scenario tests, as well as a qualitative assessment of risks which may not be covered by capital. The outcome from the ORSA process is to determine the level of capital which the Board consider appropriate for the business.

A full reforecast and ORSA will be carried out on an annual basis, subject to there being no material changes in the business or its risk profile in the meantime. This will take place during the final month of the company's financial year, thus ensuring that the timing is aligned with the business planning process.

In addition to the above, the Board will formally assess on a regular basis whether any decisions taken, risk events, market factors or other similar items affect Mulsanne's risk profile, risk appetite, free reserves or other relevant matters. In such a case, the impact on the Company's own assessment of its capital needs will be considered and, if required, a further ORSA together with an SCR calculation will be carried out.

In particular, the following thresholds will require an automatic revision of the ORSA, regardless of other circumstances:

- Volumes increasing by more than 10% above budget, and the forecast performance of the business is such that management feel that this will continue
- Net Loss Ratio (Net of Excess of Loss reinsurance) in any underwriting year deteriorating by more than
    - 5 points compared to budget on the current UWY
    - 3 points compared to previous actuarial review on prior UWYs
- New material business lines (>£7.5m of premium) being entered into
- The solvency the buffer falling below 10%, and forecast performance of the business being such that management feel the SCR buffer will continue to be eroded post the 10% breach.

The ORSA is conducted by management, including outsourced service providers, with the Board maintaining oversight and control at all times and steering the assessment. The draft report produced is provided to the full Board for discussion, challenge and approval. This is applicable for each ORSA, whether annual or ad-hoc due to changes in the business.

B.3.2.2 Relationship between Solvency Needs, Risk Profile, Capital Management and Risk Management

The ORSA enables the Board to assess the Company's capital needs over the planning horizon, which is three years. The ORSA is carried out taking due account of Mulsanne's specific risk profile and includes both risks explicitly captured in the Standard Formula, as well as risks which are either not captured or not able to be mitigated through capital. All risks are taken into account in the ORSA process.

The capital management policy has been established to ensure that the Company has in place the appropriate levels and quality of capital both as required by the SCR calculation and as determined by the ORSA. The policy aims to ensure that appropriate plans are in place to enable the Company to meet its capital requirements both in the immediate and the medium-term future and that all items of own funds comply with the relevant rules, regulations and legislation.

The risk management function takes due account of the available capital, the Company's risk profile, future business plans and the outcome of the ORSA in an iterative cycle.

B.4 Internal Control System

B.4.1 Internal Control System

Mulsanne is committed to managing its business in a risk-focused manner. In order to achieve this, appropriate controls have been put in place to reduce risks where possible. Risk management and the adherence to the internal controls are an integral part of the business culture.

Responsibility for establishing an appropriate internal control environment rests with the Board as a whole and its Directors individually. The Company has established internal control systems which take due account of the nature of the business. Responsibility for adherence to internal controls rests with all individuals involved in the management of the business.

The internal control policy is targeted at ensuring that:

- Processes and procedures exist for the identification and assessment of risks
- Appropriate processes and procedures are in place to control identified risks
- Individuals involved in the business are trained and aware of their role with regard to internal controls
- Appropriate monitoring and review processes are in place

Key controls that operate to mitigate risks are recorded in the appropriate risk register. The internal control framework for Mulsanne is subject to review by Mulsanne's internal audit function.

B.4.2 Compliance Function

B.4.2.1 Implementation of Compliance Function

The compliance function is an integral and significant element of Mulsanne's business, responsible for ensuring the Company complies with all relevant rules, regulations, guidance and legislation with regard to both Gibraltar and UK requirements. The compliance function also reports to the Board on any relevant changes in the legal environment in which the Company operates.

Mulsanne outsources its Compliance function to its insurance manager, with a named Compliance Officer having overall responsibility. The compliance function has established a Compliance Monitoring Programme which is approved by the Board on an annual basis. Compliance formally reports to the Board on a quarterly basis with regard to the tasks carried out during the quarter.

While the provision of compliance services has been outsourced, this remains under the oversight of the Mulsanne Board, in particular the function holder, and the Board retains full responsibility.

B.4.2.2 Independence and Authority of Compliance Function

Due to the outsourced nature of the compliance function, the function is operationally independent from the other areas of the business.

The compliance function is authorised to access all areas of the business and is therefore entitled to full and unrestricted access to all information, records, property, personnel and activities, including those residing with outsourced service providers.

The Board considers and approves the compliance monitoring programme on an annual basis to ensure that all relevant areas are captured and receives the quarterly compliance reports, but does not otherwise seek to instruct or influence the Compliance function.

B.5 Internal Audit Function

B.5.1 Implementation of the Internal Audit Function

Internal Audit is an objective and independent activity, whose role is to help management achieve the Company's objectives by constantly improving the effectiveness of the Company's operations. It is responsible for evaluating management's approach to risk management and governance, with particular emphasis on systems of internal control. It investigates the manner in which the Company's processes and controls operate in order to assess their effectiveness in ensuring compliance with strategy and policies.

Mulsanne's Internal Audit function covers all aspects of the Company's business. In particular, it will consider:

- Governance and business planning
- Underwriting and policy administration
- Claims handling and reserving
- Investment
- Finance/Accounting
- IT
- Compliance

Internal Audit produces a three-year plan to ensure that all relevant areas are covered within an appropriately determined timeframe, taking into account the relevant risks and uses this plan as the basis for the detailed annual plan. Internal Audit carries out its examination at least once per annum and as requested on an ad hoc basis on any additional areas.

Mulsanne outsources the Internal Audit function to an external accountancy firm.

A number of internal processes and procedures will be taken into account by the outsourced provider in discharging their duties:

- The Board, with the assistance of its insurance manager, carries out an internal review of the governance, risk management and business planning systems and processes, including its own procedures, on an annual basis
- Members of the CCGL team working for Mulsanne, together with Artex if required, carry out periodic audits of the claims handler and brokers and report to the Board, these audits to be conducted at least annually
- Internal Audit will liaise with and leverage the work of the external auditors

After each audit, appropriate reports are produced.

- An initial report is produced for discussion with management in the relevant area. The draft report should be produced no later than four weeks of the audit work finishing.
- Management's responses and proposed actions will be noted and an agreed final report will be issued. The final report should be issued no later than four weeks of the draft report being agreed.
- The final report will be submitted to the Board for review at the next meeting.

B.5.2 Independence and Objectivity of the Internal Audit Function

Internal Audit is outsourced to an external accountancy firm with the required skill set and experience and is not involved in any operational aspects of the business. This ensures that the function is independent, objective, and impartial and not subject to influence from the Board or management.

Internal Audit is authorised to review all areas of the Company and its business and is therefore entitled to have full and unrestricted access to all information, records, property, personnel and activities. Staff and management (even if not staff of the Company) have a duty to make all requested information available promptly and to assist with any enquiries.

The Board will approve the audit plan and is free to request additional areas to be reviewed by internal audit. In addition the Board receives and reviews the reports produced by the function. However, the Board does not otherwise seek to instruct or influence the Internal Audit team.

B.6 Actuarial Function

B.6.1 Implementation of Actuarial Function

The role of the Actuarial Function is to provide the Board with an independent perspective on key insurance aspects of the Company's operations. This will ensure that the Board is fully informed of matters that may impact the business.

Mulsanne's Actuarial Function covers all aspects of the business with regard to insurance risks. This encompasses:

- Underwriting
- Reinsurance
- Other risk mitigations
- Reserving
- Capital
- Data

Mulsanne outsources the Actuarial Function services to a qualified, external actuary who provides the services under oversight of the Actuarial Function Holder and ultimately the Board.

The Actuarial Function is responsible for the following areas:

- Oversight and validation of the calculation of technical provisions
- Assessment of the appropriateness of methodologies and assumptions used and consistency with Articles 76 to 83
- Explanation of any material changes in data, methodologies or assumptions
- Assessment of the sufficiency and quality of the data and consistency with data quality standards
- Recommendations to improve data quality where required
- Back-testing of best estimates against actual experience, reporting of material deviations and proposals to improve calculation
- Opinion on overall underwriting policy
- Opinion on adequacy of reinsurance arrangements

The Actuarial Function reports its findings to the Board at least annually, covering all areas for which it is responsible. The report should be appropriate to assist the Board in its decision-making process and to identify to the Board areas where improvements are required. The report should also identify any material uncertainty about data accuracy and explain the approach taken in light of this uncertainty.

