CIRENCESTER
FRIENDLY

Cirencester Friendly Society Limited

Solvency and Financial Condition Report (SFCR)

For the Year Ended 31 December 2024

Contents

Introduction

This Solvency and Financial Condition Report (SFCR) for Cirencester Friendly Society Limited has been prepared to meet the PRA's regulatory reporting requirements. The SFCR has been prepared on the basis of the financial information and risk assessments as at 31 December 2024 and has been presented to the Board for their review, challenge and approval. The report meets the requirements for the SFCR as set out in the Solvency UK rules which came into force with effect from 31 December 2024 and are specified in the PRA Rulebook.

Summary

2024 has been a successful year for the quality and sustainable growth strategy of the Society. Significant investment has been made in our infrastructure, resources and people which has delivered an increase of over 2.2k in our net Membership as we look to grow the Society for the long-term. 2024 has also achieved a record level of premium income in Cirencester Friendly's long history, a milestone that our Members and colleagues can be justly proud of.

When set against the external environment, these achievements are even more impressive. The past year has been marked by a challenging economic environment, influenced by the ongoing geopolitical conflicts in Ukraine and the Middle East, as well as the elections in the UK and the USA. This has led to increased stock market uncertainty and volatility, impacting investment returns. The Bank Base Rate (BBR) was reduced twice during the year. Despite these cuts, yield curves have remained high, negatively impacting the Present Value of Future Profits and investment gains.

There were significant declines in oil and gas prices throughout the year. Additionally, recent easing in core price pressures has contributed to a transformation in the UK's inflation landscape. The average inflation rate for 2024 was 2.5%, down from 4% in 2023. We have experienced an annual deficit of c.£1.8m, primarily due to these lower investment returns. Consequently, there will be no transfer to our reserves for 2024.

Our strategy remains focused on our Members, emphasising long-term decisions and creating value. This is clearly demonstrated by our impressive claims paid rate of over 95% and bonus payments amounting to £1.5m.

The investment portfolio has been transferred from LGT Wealth to Schroders during the year to improve the long-term returns and therefore value for our Members. This meant selling the holdings of LGT and buying into the funds administered by Schroders, which has realised some losses from current and prior years, given recent challenging economic conditions impact on equities and the persistently high bank base rate impact on fixed income positions. However, we are confident that the change to Schroders will deliver enhanced returns and make the most of the Society's portfolio for our Members.

The Society continues to invest in our technology infrastructure with our partners at iPipeline, to ensure we provide our advisers and Members with more flexible and efficient features and processes. We have also invested in our people and resources to support the growth strategy of the 2030 Vision and paid more commission to our trusted advisers. To this end, administration expenses have increased in 2024. As a mutual, it is important that we are efficient in the way that we administer the Society but also that we invest for growth in a controlled way.

We prepared an Own Risk and Solvency Assessment (ORSA) during 2024, adjusted to take account of the impact of the current macroeconomic conditions. The Society continues to exceed regulatory expectations of capital requirements in normal and modelled stressed conditions, ensuring that we are prepared for difficult situations such as a repeat of the pandemic.

A Business Performance

A.1 Business

Cirencester Friendly Society Limited is a friendly society, registered and incorporated under the Friendly Societies Act 1992, registered number 149F. It is registered and operates from:

Mutuality House
The Mallards
South Cerney
Cirencester
Gloucestershire GL7 5TQ

The supervisory authority responsible for the Society's financial supervision is:

Prudential Regulation Authority
Bank of England
20 Moorgate
London EC2R 6DA

The statutory auditor of the Society is:

M Watson
PKF Littlejohn LLP
15 Westferry Circus
London E14 4HD

The Society is a mutual organisation 100% owned by its Members. All Members have equal voting rights. The Society provides long term income protection products which together with a small range of 'add on' benefits are sold through intermediaries. Its products include 'Holloway' style income protection products which, because of the ability to build up a capital balance through the distribution of surpluses by the Society, may only be sold by investment advisers. The Society operates solely within the United Kingdom.

