MULSANNE INSURANCE COMPANY LIMITED

SOLVENCY AND FINANCIAL CONDITION REPORT

As at 31 December 2023

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mulsanneinsurance

Summary

Introduction

Mulsanne Insurance Company Limited ('MICL', 'Mulsanne' or 'the Company') is an insurance company licensed in Gibraltar, underwriting UK motor insurance business. 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 Solvency II directive, as adopted into Gibraltar law by the Financial Services (Insurance Companies) Regulations 2020 "Solvency II") including the Delegated Regulations of the European Parliament and any other local Gibraltar laws and regulations as appropriate. 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 2023, Mulsanne wrote £112.9 million of gross premiums. This was a decrease on the 2022 written premium of £75.3 million. The reduction in written premiums was driven by three key factors. In prior years the Company has underwritten motor risks on a fronted basis on behalf of an "A" rated EEA reinsurer with a UK intermediary; this arrangement was not renewed at expiry on 31 March 2023. Additionally, the Company made strategic changes to the target footprint of its products distributed by group partners that resulted in reduced levels of business. These measures, combined with the termination of several poorly performing broker relationships in last 12 months, has resulted in a more focused and improved underwriting approach in 2023. The Company made an unaudited loss for the year of £16.2 million (2022 – £11.8m loss). On a GAAP basis, the Company's net assets as at 31 December 2023 amounted to £33.9million (2022 – £27.6 million) which included capital injections of £22 million during the year.

Underwriting activities produced a loss of £17.5 million (2022 - £10.3 million loss). The performance was impacted by the loss making results of the 2022 underwriting year, a deterioration in the loss ratio performance of this year against previous expectations and the 2023 underwriting year loss ratio emerging worse than expected. In aggregate, the loss ratios on the underwriting years 2020 and prior years remained unchanged when compared to the previous year's projections, resulting in only a minor impact on the year's underwriting result.

The most recent underwriting year's adverse performance has been predominantly driven by the poor performance of a small number of MGA schemes that have now been terminated as the business of Mulsanne has refocused its underwriting strategy. Furthermore, the first half of 2023 saw claims inflation and competitive pressures outstrip price rises within the portfolio and the wider market. Significant pricing action was taken in the second half of 2023 as the Company looked to restore profitability and maintain pricing discipline. As a result of this action, combined with the refocused underwriting strategy, it is Management's expectation that there will be a significant improvement to the underwriting results in 2024.

The Company continues to hold a small number of investments that are strategic in nature. During the year the Company sold down some of the existing exposures and invested into several unlisted bonds that are secured against future cash flows arising from certain residential development sites in the south of England. Net of charges the Company generated investment returns of £3.0 million (2022 – £1.1 million) which was below budget but was an acceptable return in a backdrop where fixed income markets performed poorly.

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 2023 the Quota Share ceding percentage remained unchanged such that for the most recent underwriting year the Company retains 30% of each and every motor risk. In March 2023, the Company elected to commute the motor whole account treaties on the 2016 and 2017 underwriting years. Additionally in October 2023 the Company commuted the whole account quota-share treaty on the 2018 underwriting year. These transactions had a limited impact on the Company's retained reserves or solvency capital requirement.

In April 2019 the Company purchased a Loss Portfolio Transfer (LPT) reinsurance contract in respect of the 2017 and prior underwriting years. This contract remained in force during 2023. Since the purchase of this LPT, the associated outstanding claims reserves have reduced materially, naturally reducing the risk management effects of the LPT. As part of the Company's wider risk management processes, the LPT strategy is under review, with consideration being given to commutation and renewal.

In response to deteriorating financial conditions arising from the worsening underwriting results on prior years, the Directors engaged with the GFSC in Q2 2023 to agree a plan to restore the regulatory capital ratio to a level that was within the Board's risk appetite for the Company. During the year the shareholder remained supportive of the Company and delivered on all aspects of the capital plan, injecting capital to the levels agreed with the GFSC. During the year £22 million of additional fully paid-up Ordinary share capital was injected into the Company and as a result, the Company has an unaudited regulatory capital Solvency ratio of 150% of the Solvency Capital Requirement ("SCR") as at 31 December 2023.

The 2022 Russian invasion of Ukraine has continued into its second year continuing to affect global energy prices and supply chains. Additionally, the 2023 Gaza conflict caused disruption to global shipping supply chains. These tensions continue to fuel claims inflation as vehicle repairs are delayed and car prices remain high. The Company does not have any direct underwriting exposure to Russia, Ukraine or the middle east. Given the nature of the Company's investment portfolio, the Company has been not suffered any falls in the value of its investments due to geo-political challenges.

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 during the year was outsourced to Mulsanne's insurance manager in Gibraltar, Robus Risk Solutions (Gibraltar) Limited ("Robus") in conjunction with the Company's local employees. This service continues to encompass 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, claims handling and information technology services. 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. At the time of writing the Board is comprised of four Executive Directors and two independent non-executive Directors include the non-executive Chair). The Company also operates via three sub-committees of the Board: Claims and Underwriting Committee, Risk, Audit and Compliance Committee (Chaired by an independent non-executive director) and Investment Committee. The Claims and Underwriting Committee works in conjunction with a Technical Pricing Committee.

Mulsanne complies with all requirements with regards to key functions and fitness and propriety, with full details provided in section B.

The Company outsources internal audit services to an independent third-party company, Mazars LLP.

During the year there were changes to the Board composition of the Company and the Regulated Individuals as the Company made additional appointments to strengthen the governance arrangements. A Head of Finance was appointed along with a new Head of Actuarial who also joined the Board. Due to a change in personnel, the Company successfully applied to the GFSC in December 2023 to appoint a Temporary Head of Compliance and Head of Risk that subsequently received regulatory approval.

Risk Profile

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

Key risks identified by management comprise:

- Risks priced too low and undesirable market segments are written.
- Claims inflation.
- Loss of key staff.
- Mix of claims handling strategies due to outsourcing to MGA partners.
- Inability to place XoL programme, or place the XoL at economically viable levels.
- Oversight risk of contracted third parties.
- Breach of GFSC or other regulatory requirements or expectations.
- Adequacy of pricing feedback loops.

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 and Risk Management

In April 2019, Mulsanne purchased a retrospective Loss Portfolio Transfer ("LPT") cover to provide protection against adverse development of reserves on the 2017 and prior underwriting years. As part of the Company's capital management and risk management plans, this LPT arrangement has remained in place during 2023.

The Company continues to use reinsurance as part of the risk management and capital management policy. In addition to the LPT protection, the Company continues to purchase Excess of Loss and Quota Share Reinsurance with reinsurers that have a credit rating of A- or better.