B.7 Outsourcing

B.7.1 Outsourcing Policy

Outsourcing is defined as the contracting out of all or part of an internal process or internal activities to a third party provider on a continuous basis. Mulsanne has in place an outsourcing policy which ensures that all outsourcing will:

- Support Mulsanne's business strategy and key objectives
- Provide customers with an experience at least as good – or better – than an in-house alternative
- Enable Mulsanne to deliver a service experience to customers at a cost consistent with the Company's cost objectives/budget/business plan
- Enable Mulsanne to exercise control over outsourced service providers to ensure that any risks are properly identified, understood and appropriately mitigated
- Enable Mulsanne to demonstrate that its responsibilities in respect of outsourced activities are being effectively discharged

While Mulsanne outsources certain key activities, the Company retains all decision-making powers and ultimate responsibility for the outsourced services.

Mulsanne's outsourcing policy sets out the following:

- The definition of outsourcing
- Responsibility for implementation and operation of the policy and consequent controls and processes
- The criteria for outsourcing
- Due diligence on potential providers
- Establishment of appropriate contractual arrangements which clearly define responsibilities and allow adequate supervision and control
- Establishment of appropriate contingency planning, including terminating or exiting the arrangement
- Periodic audit requirements
- Records of outsourced arrangements
- The approval process
- Contract and legal requirements
- Risk assessment and risk mitigation measures
- Monitoring and on-going requirements

B.7.2 Outsourced Functions and Activities

The following table sets out the key functions outsourced by Mulsanne:

Function/Services	Jurisdiction
Policy administration and processing including provision of management information	United Kingdom
Claims handling, reserving and settlement	United Kingdom
Accounting and financial services	Gibraltar
Assistance with risk management	Gibraltar
Compliance services	Gibraltar United Kingdom
Company secretarial services	Gibraltar
Actuarial function services	United Kingdom
Internal audit	Gibraltar
Large loss reserving	Gibraltar

B.8 Any other Information

B.8.1 Adequacy of Systems of Governance

Mulsanne is a small company with the directors closely involved in all key aspects of the business. The Company is not complex, focussing mainly on a single line of business, with known and fully understood risks. The systems of governance have therefore been established taking due account of the principle of proportionality, being appropriate to the size, nature and scale of the operations.

The Board has in place a process of regularly evaluating the effectiveness of the systems of governance. In addition, governance falls within the remit of both internal and external audit and the risk management function continuously assesses relevant legislation, guidance, advice and best practice to ensure that the systems of governance are updated and maintained at all times.

B.8.2 Any other Material Information

There is no other material information to report as at 31 December 2019.

C. Risk Profile

Mulsanne's governance framework sets out the type and level of risk which the Company is willing to accept in the achievement of its strategic objectives. This framework provides both qualitative and quantitative measures and limits, which are taken into account in making key business decision.

Mulsanne's appetite is for the business to focus mainly on motor risks together with a small volume of ancillary, motor-related risks. All business is currently underwritten in the UK.

With regard to investments, Mulsanne pursues to strategy which is focussed on capital preservation, thus adopting a careful and conservative investment policy.

Mulsanne's risk profile at 31 December 2019 is set out in the table below:

	2019	2018
Risk Category	**% of SCR**	**% of SCR**
Insurance Risk	48.3%	44.3%
Market Risk	13.5%	21.4%
Counterparty (Credit) Risk	15.1%	11.2%
Operational Risk	23.1%	23.1%

C.1 Underwriting Risk

C.1.1 Material Risks

Underwriting risk arises from the risk of loss from changes in insurance liabilities. This can arise from inadequate pricing or risk selection, inappropriate reserving, or other fluctuations in the timing, frequency and severity of insured events.

Mulsanne distributes all business via intermediaries in a highly competitive industry. Furthermore, the motor market has recently been subject to numerous regulatory and legislative changes and is highly sensitive to the economic environment, the behavior of policyholders and actions of other service providers to the industry, such as claimant lawyers and claims management companies.

The Company manages underwriting risks through regular review of performance information, encompassing loss ratios, frequency, and cost of claims by products and distribution channels.

The following are the key underwriting risks identified by management:

- Increased claims costs caused by increased ferocity of claims farming, and increased repair costs due to sterling's deflation arising from Brexit
- Increasing levels of customer non-disclosure
- Risks priced too low
- Undesirable market segments written
- Incorrect risk proposal information provided
- Exposure to ghost broking
- Unplanned underwriting risk concentrations
- Increase in frequency of claims

C.1.2 Material Risk Concentrations

The majority of Mulsanne's business comprises motor insurance, therefore leading to some risk concentration due to exposure to market factors. However, within this class of business, Mulsanne writes a variety of different categories of risks, including private cars, commercial vehicles and taxi business. In addition, distribution is through a number of intermediaries. The Directors therefore do not consider there to be any material underwriting risk concentration.

C.1.3 Risk Mitigations

Mulsanne mitigated underwriting risk through the purchase of reinsurance protection and the implementation of appropriate controls.

Mulsanne purchases Excess of Loss reinsurance to protect against the impact of large claims. In addition, the Company has in place co-insurance and Quota Share reinsurance arrangements to mitigate the impact of large and lower value, attritional losses.

In April 2019 and with effect from 1 January 2019, the Company purchased a new Loss Portfolio Transfer to cover business written up to 31 December 2017, to protect against adverse claims performance. This replaced a similar cover which was purchased in 2018 that was subsequently commuted

In addition, Mulsanne further mitigates underwriting risk through the following:

- Monthly review of performance information
- Systematic reviews of individual risks to ensure pricing is within agreed parameters
- Six monthly independent actuarial reviews and quarterly roll-forwards
- Regular audits of intermediaries
- Regular audits of the claims handler
- Regular updates of the risk register, including reporting of any risk events
- Stress testing of loss ratios as part of the ORSA process

C.1.4 Stress and Sensitivity Testing

Mulsanne carries out stress and sensitivity testing as part of the ORSA process, which is carried out at least annually. This considers stresses both with regard to business volumes, future loss ratios and the run off of existing reserves. This showed that the greatest sensitivity arises from changes in future loss ratios driven by bodily injury or deterioration in existing reserves. This is entirely in line with expectations and aligns closely with the management focus on the profitability of new business.

Under extreme scenarios, the level of buffer and protection afforded by the recently purchased Loss Portfolio Transfer would not be sufficient to absorb this stress. Management is very much alive to the risks arising from inappropriate underwriting and continues to closely monitor this risk. Further to this the Board, as part of the ORSA process considers options available to it to recover from such extreme scenarios as part of the company's recovery and resolution planning.

The Company's most significant variable in respect of the projection of ultimate losses attaches to the assumptions used for large bodily injury claim frequency. The frequency of these claims, by definition, are difficult to predict.

C.2 Market Risk

C.2.1 Material Risks

Market risk arises from changes in the income generated by investments or from changes in the value of such investments and includes:

- Interest rate risk
- Spread risk
- Equity risk
- Currency risk
- Property risk
- Concentration risk

Mulsanne pursues a conservative investment policy, focused on the preservation of capital. As a result, the Company has no investments in equities or property and aims to fully hedge any currency risk.

Mulsanne uses the services of carefully selected and experienced investment managers who operate under an approved investment policy and within agreed guidelines. As well as setting limits with regard to the type of investments and the rating of counterparties, the policy sets a benchmark return and imposes limits on exposure to single counterparties. The Investment Committee meets on a regular basis to assess the performance of the portfolio and recommend any changes which may need to be made.

The main market risk to which the Company is exposed is a loss in the value of investments or categories of investments due to market factors.

C.2.2 Material Risk Concentrations

Mulsanne has in place a diversified investment portfolio and is therefore not exposed to any material market risk concentration with the investment portfolios. The Company does not have any significant exposure to individual banks, and all bank deposits are with highly rated banks.

C.2.3 Risk Mitigations

Mulsanne mitigates market risk through the following mechanisms:

- Regular review of investment performance
- Use of more than one investment manager
- Investment policy with agreed limits
- Diversification within the investment portfolio

C.2.4 Prudent Person Principle

Mulsanne pursues a conservative investment policy, which ensures investments are limited to relatively standard and easily understood products, the performance of which the company is able to readily monitor and manage. The investment policy balances capital preservation with investment return and sets limits with regard to rating and other measures, taking into account the nature and duration of the Company's liabilities. In addition, the policy requires appropriate diversification of exposure within the portfolio.

Mulsanne only utilizes derivatives for hedging purposes and these are fully taken into account in the ongoing performance of the portfolio. The Company's policy is to hold investments that are traded regularly and therefore have a ready market value and are highly liquid.

Occasionally, the Company may choose to invest in funds which themselves invest in more unusual or complex instruments, potentially including derivatives and securitised investments or other instruments. In such a case, the Company will carry out appropriate diligence on the investment or fund manager to ensure that they have the required skill, knowledge, understanding and experience to manage any additional risk which may arise from such investments.