The past year has been marked by a challenging economic environment, influenced by the ongoing geopolitical conflicts in Ukraine and the Middle East, as well as the elections in the UK and the USA. This has led to increased stock market uncertainty and volatility, impacting investment returns. The Bank Base Rate (BBR) was reduced twice during the year, in July and November, from 5.25% to 4.75%. Despite these cuts, yield curves have remained high, negatively impacting the Present Value of Future Profits (PVFP) and investment gains.

There were significant declines in oil and gas prices throughout the year. Additionally, recent easing in core price pressures has contributed to a transformation in the UK's inflation landscape. The average inflation rate for 2024 was 2.5%, down from 4% in 2023. We have experienced an annual deficit of c.£1.8m, primarily due to these lower investment returns. Consequently, there will be no transfer to our reserves for 2024.

A.2 Underwriting Performance

The number of active Members has increased over the year by c.2.3k (2023: a reduction of c.1.3k). All premium income is generated within the United Kingdom and is in respect of long-term Income Protection contracts.

The trading performance of the Society for the year is set out below:

	2024 £m	2023 £m	Movement
Earned Premium Income	23.6	22.7	4.1% increase
Claims for Benefits	9.8	9.6	2.1% increase
Operating Expenses	18.4	14.7	25.7% increase
Deficit Generated	(4.6)	(1.6)	

Year on year the deficit generated, as shown above, has increased from £1.6m in 2023 to £4.6m in 2024. This has increased due to the growth in new business during 2024, with commissions paid to advisers and acquisition costs increasing £3.2m year on year as a result.

The increase in turnover for the year is primarily due to an increase in premiums on contracts held by Members, as retention and new business sales have outperformed expectations, as well as an increase in the average premium on new contracts sold.

Benefit claims during 2024 were slightly higher year on year but were in line with a growing book. The financial resources of the Society mean we were well placed to finance this increase. Economic hardship and social impacts are anticipated to be causes that mean claims are likely to remain at these elevated levels for some time yet.

Operating expenses have increased by 25% in 2024 as we have nearly doubled sales year on year and therefore paid £3.2m higher sales commissions and acquisition costs compared to the previous year.

A.3 Investment Performance

Investment income, gains and losses are recognised by the Society in the financial period in which they occur. All investments are dealt with on a recognised stock exchange.

	2024 £m	2023 £m
Investment income:		
Interest income	0.6	0.9
Dividend income	0.5	1.0
Total income	1.0	1.9
Net gains/(losses) on investments:		
Unrealised gains/(losses):		
Debt securities	0.2	1.7
Equity securities	0.9	2.4
FX Securities	(0.3)	0.0
Realised gains/(losses):		
Debt securities	0.1	0.0
Equity securities	1.1	(0.5)
FX Securities	(0.6)	0.0
Total gains/(losses)	1.4	3.6
Investment management expenses	(0.2)	(0.2)
Total Investment Returns	2.2	5.3

Investment management expenses relate to fees charged by our investment advisors in respect of the assets for which they have a discretionary mandate within the parameters set out within the Society's Investment Policy. The Society does not apportion management costs in respect of investment activities conducted in-house.

A.4 Performance of other Activities

We do not consider that there are any additional material income or expense items which are required to be reported on. The Society has not requested or been granted any waiver to reduce disclosures of any item within this document. The Society is making significant capital investment in its IT infrastructure, with the progress of projects carefully monitored and controlled through the Change Board.

A.5 Any Other Information

There is no other information needed to be supplied.