A Business and Performance

A.1 Business Information

A.1.1 Company Details

Mulsanne Insurance Company Limited
5/5 Crutchett's Ramp Gibraltar
GX11 1AA

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

PKF Canillas
Europort Avenue
Suite 2.1.09
Building 2
Eurotowers
Gibraltar

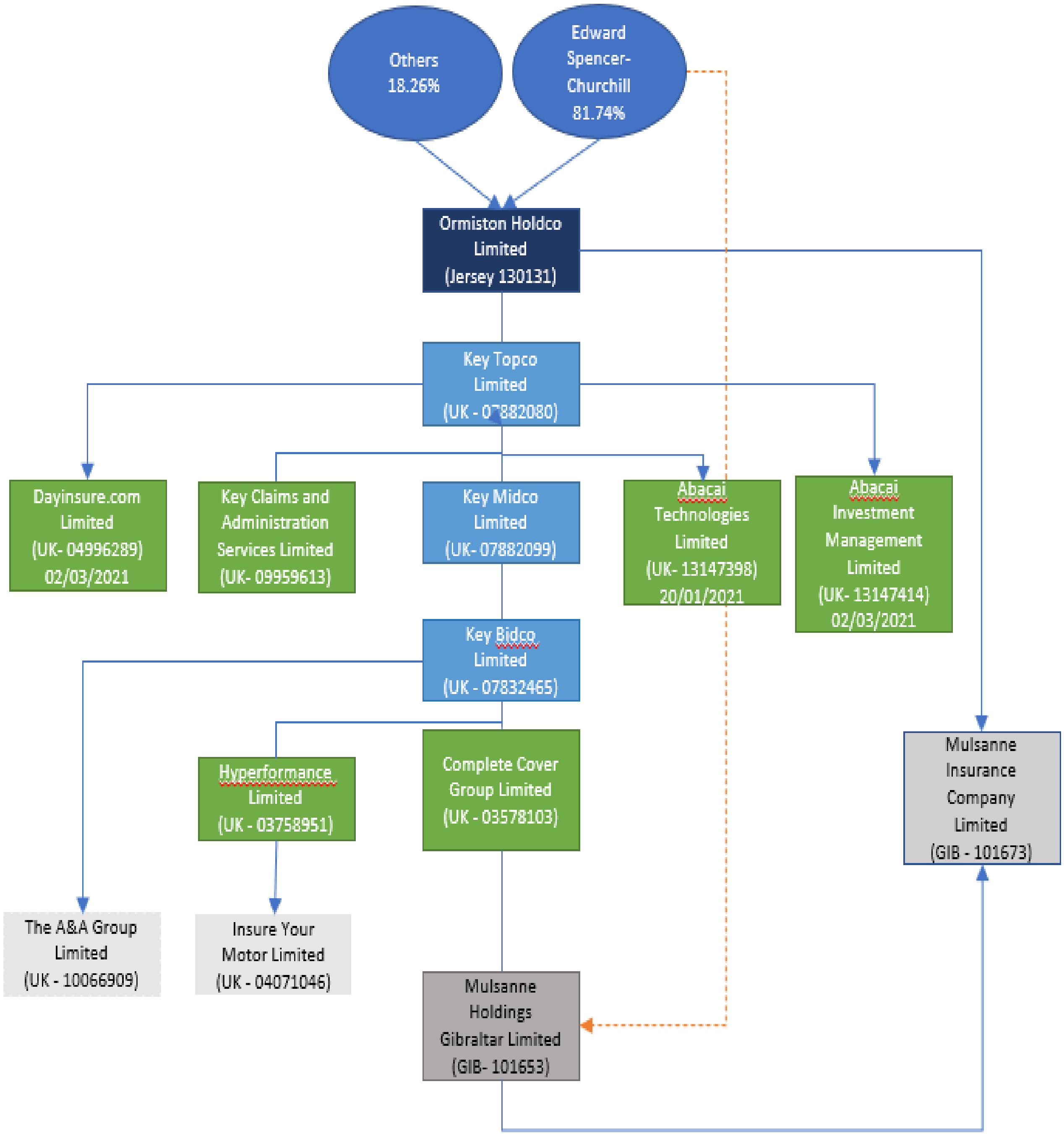
A.1.4 Ultimate Shareholders

Mulsanne is owned 61% by Mulsanne Holdings (Gibraltar) Limited (a company incorporated in Gibraltar) and 39% by Ormiston Holdco Limited (a company incorporated in Jersey). These shareholdings have changed during the year because of capital injections that were made in accordance with the capital management policy.

As at 31 December 2023, 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	61.04%
Ormiston Holdco Limited	Company limited by shares	Jersey	Direct/Indirect	38.54%/60.62%
Complete Cover Group Limited ("CCG")	Company limited by shares	United Kingdom	Indirect	60.62%
Key BidCo Limited	Company limited by shares	United Kingdom	Indirect	60.62%
Key MidCo Limited	Company limited by shares	United Kingdom	Indirect	60.62%
Key TopCo Limited	Company limited by shares	United Kingdom	Indirect	60.62%
Edward Spencer- Churchill	N/A	Monaco	Indirect	81.89%
Various individuals	N/A	N/A	Indirect	18.11 %

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 2023. All business has been conducted in the UK.

	As at 31 December 2023		As at 31 December 2022	
	Amount £'000	% of Total %	Amount £'000	% of Total %
Premium				
Gross written premiums				
Motor	112,690	100%	187,975	100%
Assistance	268	0%	258	0%
Miscellaneous Financial Loss	36	0%	29	0%
Total	112,994	100%	188,262	100%
Net Written Premium				
Motor	16,660	98%	23,811	99%
Assistance	268	2%	258	1%
Miscellaneous Financial Loss	36	0%	29	0%
Total	16,964	100%	24,098	100%

A.1.7 Significant Business or Other Events

As part of the Company's investment policy, only assets not covering technical provisions are invested in less liquid assets or unlisted investments that are strategic in nature. These less liquid investments are limited to a small number of assets. During 2023, certain assets totalling £12.45 million were liquidated in accordance with the Company's liquidity policy, with the sale proceeds being held in more liquid investments During the year the ultimate shareholder injected £22 million of ordinary paid-up share capital into the Company in the form of cash and investment assess.

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 Quota Share reinsurance, Excess of Loss reinsurance and on prior years an LPT contract and co-insurance arrangement. 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 2023 with a comparison for 2023.

	As at 31 December 2023				
	Motor Liability	Other Motor	Miscellaneous Financial Loss	Assistance	Total
	£'000	£'000	£'000	£'000	£'000
Gross written premiums	102,548	10,142	268	36	112,994
Outward reinsurance premiums	(87,387)	(8,643)	-	-	(96,030)
Net written premiums	**15,161**	**1,499**	**268**	**36**	**16,964**
Earned premiums, net of reinsurance	**19,995**	**1,978**	**510**	**68**	**22,550**
Other technical income	**485**	**48**	**1**	**0**	**535**
Claims incurred - gross amount	(163,627)	(16,183)	(204)	(27)	(180,041)
Claims incurred - reinsurers' share	132,834	13,137	-	-	145,971
Claims incurred, net of reinsurance	**(30,794)**	**(3,046)**	**(204)**	**(27)**	**(34,070)**
Net operating expenses	(7,191)	(711)	(114)	(17)	(8,033)
Balance on the technical account	**(17,504)**	**(1,731)**	**193**	**24**	**(19,018)**

	As at 31 December 2022				
	Motor Liability	Other Motor	Miscellaneous Financial Loss	Assistance	Total
	£'000	£'000	£'000	£'000	£'000
Gross written premiums	171,057	16,918	258	29	188,262
Outward reinsurance premiums	(149,389)	(14,775)	-	-	(164,164)
Net written premiums	**21,668**	**2,143**	**258**	**29**	**24,098**
Earned premiums, net of reinsurance	**25,307**	**2,503**	**379**	**41**	**28,230**
Other technical income	**16,239**	**1,606**	**25**	**3**	**17,873**
Claims incurred - gross amount	(124,559)	(12,319)	(152)	(16)	(137,046)
Claims incurred - reinsurers' share	85,185	8,425	-	-	93,610
Claims incurred, net of reinsurance	**(39,375)**	**(3,894)**	**(152)**	**(16)**	**(43,437)**
Net operating expenses	(11,733)	(1,160)	(154)	(20)	(13,067)
Balance on the technical account	**(9,562)**	**(946)**	**98**	**7**	**(10,402)**

The company has analysed and reviewed the underlying reasons for the year-on-year deterioration in underwriting performance and put in place new strategies that are designed to protect against future adverse loss ratio results. These strategies are focused around extending the use of actuarial methodologies and control processes within the business, moving to a more granular version of rating within our IHR ("Insurer Hosted Rates") and simplifying the portfolio and its distributions avenues. Furthermore, material attention continues to be given to the appropriate use of data enrichment and anti-fraud control. These activities are underpinned by the adoption of two core strategic imperatives; maintaining both pricing discipline, and full control of all underwriting levers.