Mulsanne does not directly undertake any unusual or non-routine investment activities. However, should any such investments be proposed, the Investment Committee will:

- Assess the impact on the Company's risk profile, consider whether a revised ORSA is required as a result and make the necessary recommendation to the Board;
- Ensure that appropriate skills are in place to manage and monitor the investment activity – either internally or within the investment manager;
- Assess how the investment complies with the Prudent Person Principle;
- That such investments are in the best interest of customers and policyholders;
- Demonstrate to the Board how the proposed investment activity will improve the portfolio as a whole.

C.2.5 Stress and Sensitivity Testing

Mulsanne includes stress testing of market risk in its ORSA process, in particular with regard to a shock to the risk free interest rate used to discount cash flows under Solvency II and a shock to the bond market resulting in a fall in value of the investments. While these stresses do not impact as greatly as loss ratio stresses, a severe shock has the potential to adversely affect the Company's capital position.

C.3 Credit Risk

C.3.1 Material Risks

Credit risk arises from the risk that parties who owe money to Mulsanne are unwilling or unable to pay the amounts due to the Company. Credit risk for Mulsanne arises from a number of sources:

- Banking counterparties
- Reinsurance counterparties
- Issuers of fixed income securities
- Premiums due from intermediaries

Mulsanne aims to minimise the credit risk arising from its operations through the careful section of counterparties and close management and control of amounts due to the Company.

C.3.2 Material Risk Concentrations

Mulsanne's credit risk exposures during the year were diversified as set out below:

- Funds were held with more than one banking counterparty
- Reinsurance exposure is diversified between more than one counterparty
- Mulsanne's investment portfolio is diversified amongst issuing entities
- The Company uses a number of different intermediaries in distributing its products

C.3.3 Risk Mitigations

Mulsanne mitigates credit risk through a number of mechanisms:

- Ensuring distribution is via multiple intermediaries
- Carrying out periodic audits of brokers
- Establishing and monitoring credit terms for brokers
- Using an experienced reinsurance broker
- Ensuring reinsurance counterparties are appropriately rated
- Monitoring reinsurance recoveries
- Ensuring banking counterparties are appropriately rated

C.3.4 Stress and Sensitivity Testing

Mulsanne depends, to a large extent, on its reinsurance programme in mitigating risk. Hence the credit risk arising from these arrangements needs to be appropriately managed. The risk of reinsurers suffering a credit downgrade is therefore one of the stresses considered as part of the ORSA process. Due to the diversification of reinsurers, Mulsanne is relatively resilient to this risk.

C.4 Liquidity Risk

C.4.1 Material Risks

Liquidity risk is the risk of losses from an inability for Mulsanne to pay its liabilities as they fall due. The Company has a low level of liquidity risk, due to the nature of its investment portfolio and the amount of funds held with banks on short terms deposits. The Company therefore does not have any material liquidity risk exposure.

C.4.2 Material Risk Concentrations

There are no material liquidity risk concentrations due to the diversified nature of Mulsanne's investment portfolio.

C.4.3 Risk Mitigations

Liquidity risk is mitigated through the carefully structured and diversified investment portfolio and the funds held with banks.

C.4.4 Stress and Sensitivity Testing

Liquidity risk is not subject to separate stress and sensitivity testing as the risk is not considered to be material to Mulsanne.

C.4.5 Expected Profit in Future Premiums

The expected profit in future premium as at 31 December 2019 is £117k (2018 – £80k).

C.5 Operational Risk

C.5.1 Material Risks

Operational risk arises from failed internal processes, procedures or controls, from personnel or systems failures, from external events or from a failure to comply with legislation, regulations or other obligations. Reputational risks have also been considered in this category.

Mulsanne has identified the following key operational risks:

- Sabotage from internal sources including viruses, loss of intellectual property, paralysis of systems
- Cyber Risks from external sources
- Embezzlement Fraud
- Failure of outsourced service provider
- Breach of GDPR data protection rules
- Incomplete MI
- Failure identify and manage conflicts of interest

Operational risks are identified, assessed and set out in Mulsanne's risk register, along with appropriate controls. There is a process for regular reporting of risk events.

The risk register is discussed on a regular basis by the Mulsanne Board, with input from all relevant functions and activities within the business.

C.5.2 Material Risk Concentrations

There are not material risk concentrations.

C.5.3 Risk Mitigations

Mulsanne has a strong internal control framework to mitigate operational risk. This encompasses the following key controls in managing operational risk:

- Regular audits of key service providers
- Four-eyes controls over all key operational areas
- Appropriate Disaster Recovery and Business Continuity Plans
- Details analysis and review of monthly management information
- Oversight, monitoring and audit of the claims handler
- Establishment and maintenance of a conflicts of interest register
- Involvement of Directors in all key operational areas of the business
- Board discussion of all negative publicity
- Regular dialogue with key stakeholders, including regulators and intermediaries
- Monitoring limits on complaints
- Monitoring and reporting by the Compliance function

C.5.4 Stress and Sensitivity Testing

Operational risk is included in the Standard Formula, with an appropriate risk charge calculated. In addition, a number of operational risks would directly impact underwriting risk and are therefore also captured. As part of the ORSA process, Mulsanne also considers those risks which may not be fully captured in the Standard Formula, in particular the exposure to outsourced service providers and various reputational risks. These risks are managed through appropriate controls and other mitigating actions, such as close involvement of the Board in all key operational decision.

C.6 Other Material Risks

In June 2016 the United Kingdom voted to leave the EU and, without transitional provisions, as at the time of writing the final date and terms for leaving the EU are still unknown. The outcome of the negotiations on the UK's exit continues to remain uncertain in the meantime. While Mulsanne writes business solely into the UK and it is anticipated that the ability of Gibraltar companies to write UK business will be retained, there is likely to be a period of economic and political uncertainty.

The Board continues to monitor developments as they occur to ensure that actions are taken to mitigate any potential adverse impact as far as possible.

D. Valuation for Solvency Purposes

D.1 Assets

The following bases, methods and assumptions have been used in valuing each material class of assets of Solvency II purposes.

The material classes of assets as at 31 December, except for reinsurance technical provisions, are as set out in the table below:

	2019		2018	
Description	**Solvency II Value**	**GAAP Value**	**Solvency II Value**	**GAAP Value**
	£'000	**£'000**	**£'000**	**£'000**
Intangible Asset	-	383	-	261
Property	-	-	540	540
Government Bonds	451	450	2,973	2,918
Corporate Bonds	18,728	18,486	14,644	14,437
Collateralised securities	-	-	-	-
Collective Investment Undertakings	3,605	3,605	6,538	6,538
Derivatives	-	-	15	6,426
Deposits other than cash equivalents	3,437	3,437	9,469	9,409
Insurance and Intermediaries Receivables	-	5,959	846	4,080
Reinsurance Receivables	-	113	2,544	2,250
Receivables (trade, not insurance)	258	258	361	361
Cash and cash equivalents	12,061	10,485	8,246	4,511
Deferred Acquisition and Processing Costs	-	1,907	-	1,666
Any Other Assets	-	335	-	397

D.1.1 Intangible Asset

At 31 December 2019, Mulsanne held an intangible asset valued at £383,376 (2018 – £260,827) under GAAP, representing software acquisition and development costs. For GAAP purposes, this asset has been valued on an amortised cost basis, and no significant estimated or judgements have been used.

As the asset is used within the group, it will not result in a cash flow, does not have a readily ascertainable market value and no active market exists, no value has been ascribed to it for Solvency II valuation purposes. There have been no changes in recognition and valuation bases during the year.

D.1.2 Property

As at 31 December 2019, Mulsanne held property valued at £Nil (2018 – £540,000). This property was held for use by a related company and was sold on 7 January 2019.

D.1.3 Bonds

At the year end, Mulsanne had a total of £19,179,043 (2018 – £17,616,815), inclusive of accrued interest, invested in government and corporate bonds. The Company's investment portfolios are managed by external investment managers with monthly reporting to Mulsanne setting out the composition and the performance of the portfolio.

Investments are valued at fair value, being the market prices for identical assets in active markets, and the valuations are the same for GAAP and Solvency II purposes, although GAAP valuations exclude accrued interest. No significant judgements or estimates are used, and there has been no change in the basis of recognition and valuation.

D.1.4 Collective Investment Undertakings

At 31 December 2019 Mulsanne held £3,604,912 (2018 – £6,538,012) in collective investment schemes. These are funds which are actively traded and therefore have readily ascertainable market values and assets are valued at market value both for GAAP and for Solvency II, with no significant estimate or judgements being utilised. There has been no change in the valuation and recognition basis during the year. For GAAP purposes, these investments were included in the same category as bonds and other fixed income investments.