B Systems of governance

B.1 General information on the system of governance

- Board structure – the Board currently comprises five Non-Executive members and three Executive members. The full Board met seven times during 2024.
- Committee Structure – formal committees, which are sub-committees of, and report into the main Board, are as follows:
    - Audit and Risk
    - People and Remuneration
- The committees of the Society meet regularly to a timetable set at the commencement of each new financial year.
- Decision making – a schedule of retained and delegated powers exists.
- Actuarial Function – the Chief Actuary role is outsourced to Broadstone Regulatory & Risk Advisory Limited (Broadstone) along with the actuarial calculations and preparation of the solvency regulatory submissions. These activities are overseen by the Society's Chief Financial Officer (CFO).
- Internal Audit – the internal audit function of the Society is undertaken by RSM LLP who report directly to the Audit and Risk Committee.
- Compliance – this is overseen by the Director of Risk and Compliance. The Society also has a Senior Compliance Manager and access to compliance support from third parties, if required.
- Risk – the Director of Risk and Compliance has responsibility for risk oversight, including supervising the Society's Risk Register, and is supported by the Senior Risk & Compliance Officer when discharging these duties.
- Reviewing Actuary – Barnett Waddingham, employed directly by the Society's external auditors PKF, undertake the annual review of the Society's long-term liabilities.
- Investment Management – conducted by LGT Wealth up until 7 October 2024 and then Schroders post 7 October 2024, on a discretionary mandate basis within the parameters set out in the Society's Investment Policy and overseen by the Board.
- Outsource management – the Society does not outsource matters of management although it does, where required, bring in subject matter experts to assist with specific matters. The Society outsources the actuarial functions to Broadstone, internal audit to RSM LLP, investment management to LGT Wealth (pre 7 October) and Schroders (post 7 October) and telephone interviews for the purpose of medical data gathering, as part of its underwriting function. Currently we also outsource the ongoing development of IT systems. The efficiency of the providers is kept under review through formal Board sub committees.

There have been no material changes in the Society's system of governance over the reporting period.

Remuneration Policy and Practices

The People & Remuneration Committee has established a Remuneration Policy for the Executive Directors of the Board that has a clear focus on Member value. To this end, the remuneration packages of the Executive Directors of the Board are linked to the Society's success.

The remuneration includes a performance related element which is linked to the achievement of business objectives. Throughout the business, the Society aims to ensure that its staff are rewarded fairly for their contribution. To achieve this, we obtain independent benchmarking data from Willis Towers Watson and use this to inform remuneration for staff, by reference to a relevant role benchmark. Independent experts Fletcher Jones were retained by the People & Remuneration Committee to benchmark Executive pay for each individual role. The Committee thereby ensures that Executive Director remuneration is set at a level designed to reflect similar roles carrying comparable responsibilities in other organisations.

Pension Arrangements

The Society has arranged a Defined Contribution Scheme available for all staff in which both employee and employer contributions may be made.

Share Options

As a mutual, the Society does not operate a share option plan.

Adequacy of the System of Governance

Good corporate governance provides a framework for the way in which the Board and the rest of the organisation operates. It is also vital in providing effective leadership and in assisting the Society to continue as a successful organisation, run for the benefit of its current and future Members, in a legal, ethical and transparent manner.

The Society's approach to corporate governance is based on the principles and provisions of the UK Corporate Governance Code, as articulated by the AFM Corporate Governance Code. Its approach to compliance with the Code is kept under regular review.

B.2 Fit and proper requirements

As part of its governance process, the Society undertakes an annual review of Board members.

Reviews are undertaken between the Chair and each member of the Board. As part of this meeting, the Chair invites performance feedback for each of the other members of the Board. The Senior Independent Director conducts a similar exercise regarding performance feedback for the Chair. This process is managed within the Society's performance management system.

At the end of this process, each Board member has feedback shared and they agree any actions necessary. The summarised results of the survey are presented to the People & Remuneration Committee and to the Board.

Internal Board evaluation is carried out annually and comprehensive reviews every three years. An external review was last conducted by Board Excellence at the end of 2021 the findings of which were implemented during 2022 where required, with a thorough oversight carried out by Risk & Compliance in 2024.

B.3 Risk Management System including the Own Risk and Solvency Assessment

Process followed for managing and monitoring risks

The Society's risk management process is embedded across the 'Three Lines of Defence' throughout the organisation. The components of this include:

- Risk Management Framework: Overarching document which sets out the Society's approach to the identification, management and monitoring of risks.
- Risk Appetite Framework: Formalisation of the Society's approach for the definition of Risk Appetite Statements and the protocols for the escalation of adverse trends.
- Risk Appetite Statements: These comprise an articulation of the Society's risk appetite for each risk category defined within the Risk Management Framework.
- Risk Tolerances: These are formal metrics which are used to measure whether the Society is within its stated risk appetite for each risk category.
- Risk Register: This is a log of Society-wide risks, defining the risk owner, the controls in place to mitigate the risks and the risk rating.
- Emerging Risks: This is a log of potential risks that may impact the Society in the future.