A.3 Investment Performance

During 2023 the Company liquidated a small number of investments in accordance with the firms liquidity management policy. The remaining investments continue to be highly diversified. Additionally, the Company has a relatively small exposure to a handful of property related loans via a protected cell company investment structure.

The Company continues to invest funds in accordance with the Prudent Person Principle, and investments supporting technical provisions remain highly liquid.

The Company holds investments in a small number of less liquid unlisted investments. On an annual basis the Company obtains an independent valuation of these less liquid assets and the value of these assets is reflected in the financial statements of the Company.

The Company's investment portfolio comprises:

	As at 31 December 2023		As at 31 December 2022	
	Amount £'000	% of Total %	Amount £'000	% of Total %
Investible Assets				
Corporate bonds	-	0%	-	0%
Government bonds	-	0%	3,980	4%
Equities	10,878	13%	12,207	13%
Funds	22,658	28%	31,851	35%
Derivatives	-	0%	-	0%
Cash and Cash Equivalents	29,704	37%	32,052	35%
Loans and Mortgages	17,449	22%	11,623	13%
Total	80,689	100%	91,712	100%

The Company's investment returns and expenses were:

	As at 31 December 2023		As at 31 December 2022	
	Amount £'000	% of Total %	Amount £'000	% of Total %
Investment Income				
Corporate bonds	-	0%	-	0%
Government bonds	-	0%	-	0%
Equities	(379)	-10%	1,466	244%
Funds	3,019	78%	(1,345)	-224%
Derivatives	-	0%	-	0%
Cash and Cash Equivalents	62	2%	-	0%
Property income	1,189	31%	574	96%
Investment management expenses	(18)	0%	(94)	-16%
Total	3,873	100%	600	100%

Mulsanne uses the services of experienced investment managers and advisors to manage, and advise on, its portfolios and these investments are actively managed, with assets not necessarily held until maturity. Investments are reviewed by the Investment Committee and Investment working committee.

Mulsanne does not invest in securitisations and has not recognised any gains or losses taken 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. The value of commissions received is in part linked to the underlying underwriting result of the company.

	31/12/2023 £'000	31/12/2022 £'000
Co-Insurance commission	(129)	1,137
Reinsurance commission	14,719	14,400
Reinsurance Profit Commissions	(4,299)	2,415
Total	**10,291**	**17,953**

A.5 Any other Information

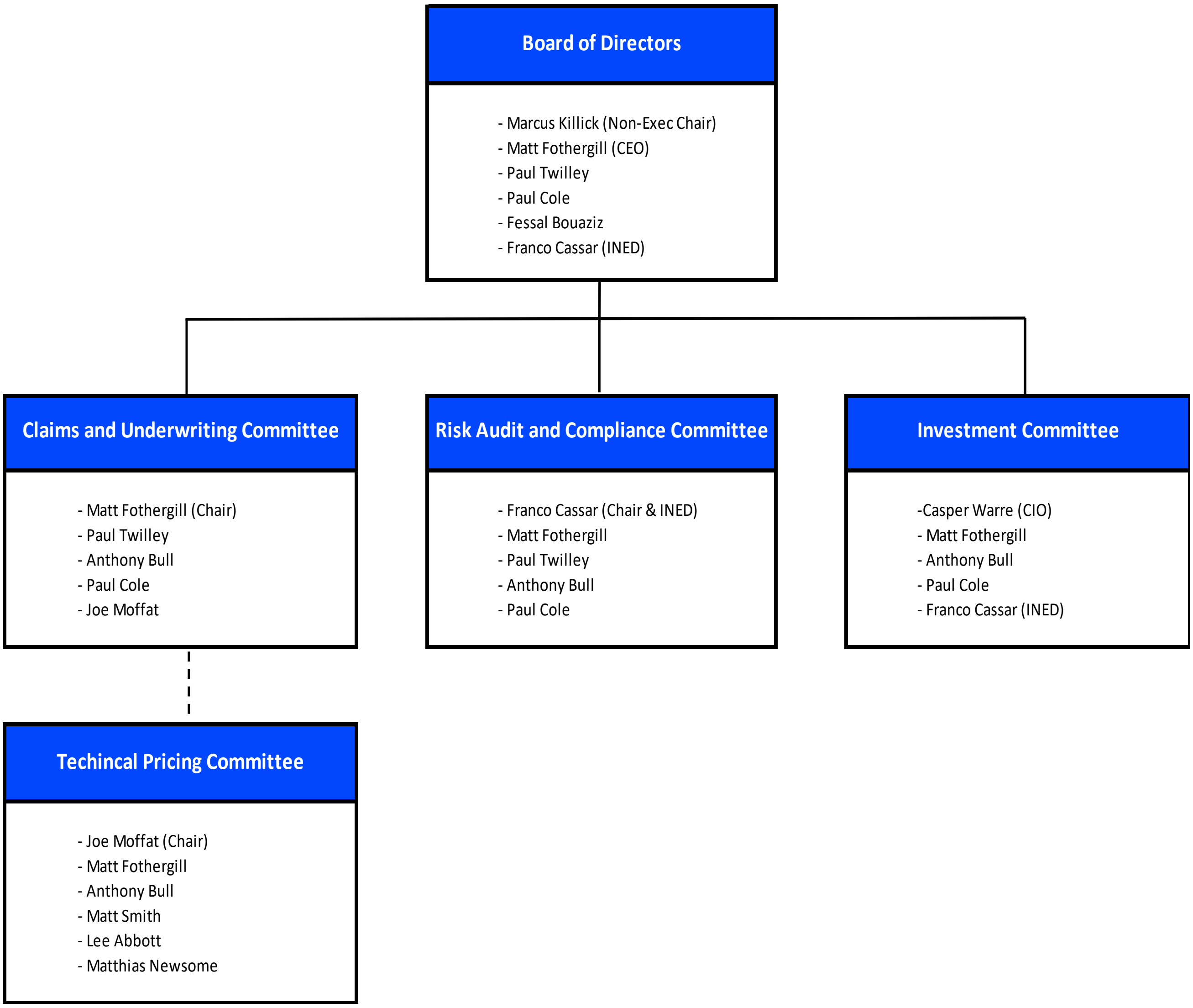
There are no other material matters with regard to the Company's performance.

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 three Sub-Committees, with current membership as set out below:



Mulsanne's Company Secretary is Robus Risk Services (Gibraltar) Limited.

The Board is responsible for overseeing the business of Mulsanne, for providing strategic direction and for supervising management. While the Board delegates certain functions 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.
    - Director's 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
- 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 tothe 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 Claims and Underwriting Committee is supported by a Technical Pricing Committee. The Technical Pricing Committee provides a forum for detailed discussion and actuarial challenge on pricing models and analysis. The Committee has no delegated authority from the Board, but rather recommends rating decisions to the Claims and Underwriting Committee. The Head of Underwriting is always present at these forums, and the Committee is chaired by the Company's Head of Actuarial. It is a minuted forum.