D.1.5 Derivatives

At 31 December 2019 the Company held a short position in UK Gilt Futures with a March 2020 expiry with a nominal value of £1,200,000 and a market value of £1,576,560. This position is used to hedge the interest rate risk arising from holding corporate bonds in the investment portfolio and is fully matched by a margin account. These futures are actively traded and therefore have readily ascertainable market values and assets are valued at market value both for GAAP and for Solvency II, with no significant estimate or judgements being utilised. There has been no change in the valuation and recognition basis during the year.

The investment policy of the Company is such that the currency forward positions are rolled forward prior to settlement date. The currency forward counterparty is a highly rated bank. The currency forward market is an active and liquid market and therefore the forward has a readily ascertainable market value for GAAP and for Solvency II, with no significant estimate or judgements being utilised. There has been no change in the valuation and recognition basis during the year.

For GAAP purposes, derivative assets and liabilities are shown gross, whereas for Solvency II purposes a net position has been reported, representing Mulsanne's exposure.

D.1.6 Deposits, Cash and Cash Equivalents

At the year end, Mulsanne held £15,497,955 (2018 – £17,715,129) either in term deposits, or in cash and cash equivalents, inclusive of accrued interest, with banking counterparties. All amounts are held in GBP and either in the UK or in Gibraltar.

Deposits, cash and cash equivalents are valued at fair value, based on the actual balances held, and Mulsanne receives monthly statements.

The valuation of these assets is the same for GAAP and Solvency II and no estimates or judgements have been used. For GAAP purposes accrued interest is reported separately. There has been no change in the basis on which these items are valued and recognised.

D.1.7 Insurance and Intermediaries Receivables

Insurance and intermediaries receivable items on a GAAP basis represent premiums owed to Mulsanne from its brokers, less commission and including IPT and including the amount owed to its coinsurance partner. At the year end, the Company was owed £5,959,462 (2018 – £4,080,049). Contracts with the brokers set out payment terms.

Premiums receivable are valued at fair value, being the amounts recoverable, and as no other amounts are overdue, there have been no significant estimates or judgements made in arriving at the valuation. There has been no change in the valuation and recognition basis during the year.

While the assets are valued on a consistent basis both for GAAP and Solvency II, for Solvency II valuation purposes premium debtors net of the premium relating to Mulsanne's coinsurance partner are set against technical provisions to the extent that they are not overdue. The remaining balance under Solvency II represents the net coinsurance balance.

D.1.8 Reinsurance receivables

Reinsurance receivables balance on GAAP basis amounting to £2,250,000 comprises the deposit due from the reinsurer under the ADC contract. This was repaid on the 9th January 2019, in accordance with the contract terms , and was not overdue as at 31 December 2019

Balance ascribed in Solvency II basis includes amounts due from reinsurers for settled claims above excess of loss retention amounting to £294,098.

D.1.9 Receivables (trade, not insurance)

	2019	2018
Intercompany receivable	8,462	91,958
Taxation debtor	250,000	268,742
Other debtors	-	-
	258,462	360,700

These items are valued at fair value, being amounts recoverable and significant estimates or judgements are required. There are no differences in valuation for GAAP and Solvency II purposes and there has been no change in the valuation and recognition during the year.

D.1.10 Deferred Acquisition and Processing Costs

Deferred acquisition and processing costs represent commission, policy administration and similar expenses directly related to the acquisition and processing of policies, which are deferred over the period relating to the underlying unearned premiums. At 31 December 2019, Mulsanne had £1,433,188 (2018 – £1,332,603) of deferred acquisition costs and £473,548 (2018 – £333,523) of deferred processing costs.

The Solvency II balance sheet is prepared on the basis of best estimates of future cash flows. Deferred acquisition costs do not result in future cash flows and these amounts are therefore excluded from the Solvency II balance sheet. There has been no change in the recognition and valuation basis during the year.

D.1.11 Other Assets

Other assets of £335,187 (2018 – £396,966) on a GAAP basis represent accrued interest and prepayments. On a Solvency II valuation basis, accrued interest is allocated to the relevant investment to which it relates. Prepayments do not result in cash flows and therefore do not have a Solvency II value.

D.2 Technical Provisions

Technical Provisions represent the insurance liabilities as at the reporting date. Mulsanne's gross and net Technical Provisions by business line are set out in the table below:

2019	**Motor Liability**	**Other Motor**	**Miscellaneous Financial Loss**	**Assistance**	**Total**
	£'000	**£'000**	**£'000**	**£'000**	**£'000**
Gross Best Estimate Technical Provisions	77,042	1,288	48	84	78,463
Risk Margin	1,225	22	2	4	1,253
Total Gross Technical Provisions	78,267	1,311	51	88	79,717
Reinsurance Recoverables	(51,479)	(821)	-	-	(52,301)
Net Technical Provisions	26,788	489	51	88	27,416

2018	**Motor Liability**	**Other Motor**	**Miscellaneous Financial Loss**	**Assistance**	**Total**
	£'000	**£'000**	**£'000**	**£'000**	**£'000**
Gross Best Estimate Technical Provisions	71,013	960	35	100	72,108
Risk Margin	1,103	19	1	4	1,127
Total Gross Technical Provisions	72,115	979	36	104	73,234
Reinsurance Recoverables	(40,973)	(441)	-	-	(41,414)
Net Technical Provisions	31,142	539	36	104	31,820

D.2.1 Bases, Methods and Assumptions

D.2.1.1 Best Estimate

The starting point for the valuation of technical provisions is the best estimate of claims costs, both on earned and on unearned exposure, for all business written at the valuation date. This assessment is carried out by the independent, external actuary.

Management then apply payment patterns to the actuarial best estimate, based on historical payment pattern from RTP and reasonable assumptions and judgements, to convert the best estimate to future cash flow.

D.2.1.2 Expenses

The cost of running of the existing insurance obligations is estimated, on the basis that the company will continue to write other business. This is based on the current levels of expenditure and takes due account of decreasing activity in the existing business lines.

D.2.1.3 Events Not in Data

There may be possible future events which are not reflected in the historical data of the Company or the market. Such events are referred to as Events Not in Data ("ENIDs").

Mulsanne considers a number of scenarios and events which could occur and assesses their potential impact. Where this assessment concludes that the negative impact of ENIDs (i.e. increasing reserves) is greater than the potential positive impact (i.e. decreasing reserves), the Company makes provision for such events.

At 31 December 2019, management made a provision for ENIDs of £105,000 (2018 - £43,000) based on the recommendation of the independent Actuarial Function Holder services provider.

D.2.1.4 Bound but not Incepted

Mulsanne may be contractually obligated to write certain business at the year end, although the risks will not incept until the following year. For example, renewal business for January 2020 will be invited prior to 31 December 2019. This may, however, be wholly or partially offset through future cancellations of existing business.

Provision has been made in the current year for bound but not incepted risks, although these are not material.

D.2.1.5 Discounting

Cash flows are discounted using the risk free interest rate structure as provided on a monthly basis by EIOPA.

D.2.1.6 Risk Margin

The risk margin is calculated using simplification method 3. This assumes that future SCRs is proportional to the best estimate technical provisions over time and projects future SCRs at this rate. A cost of capital rate of 6% is applied to each SCR estimate and discounted back using EIOPA yield curves.

D.2.1.7 Allocation to Lines of Business

Best estimates and cash flows are calculated separately for each line of business. However, the majority of Mulsanne's business comprises motor, which is required to be split for Solvency II purposes into motor liability and other motor. It is not normal practice in the UK market to rate motor business on this basis, and Mulsanne therefore needs to apply a different methodology to calculate this split.

The Company uses claims heads of damage to split its motor business into the Solvency II classes. Bodily injury and third party property damage are allocated to motor liability, with accidental damage, windscreen, fire and theft being allocated to other motor.

D.2.1.8 Reinsurance Recoverables

Mulsanne has reinsurance recoverables arising from its Excess of Loss and Quota Share arrangements. Such items are calculated on a consistent basis with gross technical reserves, reflecting best estimates of both expired and unexpired risks, converted to cash flows and discounted at the appropriate risk free rate.

Amounts due from and payments due to reinsurers are included in the technical provision to the extent they are not overdue. The calculation also makes allowance for the possibility of insurer default, based on the counterparty's rating and the level of exposure.

D.2.1.9 Simplifications

No material simplifications have been used in the calculation of technical provisions.