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

The Company has in place a Risk Audit & Compliance Committee, which operates under agreed Terms of Reference approved by the Board. The key responsibilities of the Committee include:

- Establishing an effective risk management framework including risk management strategies and policies and risk appetite and tolerance limits.
- Overseeing the performance and continued independence of the appointed internal and external auditors.
- Receiving, considering, reviewing, challenging, and agreeing recommendations and proposals following internal and external audits.
- Providing oversight and challenge to the effectiveness of the governance framework.
- Review guidelines and policies that govern the processes by which management operate.
- Receive and consider quarterly reports from the Compliance Function including the analysis of complaints.
- Receive quarterly reports from the Internal Audit Function.
- Providing oversight of all customer and conduct related matters.
- Overseeing operational resilience, business continuity and disaster recovery procedures.
- Providing oversight of the core outsourcing partners.

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

In accordance with local regulations the following mandatory function holders are also required and have been fulfilled and approved:

- Head of Finance
- Head of Claims
- Head of Underwriting

During 2023 the GFSC granted the Company a waiver in respect of the COO position.

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 and senior management 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 currently overseen by Anthony Bull.

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 fulfil its role.

B.1.2.2 *Compliance Function*

Mulsanne outsources compliance services to its insurance manager, with the function being currently overseen by Paul Cole. 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 reportsto 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 Risk, Audit Compliance Committee ("RACC") on a quarterly basis.

B.1.2.3 *Actuarial Function*

The Actuarial Function has specific duties and responsibilities under Solvency II. The Actuarial Function Holder role is held by Fessal Bouaziz, who is a Director of the Company. As the Actuarial Function Holder is not employed by the Company the function has a high degree of operational independence. 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 utilise the services of an external actuarial firm, Willis Towers Watson to carry out an independent annual reserve review followed by a roll-forward exercise to provide a further element of operational independence.

During the year the Company increased the size of the actuarial team to improve technical pricing analysis and support the reserve review processes. This, together with a regular review of the Board's skill mix, and the independent technical support, has enabled the Board to be comfortable with the level of rigor across this function area.

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.

During the year ended 31 December 2023, Mulsanne continued to outsource the Internal Audit function to Mazars LLP, who had the skills, knowledge, and expertise to provide the services and were entirely independent from operational aspects of the business.

B.1.3 Changes during the Period

There were no other changes during the period.

B.1.4 Remuneration Policy

Mulsanne has three local employees in addition to the Directors of the Company. The two Independent Non-Executive Director along with the three employees are the only individuals to receive remuneration directly 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 Group Human Resources department.

The two Independent Non-Executive directors received a fixed fee for services and there were no variable or performance-related elements to their 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 £0.32 million (2022 - £0.25 million) to its insurance manager for services provided. One of the Directors was also a Director of the insurance manager during the course of the year. At 31 December 2023, the balance owed by Mulsanne was £nil.

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

B2.2 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
- Conduct Risk
- Regulatory Risk

Mulsanne's aim is to ensure that the business is managed at all times in a risk-focused 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, and delegated to the Risk, Audit and Compliance Committee, a sub-committee 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 and for the Company to achieve its overall strategic objectives.
The Company sets risk appetite and tolerance limits for each category of risk and monitors performance monthly.

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

Mulsanne's Risk Audit and Compliance Committee 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.

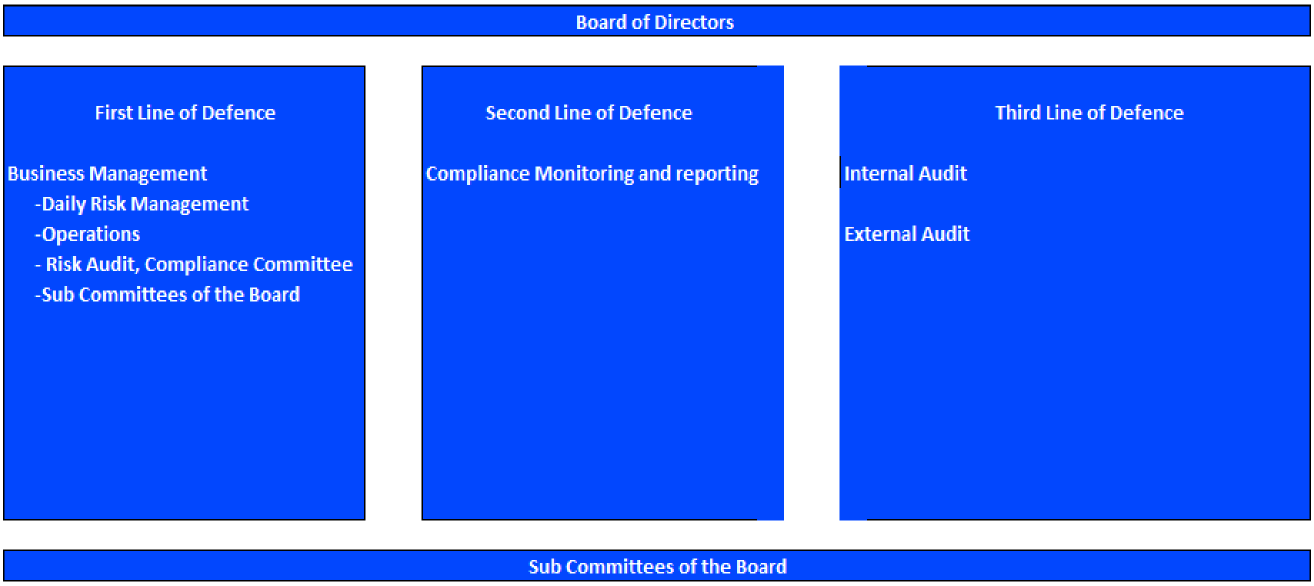
Risk management involves the Board as well as key outsourced providers. All forums and individuals involved in risk management have a duty to inform the Compliance, Internal Audit or Actuarial functions of any facts that may be relevant to these functions in performing their duties.

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 Risk and Audit Committee is responsible 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. It 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 15% above budget, and the forecast performance of the business is suchthat 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 (>£10m of premium) being entered into
- The solvency buffer falling below 125% of the SCR and forecast performance of the business being such that management feel the SCR buffer will continue to be eroded post the 125% breach.

During Q2 2023, due to deteriorating loss ratio performance, the Company's SCR coverage fell below 110% of the SCR. As a result, the Board have engaged with the shareholder, and the regulator, to implement a plan to restore the solvency coverage. Additionally, the Company has commenced a reforecasting exercise to refresh the ORSA projections. As a result of capital injections made during the year, the Company reported an unaudited SCR ratio of 150% as at 31 December 2023.

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 thebusiness.

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 Risk Audit and Compliance Committee 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, and the function holder, with the Board retaining 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 considers:

- Governance and business planning.
- Underwriting and policy administration.
- Claims handling and reserving.
- Investment.
- Finance/Accounting.
- IT and Cyber Risks.
- Compliance.
- Consumer Duty.
- Operational Resilience.

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 who also attend the Risk Audit and Compliance Committee.

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 CCG team working for Mulsanne, carry out periodic audits of the claims-handlers 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 (Mazars LLP) 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

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 beingeffectively 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 allowadequate 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
Assistign with risk management	Gibraltar
Compliance Services	Gibraltar United Kingdom
Company Secretarial Services	Gibraltar
Internal Audit	United Kingdom
Approval of 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 does not underwrite complex insurance products, focusing 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 2023.

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 decisions.

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 underwritten in the UK.

With regard to investments, Mulsanne pursues a strategy which is focused on capital preservation whilst seeking to achieve investment returns that are better than cash deposits through diversified investment funds on a carefully selected basis, thus adopting a careful and conservative investment policy.

Mulsanne's risk profile as at 31 December 2023 is set out in the table below:

	2023	2022
Risk Category	% of SCR	% of SCR
Insurance Risk	**41.6%**	**44.6%**
Market Risk	**25.0%**	**23.1%**
Counterparty (Credit) Risk	**14.7%**	**11.3%**
Operational Risk	**18.7%**	**21.1%**

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 behaviour 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, conversion rates by products and distribution channels.

The following are the key underwriting risks identified by management:

- Risks priced too high or too low, and undesirable market segments written.
- Inability to place XoL programme at economically viable levels.
- Claims inflationary pressures increase the cost of claims.
- Errors or delays in rating implementation.
- Losses on proportional reinsurance strategy.
- Complexity of portfolio and distributors in their infancy with limited track record.
- Mix of claims handling strategies due to outsourcing to legacy MGA partners.
- Adequacy of pricing feedback loops.

C.1.2 Material Risk Concentrations

The majority of Mulsanne's business comprises motor insurance, mostly private cars and therefore leads to some risk concentration due to exposure to market factors. However, it focuses on three distinct strategic portfolios with different target markets and the distribution of each is through a number of intermediaries with slightly different footprints. The Directors therefore do not consider there to be any material underwriting risk concentration.

C.1.3 Risk Mitigations

Mulsanne mitigates 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 Loss Portfolio Transfer to cover business written up to 31 December 2017, to protect against adverse claims performance. As at the time of writing this report this Loss Portfolio Transfer cover remains in place.

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

- Monthly review of detailed underwriting and performance information.
- Post inception validation of high risk policies.
- Quarterly actuarial reserve reviews, with at least one review by an independent actuary per year.
- Monthly loss ratio actual versus expected analysis.
- 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.
- Actuarial pricing models under-pinning premium rating.
- Detailed risk acceptance criteria at point of quote.
- Centralized rating platform for PC rating.
- Appropriate systems of governance and control.

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 their impact on quota share sliding scale commission income) 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 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 considersoptions 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 diversified investment policy focusing on the generation of real returns above inflation whilst seeking to observe the Prudent Person Principle. The Company holds some investments that are denominated in US Dollars. In order to mitigate the risk of adverse movements in the value of these assets that may arise through movements in foreign exchange rates, the Company has purchased foreign exchange forward contracts to hedge currency risk. The value of this currency forward hedge is reviewed regularly and adjusted as appropriate to ensure the Company's exposure to currency risk is minimised. The counterparty for the currency hedge transaction is an "A" rated bank.

Mulsanne uses the services of carefully selected and experienced investment managers and advisors 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 portfolioand 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.

C2.2 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 also holds several unlisted debt and equity investments. The total value of these assets is £41.7 million (2022: £26.7 million). The increase was as a result of several secured deep discount bonds (£10 million) and a loan (£5.01 million) that were acquired during the year, along with a disposal and change in the value of an Equity fund. The largest concentration is around one equity investment valued at £5.1 million.

As at 31 December 2023 the Company held £4.22 million (2022: £14.33 million) with RBS International. During 2023 this balance has increased as the Company followed its liquidity policy.

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 and an independent advisor.
- Investment policy with agreed limits.
- Diversification within the investment portfolio.
- Appointment of a Chief Investment Officer.

C.2.4 Prudent Person Principle

Mulsanne pursues an 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 utilises derivatives for hedging purposes and these are fully taken into account in the ongoing performance of the portfolio. For assets supporting technical provisions, the Company's policy is to hold investments that are traded regularly and therefore have a ready market value and are highly liquid. Assets that are less liquid, or do not have a readily realisable market value are kept to prudent levels.

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 hold several investments that are less liquid and less easy to realise. For these assets 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 ratios stresses, a severe shock has the potentialto 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 and debt instruments.
- Premiums and other amounts due from intermediaries.
- Amounts due from connected parties.

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 comprises diversified investment funds.
- Certain investments benefit from collateral arrangements.
- The Company uses a number of different intermediaries in distributing its products.
- Reinsurance counterparties are highly rated.

C.3.3 Risk Mitigations

Mulsanne mitigates credit risk through a number of mechanisms:

- Ensuring distribution is via multiple intermediaries.
- Debtor control processes to closely monitor ageing of insurance premiums due.
- 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.
- Use of statutory trust accounts where appropriate.
- Requesting that funds wherever possible are not comingled.
- Reviewing credit terms and avoiding terms over 60 days.

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 ha low level of liquidity risk, for those assets supporting technical provisions, 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. Additionally, the Investment Committee meets regularly to review the liquidity position of the Company.

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 2023 is £3.38m (2022 – £1.7m).

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 or paralysis of systems.
- Cyber Risks from external sources.
- Embezzlement and Fraud.
- Failure of key outsourced service providers.
- Breach of GDPR data protection rules.
- Incomplete MI.
- Failure to identify and manage conflicts of interest.
- Failure of Important Business Service that would cause intolerable interruption to business.

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 Risk, Audit and Compliance Committee and Mulsanne Board, with input from all relevant functions and activities within the business.

C.5.2 Material Risk Concentrations

There are no 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.
- Detailed 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 decisions.

C.6 Other Material Risks

On 31 January 2020, the UK formally left the European Union, and the UK and the EU have entered into a Trade and Cooperation Agreement which was provisionally applied from 1 January 2021

As all of Mulsanne's business is with customers located in the United Kingdom, the Board does not anticipate Brexit having an impact on Mulsanne's ability to continue to trade. Brexit has, however, disrupted the supply chain for repair parts for motor vehicles, particularly when the supply of these parts is from within the European Union, with such delays giving rise to additional repair and hire costs. The Board continues to monitor this situation closely, making underwriting adjustments as appropriate.

In 2022 Russia invaded the Ukraine. The invasion materially disrupted energy markets and the supply of certain raw materials which in turn have compounded inflationary pressure faced by the Company across the claims supply chain. More recently the geopolitical developments in the Middle East have given rise to further supply chain disruption due to the threats to free movement of shipping in the region, this is further compounding supply chain and inflation issues. The Board continues to monitor the inflationary pressure faced by the Company, especially when considering claims strategies and pricing action.

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

D1. 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 2023, except for reinsurance technical provisions, are as set out in the table below:

	2023		2022	
Description	**Solvency II Value £'000**	**GAAP Value £'000**	**Solvency II Value £'000**	**GAAP Value £'000**
Intangible Asset	-	48	-	99
Equities (Unlisted)	10,878	10,878	12,207	12,207
Government Bonds	-	-	-	-
Corporate Bonds	-	-	-	-
Collateralised securities	-	-	-	-
Collective Investment Undertakings	22,658	20,636	27,154	27,154
Derivatives	15,071	-	17,357	-
Deposits other than cash equivalents	-	-	-	-
Other Loans and mortgages	17,449	19,471	16,322	16,322
Insurance and Intermediaries Receivables	-	14,592	-	20,692
Reinsurance Receivables	4,145	4,145	3,230	3,230
Receivables (trade, not insurance)	-	-	-	-
Cash and cash equivalents	14,634	29,704	18,673	18,673
Deferred Acquisition and Processing Costs	-	4,288	-	13,550
Any Other Assets	-	300	-	294

D.1.1 Intangible Assets

At 31 December 2023, Mulsanne held an intangible asset valued at £48k (2022 – £99k) 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 beenno changes in recognition and valuation bases during the year.

D.1.2 Equities (Unlisted)

As at 31 December 2023 the Company holds several unlisted Equity investments. Various valuation techniques have been used at arriving at the valuation for both a GAAP and Solvency II basis. Such valuations have been arrived at with the assistance of a third-party investment advisor.