D.2.2 Uncertainty

Technical provisions require judgement and estimations and therefore contain an element of uncertainty. Key areas of uncertainty in Mulsanne's technical provisions are:

- Outstanding reserves: Reserves on reported claims are based on reasonable estimates, reflecting information known at the balance sheet date. Ultimate settlement of these claims may differ from estimates.
- Future losses: Future losses arise on both expired and unexpired risks and the estimation of these losses is based on actuarial assumptions. Such assumptions will take account of past performance and known or anticipated future changes, and may ultimately prove to differ from actual experience.
- Other estimates: Technical provisions include assumptions as to expenses, events not in data and bound but not incepted risks. While these assumptions are prepared on a best estimate basis, reflecting historical experience where appropriate, they could ultimately prove to be inappropriate.
- Legislative and market factors: The UK motor market has been subject to material changes in the past, encompassing legislative, economic and behavioural changes. Similar changes in the future are difficult to predict, but could ultimately impact best estimates and future cash flow.

Mulsanne seeks to minimise the level of uncertainty through a robust process involving external actuarial advice. Claims performance is closely monitored to ensure that changes in trends are identified and appropriately reflected in future projections.

D.2.3 Differences between Solvency II and GAAP Valuation

The starting point for both Solvency II and GAAP valuation of technical provisions is the actuarial best estimate reserves. Key difference between the valuation bases are:

- GAAP valuation of gross reserves may include a margin above best estimate. Solvency II valuation is required to be at best estimate and any margin is removed
- GAAP valuation includes unearned premium, being the premium which reflects the unexpired risk exposure. Under Solvency II, the unearned premium is replaced by future claims expected to arise on this unearned exposure
- GAAP reserves do not include run-off expenses
- GAAP reserves to not include events not in data
- GAAP reserves do not make allowance for bound but not incepted business
- GAAP reserves are calculated without a risk margin
- Insurance and intermediaries receivables are set against total gross technical provisions for Solvency II valuation purposes, to the extent that they are not overdue, while they are shown as a separate item on the balance sheet for GAAP reporting

- Reinsurance receivables and payables are set against technical provision reinsurance recoverables for Solvency II valuation purposes, to the extent that they are not overdue, while they are shown as a separate items on the balance sheet for GAAP reporting

The table below shows the movement from GAAP technical provisions to Solvency II technical provisions.

2019	**Gross Technical Reserves**	**Reinsurance Recoverables**	**Total**
	£'000	**£'000**	**£'000**
GAAP Reserves	97,224	72,929	24,295
Remove Unearned Premium	(15,240)	(13,155)	(2,085)
Claims on Unexpired Risks	12,906	10,154	2,752
Receivables/Payables	(3,503)	(4,585)	1,082
Run-off Expenses and Other Adjustments	(10,645)	(11,033)	387
Effect of Discounting	(2,279)	(2,010)	(269)
Risk Margin	1,253		1,253
Solvency II Technical Provisions	79,717	52,301	27,416

2018	**Gross Technical Reserves**	**Reinsurance Recoverables**	**Total**
	£'000	**£'000**	**£'000**
GAAP Reserves	94,474	62,634	31,840
Remove Unearned Premium	(11,146)	(5,641)	(5,505)
Claims on Unexpired Risks	9,952	4,939	5,013
Receivables/Payables	(2,436)	(787)	(1,649)
Run-off Expenses and Other Adjustments	(15,409)	(16,931)	1,523
Effect of Discounting	(3,327)	(2,799)	(528)
Risk Margin	1,127		1,127
Solvency II Technical Provisions	73,234	41,414	31,820

D.2.4 Transitional adjustments

Mulsanne has not used any transitional adjustments with regard to the matching adjustment, volatility adjustment, transitional risk free interest rate term structure or transitional deduction.

D.2.5 Changes over the Period

There have been no changes in the assumptions made since the previous period, other than the fact that the LPT contract has been replaced on similar, but not identical terms in April 2019.

D.3 Other Liabilities

The following bases, methods and assumptions have been used in valuing each material class of liabilities for Solvency II purposes.

The material classes of liabilities as at 31 December 2019, except for gross technical provisions, are as set out in the table below:

Description	2019		2018	
	Solvency II Value £'000	GAAP Value £'000	Solvency II Value £'000	GAAP Value £'000
Insurance & intermediaries payables	1,475	3,263	-	378
Reinsurance payables	-	5,194	-	927
Derivatives	1,577	-	3,750	6,426
Payables (trade, not insurance)	1,910	1,910	1,301	1,301
Deferred acquisition cost - reinsurer's share	-	419	-	207
Deferred Co-insurance commisison	-	82	-	89
Deferred Reinsurance commisison	-	2,218	-	788

D.3.1 Insurance and Intermediaries Payables

Mulsanne cedes premium to a co-insurance partner under a co-insurance agreement. Settlements with the co-insurance partners are made on a monthly basis, and this item represents the net amount due for settlement, being premiums owed less claims, less commission due to Mulsanne. At 31 December 2019 Mulsanne owed £3,262,998 (2018 – £377,861).

The balance is valued at fair value, being the amount that is due for settlement. The key estimate in deriving the balance is the actuarial best estimate loss ratio, as this drives the commission receivable, which varies depending on the performance of the business.

The valuation basis is the same for GAAP and Solvency II purposes; although for Solvency II purposes the premium debtors not yet collected owed to the co-insurance partner have been set against the amount owed. The resulting balances are included in insurance and intermediaries receivable. There have been no changes in the valuation approach during the year.

D.3.2 Reinsurance Payables

At 31 December 2019 Mulsanne had £5,194,061 (2018 – £927,008) of reinsurance payables on a GAAP basis, being payments due under the Quota Share and Excess of Loss arrangements. The amount due under the Excess of Loss arrangement represents premium above the deposit premiums paid during the year. The amount due under the Quota Share arrangement represents the reinsurer's share of premiums net of claims and commission to Mulsanne which has not yet been settled. Settlements are made in arrears on a monthly basis.

These amounts are valued at fair value, being the actual amounts payable. The key estimate in deriving the Quota Share balance is the actuarial best estimate loss ratio, as this drives the commission due to Mulsanne, which varies with the performance of the business.

There have been no changes in the valuation and recognition basis during the year, and there are no difference in the underlying valuation for GAAP and Solvency II. However, for Solvency II purposes these items, to the extent they are not considered overdue, are set against technical provisions reinsurance recoverables, whereas under GAAP they are shown separately on the balance sheet.

On a Solvency II basis, the Company has to take into account the impact of the reinsurance arrangement it entered into in April 2019, as this provides a solvency benefit at 31 December 2018. This amount has been valued for Solvency II purposes at the cost of purchasing the cover.

D.3.3 Derivatives

As set out under assets, the Company's derivative position have been reported gross for GAAP purposes, but are netted for Solvency II reporting.

D.3.4 Payables (trade, not insurance)

Other payable comprise certain costs, including taxes, due at 31 December 2019 as set out below:

	2019	2018
Insurance premium tax payable	1,321,972	876,021
Amount due to Related Party	15,691	30,698
Claims Handling Cost Provision	142,106	95,911
Other creditors	81,073	18,013
Accruals	348,751	280,803
	1,909,594	**1,301,446**

These items are valued at fair value, being the amounts payable, and are valued consistently under Solvency II and GAAP. There have been no estimates or judgements and no changes in the recognition and valuation basis.

D.3.5 Deferred acquisition cost – reinsurer's share

Deferred acquisition costs – reinsurer's share is the portion related to reinsurer's share of the commission and similar expenses directly related to the acquisition of policies, which are deferred over the period relating to the underlying unearned premiums. At 31 December 2019, Mulsanne had £418,793 (2018 – £206,742) of deferred acquisition costs.

The Solvency II balance sheet is prepared on the basis of best estimates of future cash flows. Deferred acquisition costs do not result in future cash flows and these amounts are therefore excluded from the Solvency II balance sheet. There has been no change in the recognition and valuation basis during the year.

D.3.6 Deferred Co-insurance and Reinsurance Commission

Mulsanne receives commission from its co-insurance and reinsurance partners. This is earned in line with the underlying premium and commission relating to premium unearned at the reporting date is deferred to future periods. At 31 December 2019, Mulsanne had a total of £2,299,805 (2018 – £877,116) deferred commission.

The Solvency II balance sheet is prepared on the basis of best estimates of future cash flows. Deferred co-insurance and reinsurance commissions do not result in future cash flows and these amounts are therefore excluded from the Solvency II balance sheet. There has been no change in the recognition and valuation basis during the year.

E. Capital Management

E.1 Own funds

E.1.1 Management of Own Funds

E.1.1.1 Objectives, Policies and Processes in Managing Own Funds

Mulsanne has in place a Capital Management Policy to ensure that the Company has the appropriate levels and quality of capital to meet both the SCR and the internal view of capital as determined by the ORSA. The intention is for capital requirements to be met in both the immediate and medium-term future.