D.1.3 Bonds

At the year end, Mulsanne had no direct investments in Government or corporate bonds.

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 the end of 2023, the Company held investments in several investment funds totalling £22.6 million (2022: £31.9 million). These funds are invested into highly diversified funds that include underlying investment in trade receivables, mortgage finance, bridging and development finance in respect of UK properties, corporate bonds, and equities and diversified money market funds. The majority of the funds are listed and therefore have readily ascertainable market values and assets are valued based on the latest NAV valuations both for GAAP and for Solvency II, with no significant estimate or judgements being utilised. In circumstances where a market value of an investment is not readily available, the Company uses the services of an independent investment advisor to perform an annual valuation of the investment. 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

As at 31 December 2023 the Company held a currency forward position selling US Dollars and buying sterling at a forward future date. This position is used to hedge the currency risk arising from holding certain strategic investments. As these currencies are actively traded and therefore have readily ascertainable market values, the assets are valued at market value both for GAAP and for Solvency II, with no significant estimate or judgements being utilised. As at 31 December 2023 the company had sold $19.1million for a forward value of £15.07 million. The currency forward counterparty is a highly rated bank. The value of the currency forward is reviewed regularly and adjusted accordingly to reflect any changes to the underlying value of the assets.

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 £29.7 million (2022 – £32.0 million) 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 weekly or 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 £10.9 million (2022 – £20.7 million). 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

The balance ascribed in the Solvency II basis includes amounts due from reinsurers for settled claims above the excess of loss retention amounting to £Nil (2022: £Nil)

D.1.9 Receivables (trade, not insurance)

	2023	2022
	£'000	**£'000**
Amounts due from commected parties	4,136	8
Taxation debtor	-	0
Other debtors	3,995	-
	8,131	**8**

Other debtors in 2023 relate solely to amounts due from co-insurance. The amounts due to/from coinsurers are reported on a net basis, and this has historically included premiums due to coinsurers less claims, commissions and other expenses. The coinsurance arrangements were not renewed in 2021 and as a result these arrangements are now in run-off resulting in a debtor position arising as no further new business is attaching to these arrangements. All amounts due are within credit terms.

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.

Intercompany receivables relate to expenses incurred by Mulsanne that are rechargeable to other connected party companies.

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. As at 31 December 2023, Mulsanne had £2.5 million (2022 – £12.5 million) of deferred acquisition costs and £0.8 million (2022 – £1.1 million) 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 £0.3 million (2022 – £0.3 million) 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:

	As at 31 December 2023				
	Motor Liability £'000	Other Motor £'000	Miscellaneous Financial Loss £'000	Assistance £'000	Total £'000
Gross Best Estimate Technical Provisions	200,333	8,107	14	(18)	208,435
Risk Margin	2,020	64	0	(0)	2,084
Total Gross Technical Provisions	**202,353**	**8,171**	**14**	**(19)**	**210,520**
Reinsurance Recoverables	(165,415)	(6,806)	-	-	(172,220)
Net Technical Provisions	**36,938**	**1,365**	**14**	**(19)**	**38,299**

	As at 31 December 2022				
	Motor Liability £'000	Other Motor £'000	Miscellaneous Financial Loss £'000	Assistance £'000	Total £'000
Gross Best Estimate Technical Provisions	171,489	12,516	62	94	184,161
Risk Margin	2,947	146	1	3	3,097
Total Gross Technical Provisions	**174,436**	**12,662**	**64**	**96**	**187,258**
Reinsurance Recoverables	(133,999)	(10,006)	-	-	(144,005)
Net Technical Provisions	**40,437**	**2,656**	**64**	**96**	**43,253**

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 an earned and on an unearned exposure, for all business written at the valuation date. This assessment is carried out by an independent, external actuary.

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

D.2.1.2 Expenses

The cost of running off 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 activityin 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 2023, management made a provision for ENIDs of £0.34 million (2022 - £0.34 million) based on the recommendation of the independent Actuarial Function 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 2024 will be invited prior to 31 December 2023. This may, however, be wholly or partially offset through future cancellations of existing business.

On a statutory account basis, a provision has been made in the current year for bound but not incepted risks, although the impact on the solvency position is 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 are proportional to the best estimate technical provisions over time and projects future SCRs at this rate. A cost of capital rate of 4% is applied to each SCR estimate and discounted back using Prudential Regulatory Authority 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.2.2 Simplifications

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

D.2.3 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.2.4 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 differences 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 intermediary 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 item on the balance sheet for GAAP reporting.

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

	As at 31 December 2023		
	Gross Technical Reserves £'000	Reinsurance Recoverables £'000	Total £'000
GAAP Reserves	**248,456**	**198,633**	**49,823**
Remove Unearned Premium	(35,159)	(31,792)	(3,367)
Claims on Unexpired Risks	24,252	18,804	5,448
Receivables/Payables	(14,011)	1,907	(15,918)
Run-off Expenses and Other Adjustments	4,462	(32)	4,494
Effect of Discounting	(19,565)	(15,300)	(4,265)
Risk Margin	2,084		2,084
Solvency II Technical Provisions	**210,520**	**172,220**	**38,299**

	As at 31 December 2022		
	Gross Technical Reserves £'000	Reinsurance Recoverables £'000	Total £'000
GAAP Reserves	**246,636**	**197,674**	**48,962**
Remove Unearned Premium	(89,625)	(81,542)	(8,082)
Claims on Unexpired Risks	64,859	50,754	14,106
Receivables/Payables	(18,683)	(6,423)	(12,260)
Run-off Expenses and Other Adjustments	3,071	(55)	3,127
Effect of Discounting	(22,098)	(16,401)	(5,697)
Risk Margin	3,097		3,097
Solvency II Technical Provisions	**187,258**	**144,005**	**43,253**

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.

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 2023, except for gross technical provisions, are as set out in the table below:

Description	As at 31 December 2023 Solvency II Value £'000	GAAP £'000
Insurance & intermediaries payables	-	-
Reinsurance payables	-	1,920
Derivatives	15,071	-
Payables (trade, not insurance)	2,722	5,699
Deferred acquisition cost - reinsurer's share	-	4,674
Deferred Co-insurance commission	-	-
Deferred Reinsurance commission	-	4,299

Description	As at 31 December 2022 Solvency II Value £'000	GAAP £'000
Insurance & intermediaries payables	-	-
Reinsurance payables	-	8,296
Derivatives	17,357	-
Payables (trade, not insurance)	5,271	5,271
Deferred acquisition cost - reinsurer's share	-	14,136
Deferred Co-insurance commission	-	-
Deferred Reinsurance commission	-	6,559

D.3.1 Insurance and Intermediaries Payables

Mulsanne cedes premium to highly rated reinsurers. Settlements with the reinsurance partners are made on a quarterly basis, and this item represents the net amount due for settlement, being premiums owed less claims, less commission due to Mulsanne. These amounts are shown as amounts due due/from reinsurers. The co-insurance arrangements were not renewed in 2021, but prior year arrangements continue to run-off and as a result, there were no amounts due to the co-insurer at 31 December 2023 Mulsanne (2022 – nil).

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 and owed to the co-insurance partner have been set against the amount owed. The resulting balances are included in insurance and intermediary receivables. There have been no changes in the valuation approach during the year.

D.3.2 Reinsurance Payables

As at 31 December 2023 Mulsanne had reinsurance payables of £5.985 million (2022 – £8.30 million) on a GAAP basis, being payments due under the Quota Share and Excess of Loss arrangements, along with amounts payable under the LPT reinsurance contract. 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 differences 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.