While Mulsanne's ORSA process is carried out formally on an annual basis, the capital requirements and own funds to meet these requirements are considered at least quarterly as part of the quarterly regulatory reporting process. The Board discusses the Company's capital position at all meetings as part of its risk management processes and monitors ongoing performance through monthly management accounts.

Unusual products which may be considered to improve the capital position, such as the LPT purchased in April 2019 and ADC contracts previously purchased in April 2018 and in May 2017, will undergo a thorough review, discussion and challenge by the Board and Regulator to assess their appropriateness given the Company's risk profile and appetite.

There have been no changes in capital management policies or processes during the period.

E.1.1.2 Time Horizon for Business Planning and Material Changes

Mulsanne's business planning period for capital management encompasses a three year time horizon, with emphasis on the current and next year. Given the unpredictability and historic volatility of the UK motor market, a longer time horizon would not be realistic. There have been no changes in the planning time horizon over the year.

E.1.2 Description of Own Funds

E.1.2.1 Structure, Amount and Quality of own funds

Mulsanne currently only has basic own funds and no ancillary own funds. Own funds are comprised entirely of Share Capital, Share Premium and the Reconciliation Reserve and therefore all qualify as Tier 1 funds. The table below set out Mulsanne's own funds at 31 December 2019, together with movements during the period:

2019	**Share Capital**	**Share Premium**	**Reconciliation Reserve**	**Total Own Funds**
	£'000	**£'000**	**£'000**	**£'000**
At 1 January 2019	43	9,107	155	9,305
Capital Injections during the year	0	1,000		1,000
Movement in the Reconciliation Reserve			(4,142)	(4,142)
At 31 December 2019	43	10,107	(3,987)	6,163

2018	**Share Capital**	**Share Premium**	**Reconciliation Reserve**	**Total Own Funds**
	£'000	**£'000**	**£'000**	**£'000**
At 1 January 2018	42	7,158	5,196	12,396
Capital Injections during the year	1	1,949		1,950
Movement in the Reconciliation Reserve			(5,041)	(5,041)
At 31 December 2018	43	9,107	155	9,305

The Company's Reconciliation Reserve effectively represents retained earnings on a Solvency II valuation basis. There are no foreseeable dividends.

E.1.2.2 Terms and Conditions of Own Funds

Mulsanne's own funds are fully comprised of Tier 1 funds and have no terms or conditions attached and there are no restrictions affecting the availability and transferability of the Company's Own funds. The own funds are not redeemable and do not carry any guaranteed dividend or other return.

E.1.2.3 Difference in Own Funds between Financial Statements and Solvency II Valuation

The difference in the valuation of own funds as shown in the Financial Statements compared to the Solvency II valuation is due to the valuation differences in the underlying assets and liabilities, as set out in the table below:

	2019	2018
	Own Funds £'000	**Own Funds £'000**
Own Funds per Financial Statements	8,062	11,838
Difference in Valuation of net Technical Provisions	(2,211)	(1,615)
Removal of Deferred Acquisitions and Processing Costs	(1,907)	(1,666)
Removal of Intangible Assets	(383)	(261)
Removal of Prepayments	(117)	(75)
Removal of Deferred Commissions	2,719	1,084
Own Funds per Solvency II Valuation	6,163	9,305

E.2 Solvency Capital Requirement and Minimum Capital Requirement

E.2.1 SCR and MCR

Mulsanne's SCR and MCR coverage is set out below:

	2019	2018
Own Funds	6,163,010	9,304,564
Solvency Capital Requirement	7,429,279	8,120,728
SCR Coverage	83.0%	114.6%
Minimum Capital Requirement	3,186,921	3,654,328
MCR Coverage	193.4%	254.6%

All capital is Tier 1 and therefore fully eligible to cover the SCR and MCR.

In accordance with the Solvency II standard formula a firms SCR Non-Life underwriting risk is predominantly a function of firm's volume measure for premium and reserve risk. Such volume measures are determined by taking the higher of the premium and reserve risk volume for the previous 12 months or following 12 months as at the calculation date. Such volume measures are the amounts net of reinsurance.

As at 31 December 2019, the Company had continuously complied with the MCR.

During the reporting period the Company failed to maintain a solvency surplus above the SCR. Please refer to section E.3.

E.2.2 SCR by Risk Module

The following table sets outs Mulsanne's SCR broken down by risk module:

	2019	2018
SCR Risk Category	**£**	**£**
Market Risk	1,237,067	2,216,232
Counterparty Risk	1,386,178	1,164,123
Non-Life Underwriting Risk	4,415,649	4,587,109
Diversification	(1,324,064)	(1,720,751)
Basic Solvency Capital Requirement	**5,714,830**	**6,246,714**
Operational Risk	1,714,449	1,874,014
Solvency Capital Requirement	**7,429,279**	**8,120,728**

E.2.3 Simplifications

No simplified calculations have been used in applying the standard model and no undertaking specific parameters have been used.

E.2.4 Inputs used to Calculate the MCR

The following inputs have been used to calculate the Company's MCR:

2019	**Net (of reinsurance) best estimate technical provisions**	**Net (of reinsurance) written premiums in the last 12 months**
	£'000	**£'000**
Motor Vehicle Liability	25,563	3,786
Motor Vehicle Other	467	220
Assistance	84	698
Miscellaneous Financial Loss	48	116
		£'000
Linear MCR		2,678
SCR		7,429
Combined MCR		2,678
Absolute Floor of the MCR		3,187
Minimum Capital Requirement		3,187

2018	Net (of reinsurance) best estimate technical provisions	Net (of reinsurance) written premiums in the last 12 months
	£'000	£'000
Motor Vehicle Liability	30,039	14,301
Motor Vehicle Other	519	834
Assistance	100	977
Miscellaneous Financial Loss	35	162
		£'000
Linear MCR		4,127
SCR		8,121
Combined MCR		3,654
Absolute Floor of the MCR		3,288
Minimum Capital Requirement		3,654

E.2.5 Changes over the Period

There has been no material change to the Company's SCR or MCR during the period.

E.3 Non-Compliance with Minimum Capital Requirement or Solvency Capital Requirement

Pursuant to Part 7 Article 122 of the Financial Services (Insurance Companies) Regulations 2020, on 30 March 2020 the Company notified the GFSC that there was a risk of non-compliance with the Solvency Capital Requirement following the recent receipt of the year end independent actuarial review. The solvency return filed in February 2020 for the quarter ended 31 December 2019 reported the Company's regulatory capital position at 113% of the Solvency Capital Requirement and 264% of the Minimum Capital Requirement. Upon using the latest ultimate loss ratios for the period ended 31 December 2019, as per the independent actuarial report provided in March, the Company's revised solvency position as reported in the Annual QRTs was 83% SCR and 194% of the MCR. Subsequently the shareholder duly injected a total of £7 million of share capital during April 2020 to restore the Company's solvency coverage to in excess of 130% of the SCR

P.02.01.02 - Balance sheet

		Solvency II value
	Assets	C0010
R0030	Intangible assets	0
R0040	Deferred tax assets	0
R0050	Pension benefit surplus	0
R0060	Property, plant & equipment held for own use	0
R0070	Investments (other than assets held for index-linked and unit-linked contracts)	26,221
R0080	Property (other than for own use)	0
R0090	Holdings in related undertakings, including participations	0
R0100	Equities	0
R0110	Equities - listed	0
R0120	Equities - unlisted	0
R0130	Bonds	19,179
R0140	Government Bonds	451
R0150	Corporate Bonds	18,728
R0160	Structured notes	0
R0170	Collateralised securities	0
R0180	Collective Investments Undertakings	3,605
R0190	Derivatives	0
R0200	Deposits other than cash equivalents	3,437
R0210	Other investments	0
R0220	Assets held for index-linked and unit-linked contracts	0
R0230	Loans and mortgages	0
R0240	Loans on policies	0
R0250	Loans and mortgages to individuals	0
R0260	Other loans and mortgages	0
R0270	Reinsurance recoverables from:	52,301
R0280	Non-life and health similar to non-life	52,301
R0290	Non-life excluding health	52,301
R0300	Health similar to non-life	0
R0310	Life and health similar to life, excluding health and index-linked and unit-linked	0
R0320	Health similar to life	0
R0330	Life excluding health and index-linked and unit-linked	0
R0340	Life index-linked and unit-linked	0
R0350	Deposits to cedants	0
R0360	Insurance and intermediaries receivables	0
R0370	Reinsurance receivables	0
R0380	Receivables (trade, not insurance)	258
R0390	Own shares (held directly)	0
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	12,061
R0420	Any other assets, not elsewhere shown	0
R0500	**Total assets**	90,841

		Solvency II value
	Liabilities	C0010
R0510	Technical provisions – non-life	79,717
R0520	Technical provisions – non-life (excluding health)	79,717
R0530	TP calculated as a whole	0
R0540	Best Estimate	78,463
R0550	Risk margin	1,253
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	0
R0630	Best Estimate	0
R0640	Risk margin	0
R0650	Technical provisions – life (excluding health and index-linked and unit-linked)	0
R0660	TP calculated as a whole	0
R0670	Best Estimate	0
R0680	Risk margin	0
R0690	Technical provisions – index-linked and unit-linked	0
R0700	TP calculated as a whole	0
R0710	Best Estimate	0
R0720	Risk margin	0
R0740	Contingent liabilities	0
R0750	Provisions other than technical provisions	0
R0760	Pension benefit obligations	0
R0770	Deposits from reinsurers	0
R0780	Deferred tax liabilities	0
R0790	Derivatives	1,577
R0800	Debts owed to credit institutions	0
R0810	Financial liabilities other than debts owed to credit institutions	0
R0820	Insurance & intermediaries payables	1,475
R0830	Reinsurance payables	0
R0840	Payables (trade, not insurance)	1,885
R0850	Subordinated liabilities	0
R0860	Subordinated liabilities not in Basic Own Funds	0
R0870	Subordinated liabilities in Basic Own Funds	0
R0880	Any other liabilities, not elsewhere shown	0
R0900	**Total liabilities**	84,653
R1000	**Excess of assets over liabilities**	6,187

P.05.01.02.01 - Premiums, claims and expenses by line of business - Table 1

		Line of Business for: non-life insurance and reinsurance obligations (direct business and accepted proportional reinsurance)				Total
		Motor vehicle liability insurance	Other motor insurance	Assistance	Miscellaneous financial loss	
		C0040	C0050	C0110	C0120	C0200
	Premiums written					
R0110	Gross - Direct Business	34,522	2,010	698	116	37,346
R0120	Gross - Proportional reinsurance accepted	0	0	0	0	0
R0130	Gross - Non-proportional reinsurance accepted					0
R0140	Reinsurers' share	30,736	1,790	0	0	32,526
R0200	Net	3,786	220	698	116	4,820
	Premiums earned					
R0210	Gross - Direct Business	30,531	1,778	809	134	33,252
R0220	Gross - Proportional reinsurance accepted	0	0	0	0	0
R0230	Gross - Non-proportional reinsurance accepted					0
R0240	Reinsurers' share	23,635	1,376	0	0	25,011
R0300	Net	6,896	402	809	134	8,241
	Claims incurred					
R0310	Gross - Direct Business	28,463	1,657	335	53	30,508
R0320	Gross - Proportional reinsurance accepted	0	0	0	0	0
R0330	Gross - Non-proportional reinsurance accepted					0
R0340	Reinsurers' share	19,687	1,076	0	0	20,763
R0400	Net	8,776	581	335	53	9,745
	Changes in other technical provisions					
R0410	Gross - Direct Business	-484	-28	0	0	-512
R0420	Gross - Proportional reinsurance accepted	0	0	0	0	0
R0430	Gross - Non- proportional reinsurance accepted					0
R0440	Reinsurers'share	0	0	0	0	0
R0500	Net	-484	-28	0	0	-512
R0550	**Expenses incurred**	5,188	302	390	109	5,989
R1200	**Other expenses**					-1,319
R1300	**Total expenses**					4,670

P.05.02.01 - Premiums, claims and expenses by country

		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			GB	0	0	0	0	
		C0080	C0090	C0100	C0110	C0120	C0130	C0140
	Premiums written							
R0110	Gross - Direct Business	0	37,346	0	0	0	0	37,346
R0120	Gross - Proportional reinsurance accepted	0	0	0	0	0	0	0
R0130	Gross - Non-proportional reinsurance accepted	0	0	0	0	0	0	0
R0140	Reinsurers' share	0	32,526	0	0	0	0	32,526
R0200	Net	0	4,820	0	0	0	0	4,820
	Premiums earned							
R0210	Gross - Direct Business	0	33,252	0	0	0	0	33,252
R0220	Gross - Proportional reinsurance accepted	0	0	0	0	0	0	0
R0230	Gross - Non-proportional reinsurance accepted	0	0	0	0	0	0	0
R0240	Reinsurers' share	0	25,011	0	0	0	0	25,011
R0300	Net	0	8,241	0	0	0	0	8,241
	Claims incurred							
R0310	Gross - Direct Business	0	30,508	0	0	0	0	30,508
R0320	Gross - Proportional reinsurance accepted	0	0	0	0	0	0	0
R0330	Gross - Non-proportional reinsurance accepted	0	0	0	0	0	0	0
R0340	Reinsurers' share	0	20,763	0	0	0	0	20,763
R0400	Net	0	9,745	0	0	0	0	9,745
	Changes in other technical provisions							
R0410	Gross - Direct Business	0	-512	0	0	0	0	-512
R0420	Gross - Proportional reinsurance accepted	0	0	0	0	0	0	0
R0430	Gross - Non- proportional reinsurance accepted	0	0	0	0	0	0	0
R0440	Reinsurers'share	0	0	0	0	0	0	0
R0500	Net	0	-512	0	0	0	0	-512
R0550	**Expenses incurred**	0	5,989	0	0	0	0	5,989
R1200	**Other expenses**							-1,319
R1300	**Total expenses**							4,670

		Home Country	Top 5 countries (by amount of gross premiums written) - life obligations					Total Top 5 and home country
		C0150	C0160	C0170	C0180	C0190	C0200	C0210
R1400			0	0	0	0	0	
		C0220	C0230	C0240	C0250	C0260	C0270	C0280
	Premiums written							
R1410	Gross	0	0	0	0	0	0	0
R1420	Reinsurers' share	0	0	0	0	0	0	0
R1500	Net	0	0	0	0	0	0	0
	Premiums earned							
R1510	Gross	0	0	0	0	0	0	0
R1520	Reinsurers' share	0	0	0	0	0	0	0
R1600	Net	0	0	0	0	0	0	0
	Claims incurred							
R1610	Gross	0	0	0	0	0	0	0
R1620	Reinsurers' share	0	0	0	0	0	0	0
R1700	Net	0	0	0	0	0	0	0
	Changes in other technical provisions							
R1710	Gross	0	0	0	0	0	0	0
R1720	Reinsurers' share	0	0	0	0	0	0	0
R1800	Net	0	0	0	0	0	0	0
R1900	**Expenses incurred**	0	0	0	0	0	0	0
R2500	**Other expenses**							0
R2600	**Total expenses**							0

P.17.01.02 - Non-Life Technical Provisions

		Direct business and accepted proportional				
		Motor vehicle liability insurance	Other motor insurance	Assistance	Miscellaneous financial loss	Total Non-Life obligation
		C0050	C0060	C0120	C0130	C0180
R0010	**Technical provisions calculated as a whole**	0	0	0	0	0
R0050	Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP as a whole	0	0	0	0	0
	Technical provisions calculated as a sum of BE and RM					
	Best estimate					
	Premium provisions					
R0060	Gross	10,494	40	10	23	10,567
R0140	Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	5,344	-67	0	0	5,277
R0150	Net Best Estimate of Premium Provisions	5,150	107	10	23	5,290
	Claims provisions					
R0160	Gross	66,548	1,248	74	25	67,896
R0240	Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	46,135	888	0	0	47,023
R0250	Net Best Estimate of Claims Provisions	20,413	360	74	25	20,873
R0260	**Total Best estimate - gross**	77,042	1,288	84	48	78,463
R0270	**Total Best estimate - net**	25,563	467	84	48	26,163
R0280	**Risk margin**	1,225	22	4	2	1,253
	Amount of the transitional on Technical Provisions					
R0290	Technical Provisions calculated as a whole	0	0	0	0	0
R0300	Best estimate	0	0	0	0	0
R0310	Risk margin	0	0	0	0	0
	Technical provisions - total					
R0320	Technical provisions - total	78,267	1,311	88	51	79,717
R0330	Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total	51,479	821	0	0	52,301
R0340	Technical provisions minus recoverables from reinsurance/SPV and Finite Re - total	26,788	489	88	51	27,416

P.19.01.21 - Non-life Insurance Claims Information (simplified template for the public disclosure)

Total Non-Life Business

Z0020	Accident year / Underwriting year	**Z0020**	Underwriting year [UWY]