D.3.3 Derivatives

As set out under assets, the Company's derivative position has been reported gross for GAAP purpose but is netted down for Solvency II reporting.

D.3.4 Payables (trade, not insurance)

Other payables comprise certain costs, including taxes, due at 31 December 2023 are as set out below:

	2023 £'000	2022 £'000
Insurance premium tax payable	2,760	5,129
Amount due to Related Party	-	25
Claims Handling Cost Provision	- 38	117
Other creditors	-	-
Accruals	733	865
	3,455	**6,136**

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. As at 31 December 2023, Mulsanne had £4.7 million (2022 – £14.1 million) 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. As at 31 December 2023, Mulsanne had a total of £4.3 million (2022 – £6.7 million) of 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, 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. Similarly, any unusual investments will be thoroughly reviewed to consider the SCR implications and compliance with the prudent person principle.

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 During 2023 the Company allotted 58,478 fully paid-up ordinary shares for a consideration of £20 million to Mulsanne Holdings (Gibraltar) Limited and 5,483 fully paid up ordinary shares for a consideration of £2 million to Ormiston Holdco Limited.

	As at 31 December 2023				
	Share Capital £'000	Share Premium £'000	Reconciliation Reserve £'000	Deferred Tax asset £'000	Total Own Funds £'000
At 1 January 2023	**102**	**38,502**	**(10,407)**		**28,197**
Capital Injections during the year	64	21,936			22,000
Movement in the Reconciliation Reserve			(10,098)		(10,098)
At 31 December 2023	**166**	**60,438**	**(20,505)**		**40,100**

	As at 31 December 2022				
	Share Capital £'000	Share Premium £'000	Reconciliation Reserve £'000	Deferred Tax asset £'000	Total Own Funds £'000
At 1 January 2022	**98**	**37,006**	**219**	**333**	**37,656**
Capital Injections during the year	4	1,496			1,500
Movement in the Reconciliation Reserve			(10,627)	(333)	(10,960)
At 31 December 2022	**102**	**38,502**	**(10,407)**		**28,197**

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 Fund

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:

	2023 Own Funds £'000	2022 Own Funds £'000
Own Funds per Financial Statements	**33,934**	**28,135**
Difference in Valuation of net Technical Provisions	1,829	(6,687)
Removal of Deferred Acquisitions and Processing Costs	386	583
Removal of Intangible Assets	(48)	(99)
Removal of Prepayments	(300)	(294)
Removal of Deferred Commissions	4,299	6,559
Capital Add-On		
Deferred tax Asset		
Own Funds per Solvency II Valuation	**40,100**	**28,197**

Solvency Capital Requirement and Minimum Capital Requirement

E.2.1 SCR and MCR

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

	2023 £'000	2022 £'000
Own Funds	40,100	28,197
Solvency Capital Requirement	26,736	26,155
SCR Coverage	150.0%	107.8%
Minimum Capital Requirement	6,684	6,539
MCR Coverage	599.93%	431.23%

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

In accordance with the Solvency II standard formula a firm's SCR Non-Life underwriting risk is predominantly a functionof 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.

E.2.2 SCR by Risk Module

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

SCR Risk Category	2023 £'000	2022 £'000
Market Risk	8,232	7,541
Counterparty Risk	4,859	3,677
Non-Life Underwriting Risk	13,726	14,563
Diversification	(6,251)	(5,661)
Basic Solvency Capital Requirement	**20,566**	**20,119**
Operational Risk	6,170	6,884
Solvency Capital Requirement	**26,736**	**21,517**

E.2.3 Simplifications

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

E.2.4 Inputs used to Calculate the MCR

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

	As at 31 December 2023	
	Net (of reinsurance) best estimate technical provisions £'000	Net (of reinsurance) written premiums in the last 12 months £'000
Motor Vehicle Liability	34,918	14,955
Motor Vehicle Other	1,301	1,479
Assistance	0	479
Miscellaneous Financial Loss	14	51
	£'000	
Linear MCR		4,632
SCR		26,736
Combined MCR		6,684
Absolute Floor of the MCR		3,495
Minimum Capital Requirement		6,684

	As at 31 December 2022	
	Net (of reinsurance) best estimate technical provisions £'000	Net (of reinsurance) written premiums in the last 12 months £'000
Motor Vehicle Liability	37,490	24,525
Motor Vehicle Other	2,510	2,426
Assistance	94	1,146
Miscellaneous Financial Loss	62	133
	£'000	
Linear MCR		6,005
SCR		26,155
Combined MCR		6,539
Absolute Floor of the MCR		3,186
Minimum Capital Requirement		6,539

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

There have been no instances of Mulsanne not complying with the SCR or MCR during the reporting period.

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P.02.01.02 - Balance sheet

Contents

Tabular
Microsoft Excel -based Solvency II reporting solution

		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)	48,606
R0080	Property (other than for own use)	0
R0090	Holdings in related undertakings, including participations	0
R0100	Equities	10,878
R0110	Equities - listed	0
R0120	Equities - unlisted	10,878
R0130	Bonds	0
R0140	Government Bonds	0
R0150	Corporate Bonds	0
R0160	Structured notes	0
R0170	Collateralised securities	0
R0180	Collective Investments Undertakings	22,658
R0190	Derivatives	15,071
R0200	Deposits other than cash equivalents	0
R0210	Other investments	0
R0220	Assets held for index-linked and unit-linked contracts	0
R0230	Loans and mortgages	17,449
R0240	Loans on policies	0
R0250	Loans and mortgages to individuals	0
R0260	Other loans and mortgages	17,449
R0270	Reinsurance recoverables from:	172,220
R0280	Non-life and health similar to non-life	172,220
R0290	Non-life excluding health	172,220
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)	4,145
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	29,704
R0420	Any other assets, not elsewhere shown	0
R0500	**Total assets**	272,125

		Solvency II value
	Liabilities	C0010
R0510	Technical provisions – non-life	210,520
R0520	Technical provisions – non-life (excluding health)	210,520
R0530	TP calculated as a whole	0
R0540	Best Estimate	208,435
R0550	Risk margin	2,084
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	15,071
R0800	Debts owed to credit institutions	0
R0810	Financial liabilities other than debts owed to credit institutions	0
R0820	Insurance & intermediaries payables	0
R0830	Reinsurance payables	0
R0840	Payables (trade, not insurance)	3,455
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	2,979
R0900	**Total liabilities**	232,025
R1000	**Excess of assets over liabilities**	40,100

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

Contents

		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	102,318	10,119	497	59	112,994
R0120	Gross - Proportional reinsurance accepted	0	0	0	0	0
R0130	Gross - Non-proportional reinsurance accepted					0
R0140	Reinsurers' share	87,387	8,643	0	0	96,030
R0200	Net	14,931	1,477	497	59	16,964
	Premiums earned					
R0210	Gross - Direct Business	149,980	14,833	510	68	165,391
R0220	Gross - Proportional reinsurance accepted	0	0	0	0	0
R0230	Gross - Non-proportional reinsurance accepted					0
R0240	Reinsurers' share	129,985	12,856	0	0	142,841
R0300	Net	19,995	1,978	510	68	22,550
	Claims incurred					
R0310	Gross - Direct Business	165,626	16,381	93	10	182,110
R0320	Gross - Proportional reinsurance accepted	0	0	0	0	0
R0330	Gross - Non-proportional reinsurance accepted					0
R0340	Reinsurers' share	132,834	13,137	0	0	145,971
R0400	Net	32,792	3,243	93	10	36,138
	Changes in other technical provisions					
R0410	Gross - Direct Business	-1,882	-186	0	0	-2,068
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	-1,882	-186	0	0	-2,068
R0550	**Expenses incurred**	6,709	664	109	16	7,498
R1200	**Other expenses**					4,810
R1300	**Total expenses**					12,308