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

	Year	0	1	2	3	4	5	6	7	8	9	10 & +	In Current year	Sum of years (cumulative)
		C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0170	C0180
R0100	**Prior**											0	0	0
R0160	**N-9**	22	1,085	555	332	180	280	65	-150	0	0		0	2,370
R0170	**N-8**	1,246	4,254	2,394	1,086	576	556	235	10	0			0	10,359
R0180	**N-7**	1,068	4,625	2,654	974	799	362	12	18				18	10,513
R0190	**N-6**	1,542	6,164	2,439	908	544	572	3,651					3,651	15,819
R0200	**N-5**	2,334	6,865	2,966	1,504	1,002	2,700						2,700	17,371
R0210	**N-4**	3,695	8,776	3,754	2,572	1,347							1,347	20,143
R0220	**N-3**	4,119	9,371	4,008	3,292								3,292	20,790
R0230	**N-2**	3,678	8,460	3,203									3,203	15,341
R0240	**N-1**	4,940	8,528										8,528	13,468
R0250	**N**	4,795											4,795	4,795
R0260												**Total**	27,534	130,968

Gross undiscounted Best Estimate Claims Provisions
(absolute amount)

	Year	0	1	2	3	4	5	6	7	8	9	10 & +	Year end (discounted data)
		C0200	C0210	C0220	C0230	C0240	C0250	C0260	C0270	C0280	C0290	C0300	C0360
R0100	**Prior**											0	0
R0160	**N-9**	0	0	0	0	0	0	-152	0	0	0		0
R0170	**N-8**	0	0	0	0	0	378	77	63	63			63
R0180	**N-7**	0	0	0	0	538	96	74	66				66
R0190	**N-6**	0	0	0	2,719	2,733	3,341	65					65
R0200	**N-5**	0	0	6,398	4,690	3,448	354						352
R0210	**N-4**	0	21,741	17,870	12,969	12,514							11,796
R0220	**N-3**	15,740	22,038	16,291	12,002								11,670
R0230	**N-2**	11,218	17,779	14,479									14,260
R0240	**N-1**	12,912	14,822										14,464
R0250	**N**	15,509											15,161
R0260												**Total**	67,896

Mulsanne insurance

P.23.01.01 - Own funds

		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					
R0010	Ordinary share capital (gross of own shares)	43	43		0	
R0030	Share premium account related to ordinary share capital	10,107	10,107		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	-3,963	-3,963			
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
	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	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				
	Deductions					
R0230	Deductions for participations in financial and credit institutions	0	0	0	0	0
R0290	**Total basic own funds after deductions**	6,187	6,187	0	0	0
	Ancillary own funds					
R0300	Unpaid and uncalled ordinary share capital callable on demand	0			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			0	
R0320	Unpaid and uncalled preference shares callable on demand	0			0	0
R0330	A legally binding commitment to subscribe and pay for subordinated liabilities on demand	0			0	0
R0340	Letters of credit and guarantees under Article 96(2) of the Directive 2009/138/EC	0			0	
R0350	Letters of credit and guarantees other than under Article 96(2) of the Directive 2009/138/EC	0			0	0
R0360	Supplementary members calls under first subparagraph of Article 96(3) of the Directive 2009/138/EC	0			0	
R0370	Supplementary members calls - other than under first subparagraph of Article 96(3) of the Directive 2009/138/EC	0			0	0
R0390	Other ancillary own funds	0			0	0
R0400	**Total ancillary own funds**	0			0	0
	Available and eligible own funds					
R0500	Total available own funds to meet the SCR	6,187	6,187	0	0	0
R0510	Total available own funds to meet the MCR	6,187	6,187	0	0	
R0540	Total eligible own funds to meet the SCR	6,187	6,187	0	0	0
R0550	Total eligible own funds to meet the MCR	6,187	6,187	0	0	
R0580	**SCR**	7,429				
R0600	**MCR**	3,187				
R0620	**Ratio of Eligible own funds to SCR**	0.8329				
R0640	**Ratio of Eligible own funds to MCR**	1.9415				

	Reconciliation reserve	C0060
R0700	Excess of assets over liabilities	6,187
R0710	Own shares (held directly and indirectly)	0
R0720	Foreseeable dividends, distributions and charges	0
R0730	Other basic own fund items	10,150
R0740	Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	0
R0760	**Reconciliation reserve**	-3,963
	Expected profits	
R0770	Expected profits included in future premiums (EPIFP) - Life business	0
R0780	Expected profits included in future premiums (EPIFP) - Non- life business	77
R0790	**Total Expected profits included in future premiums (EPIFP)**	77

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

			Gross solvency capital requirement	USP	Simplifications
			C0110	C0090	C0120
R0010	Market risk	**R0010**	1,237		
R0020	Counterparty default risk	**R0020**	1,386		
R0030	Life underwriting risk	**R0030**	0		
R0040	Health underwriting risk	**R0040**	0		
R0050	Non-life underwriting risk	**R0050**	4,416		
R0060	Diversification	**R0060**	-1,324		
R0070	Intangible asset risk	**R0070**	0		
R0100	**Basic Solvency Capital Requirement**	**R0100**	5,715		

			C0100
	Calculation of Solvency Capital Requirement		
R0130	Operational risk	**R0130**	1,714
R0140	Loss-absorbing capacity of technical provisions	**R0140**	0
R0150	Loss-absorbing capacity of deferred taxes	**R0150**	0
R0160	Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC	**R0160**	0
R0200	**Solvency capital requirement excluding capital add-on**	**R0200**	7,429
R0210	Capital add-on already set	**R0210**	0
R0220	**Solvency capital requirement**	**R0220**	7,429
	Other information on SCR		
R0400	Capital requirement for duration-based equity risk sub-module	**R0400**	0
R0410	Total amount of Notional Solvency Capital Requirement for remaining part	**R0410**	0
R0420	Total amount of Notional Solvency Capital Requirements for ring fenced funds	**R0420**	0
R0430	Total amount of Notional Solvency Capital Requirement for matching adjustment portfolios	**R0430**	0
R0440	Diversification effects due to RFF nSCR aggregation for article 304	**R0440**	0

			Yes/No
			C0109
	Approach to tax rate		
R0590	Approach based on average tax rate	**R0590**	3 - Not applicable as LAC DT is not used (in this case R0600 to R0690 are not applicable)

			LAC DT
			C0130
	Calculation of loss absorbing capacity of deferred taxes		
R0600	DTA	**R0600**	
R0610	DTA carry forward	**R0610**	
R0620	DTA due to deductible temporary differences	**R0620**	
R0630	DTL	**R0630**	
R0640	LAC DT	**R0640**	0
R0650	LAC DT justified by reversion of deferred tax liabilities	**R0650**	0
R0660	LAC DT justified by reference to probable future taxable economic profit	**R0660**	0
R0670	LAC DT justified by carry back, current year	**R0670**	0
R0680	LAC DT justified by carry back, future years	**R0680**	0
R0690	Maximum LAC DT	**R0690**	0

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

Linear formula component for non-life insurance and reinsurance obligations

		C0010
R0010	MCRNL Result	2,678

		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 expenses insurance and proportional reinsurance	0	0
R0030	Income protection insurance and proportional reinsurance	0	0
R0040	Workers' compensation insurance and proportional reinsurance	0	0
R0050	Motor vehicle liability insurance and proportional reinsurance	25,563	3,786
R0060	Other motor insurance and proportional reinsurance	467	220
R0070	Marine, aviation and transport insurance and proportional reinsurance	0	0
R0080	Fire and other damage to property insurance and proportional reinsurance	0	0
R0090	General liability insurance and proportional reinsurance	0	0
R0100	Credit and suretyship insurance and proportional reinsurance	0	0
R0110	Legal expenses insurance and proportional reinsurance	0	0
R0120	Assistance and proportional reinsurance	84	698
R0130	Miscellaneous financial loss insurance and proportional reinsurance	48	116
R0140	Non-proportional health reinsurance	0	0
R0150	Non-proportional casualty reinsurance	0	0
R0160	Non-proportional marine, aviation and transport reinsurance	0	0
R0170	Non-proportional property reinsurance	0	0

Linear formula component for life insurance and reinsurance obligations

		C0040
R0200	MCRL 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	0	
R0220	Obligations with profit participation - future discretionary benefits	0	
R0230	Index-linked and unit-linked insurance obligations	0	
R0240	Other life (re)insurance and health (re)insurance obligations	0	
R0250	Total capital at risk for all life (re)insurance obligations		0

	Overall MCR calculation	C0070
R0300	Linear MCR	2,678
R0310	SCR	7,429
R0320	MCR cap	3,343
R0330	MCR floor	1,857
R0340	Combined MCR	2,678
R0350	Absolute floor of the MCR	3,187

		C0070
R0400	**Minimum Capital Requirement**	3,187