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P.05.02.01 - Premiums, claims and expenses by country

Contents

Tabular
Microsoft Excel -based Solvency II reporting solution

		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	112,994	0	0	0	0	112,994
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	96,030	0	0	0	0	96,030
R0200	Net	0	16,964	0	0	0	0	16,964
	Premiums earned							
R0210	Gross - Direct Business	0	165,391	0	0	0	0	165,391
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	142,841	0	0	0	0	142,841
R0300	Net	0	22,550	0	0	0	0	22,550
	Claims incurred							
R0310	Gross - Direct Business	0	182,110	0	0	0	0	182,110
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	145,971	0	0	0	0	145,971
R0400	Net	0	36,138	0	0	0	0	36,138
	Changes in other technical provisions							
R0410	Gross - Direct Business	0	-2,068	0	0	0	0	-2,068
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	-2,068	0	0	0	0	-2,068
R0550	**Expenses incurred**	0	12,308	0	0	0	0	12,308
R1200	**Other expenses**							0
R1300	**Total expenses**							12,308

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P.17.01.02 - Non-Life Technical Provisions

Contents

Tabular
Microsoft Excel -based Solvency II reporting solution

		Direct business and accepted proportional				Total Non-Life obligation
		Motor vehicle liability insurance	Other motor insurance	Assistance	Miscellaneous financial loss	
		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	7,379	1,959	17	-2	9,353
R0140	Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	13,770	2,218	0	0	15,988
R0150	Net Best Estimate of Premium Provisions	-6,392	-259	17	-2	-6,636
	Claims provisions					
R0160	Gross	192,954	6,147	-35	17	199,082
R0240	Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	151,644	4,588	0	0	156,232
R0250	Net Best Estimate of Claims Provisions	41,310	1,560	-35	17	42,851
R0260	**Total Best estimate - gross**	200,333	8,107	-18	14	208,435
R0270	**Total Best estimate - net**	34,918	1,301	-18	14	36,215
R0280	**Risk margin**	2,020	64	0	0	2,084
	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	202,353	8,171	-19	14	210,520
R0330	Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total	165,415	6,806	0	0	172,220
R0340	Technical provisions minus recoverables from reinsurance/SPV and Finite Re - total	36,938	1,365	-19	14	38,299

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

Contents

Tabular
Microsoft Excel -based Solvency II reporting solution

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**											11	11	11
R0160	**N-9**	2,334	6,865	2,966	1,504	1,002	2,700	302	21	1	2		2	17,697
R0170	**N-8**	3,695	8,776	3,754	2,572	1,347	769	788	197	796			796	22,693
R0180	**N-7**	4,119	9,371	4,008	3,292	2,163	760	3,227	93				93	27,035
R0190	**N-6**	3,678	8,460	3,203	1,473	1,745	3,245	10,120					10,120	31,924
R0200	**N-5**	4,940	8,528	2,766	2,155	993	1,826						1,826	21,210
R0210	**N-4**	4,795	9,247	3,701	2,521	1,959							1,959	22,224
R0220	**N-3**	6,871	15,550	4,495	2,168								2,168	29,083
R0230	**N-2**	9,137	38,307	16,088									16,088	63,532
R0240	**N-1**	26,549	71,311										71,311	97,860
R0250	**N**	21,447											21,447	21,447
R0260												**Total**	125,824	354,716

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**											51	46
R0160	**N-9**	0	0	6,398	4,690	3,448	354	73	7	5	0		0
R0170	**N-8**	0	21,741	17,870	12,969	12,514	14,212	13,735	14,082	25,332			23,224
R0180	**N-7**	15,740	22,038	16,291	12,002	8,248	9,278	2,035	1,087				996
R0190	**N-6**	11,218	17,779	14,479	10,340	9,067	6,102	690					633
R0200	**N-5**	12,912	14,822	6,114	4,433	2,812	388						356
R0210	**N-4**	15,509	19,759	16,613	12,121	12,426							11,392
R0220	**N-3**	17,323	17,784	11,389	8,268								7,580
R0230	**N-2**	31,905	47,560	44,424									40,746
R0240	**N-1**	62,451	78,968										72,490
R0250	**N**	45,112											41,620
R0260												**Total**	199,082

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P.23.01.01 - Own funds

Contents

Tabular Microsoft Excel -based Solvency II reporting solution

		Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
		C0010	C0020	C0030	C0040	C0050
	Basic own funds before deduction for participations in other financial sector as foreseen in article 68 of Delegated					
R0010	Ordinary share capital (gross of own shares)	166	166		0	
R0030	Share premium account related to ordinary share capital	60,438	60,438		0	
R0040	Iinitial 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	-20,505	-20,505			
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**	40,100	40,100	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	40,100	40,100	0	0	0
R0510	Total available own funds to meet the MCR	40,100	40,100	0	0	
R0540	Total eligible own funds to meet the SCR	40,100	40,100	0	0	0
R0550	Total eligible own funds to meet the MCR	40,100	40,100	0	0	
R0580	**SCR**	26,736				
R0600	**MCR**	6,684				
R0620	**Ratio of Eligible own funds to SCR**	1.4998				
R0640	**Ratio of Eligible own funds to MCR**	5.9993				

		C0060
	Reconciliation reserve	
R0700	Excess of assets over liabilities	40,100
R0710	Own shares (held directly and indirectly)	0
R0720	Foreseeable dividends, distributions and charges	0
R0730	Other basic own fund items	60,605
R0740	Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	0
R0760	**Reconciliation reserve**	-20,505
	Expected profits	
R0770	Expected profits included in future premiums (EPIFP) - Life business	0
R0780	Expected profits included in future premiums (EPIFP) - Non- life business	2,474
R0790	**Total Expected profits included in future premiums (EPIFP)**	2,474

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

Contents

Tabular
Microsoft Excel -based Solvency II reporting solution

			Gross solvency capital requirement	USP	Simplifications
			C0110	C0090	C0120
R0010	Market risk	R0010	8,232		
R0020	Counterparty default risk	R0020	4,859		
R0030	Life underwriting risk	R0030	0		
R0040	Health underwriting risk	R0040	0		
R0050	Non-life underwriting risk	R0050	13,726		
R0060	Diversification	R0060	-6,251		
R0070	Intangible asset risk	R0070	0		
R0100	**Basic Solvency Capital Requirement**	R0100	20,566		

	Calculation of Solvency Capital Requirement		C0100
R0130	Operational risk	R0130	6,170
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	26,736
R0210	Capital add-on already set	R0210	0
R0220	**Solvency capital requirement**	R0220	26,736
	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
	Approach to tax rate		C0109
R0590	Approach based on average tax rate	R0590	0

	Calculation of loss absorbing capacity of deferred taxes		
			LAC DT
			C0130
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

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

Contents

Tabular
Microsoft Excel -based Solvency II reporting solution

Linear formula component for non-life insurance and reinsurance obligations

		C0010
R0010	MCRNL Result	4,632

		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	34,918	14,931
R0060	Other motor insurance and proportional reinsurance	1,301	1,477
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	0	497
R0130	Miscellaneous financial loss insurance and proportional reinsurance	14	59
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	4,632
R0310	SCR	26,736
R0320	MCR cap	12,031
R0330	MCR floor	6,684
R0340	Combined MCR	6,684
R0350	Absolute floor of the MCR	3,495

		C0070
R0400	**Minimum Capital Requirement**	6,684