There are a wide range of factors affecting the risks to which the Society is subject; some of those risks are internal to the Society whilst others are outside of the Society's control. It is important that areas of risk are monitored to ensure that remedial action can be taken to reduce or negate the impact of risks materialising within the appetite tolerances of the Society. Risks and Risk Appetite Tolerances are reviewed quarterly by both the Executive Committee (ExCo) and the Audit and Risk Committee.

The Society manages risk via a five-step process. These steps are designed to identify problems before they occur, enabling risk management activity to be invoked as needed to effectively manage risk within appetite:

1. Risk Identification: Considering the Society Strategy, Business Plans and Regulatory Landscape.
2. Risk Assessment: Estimation of the likelihood that the risk will occur and the potential impact of that risk, including assessing this against the Society's risk appetite.
3. Risk Recording: Formalise the Society's assessment of risk within its risk universe and risk register. Assign a defined risk owner is to be accountable for the ongoing management of the risk.
4. Risk Response: Agree to treat, tolerate, transfer or terminate the risk. Implement effective strategies to manage the risk accordingly.
5. Risk Reporting: Quarterly reporting to the Executive Committee, Audit & Risk Committee and Board.

Summary of the Own Risk and Solvency Assessment (ORSA) process

The process for the preparation of the ORSA runs across various departments within the Society for the extraction and interpretation of relevant data, along with credible external sources, such as the outsourced actuarial firm Broadstone. The CFO then prepares the ORSA for review by the Executive Committee (ExCo) and the Board.

Construction of the ORSA

- In consultation with the ExCo, the CFO prepares the Business Plan, with the key assumptions approved by the Board.
- Working with Broadstone, the CFO sets out the proposed scenarios to consider, which are approved by the Board.
- The detailed capital and solvency calculations of the base case (linked to the Business Plan) and the scenarios are performed by Broadstone, overseen by the CFO. The management actions or other mitigating strategies available to the Society in respect of the scenarios are also documented. The Board may request further scenarios be prepared at any time.
- The CFO prepares the draft ORSA with review by the ExCo and the Board.
- The ORSA report is finalised for acceptance by the Board.
- The ORSA is submitted to the PRA within two weeks of being signed off by the Board.

Frequency and circumstances for updating the ORSA

The Society considers that an annual cycle for the production of its regular ORSA reports, including the accompanying stress, sensitivity and scenario testing, is appropriate given the stable nature of the Society's asset and liability profile and the conservative nature of the Society's risk appetite and control framework. Trigger points exist to consider a review of the ORSA outside of the regular annual cycle, which are reviewed at least monthly within the Society's financial MI reporting.

Statutory Assessment of Solvency Needs

The methodology for the assessment of the solvency needs of financial institutions has been set out by the Prudential Regulation Authority (PRA), within the relevant regulations contained in the PRA Rulebook.

Use of the Standard Formula

The Society has opted to use the Standard Formula and parameters as prescribed by PRA for the calculation of its Solvency Capital Requirements on the basis that it is considered appropriate to the needs of the Society.

B.4 Internal Control System

The Board is responsible for the system of internal control. The internal control framework is designed to safeguard Member and Society assets and to facilitate the effectiveness and efficiency of operations, which helps to ensure the reliability of internal and external reporting and assists in compliance with applicable laws and regulations. The Board is also responsible for setting our risk appetite and ensuring that there is a robust system for risk management in place. The Board has delegated to the Audit & Risk Committee oversight of the relationship with the External Auditor to ensure that they remain independent and objective.

Audit & Risk Committee

The Audit & Risk Committee consists of 3 Non-Executive Directors and 1 Executive Director, all of whom have relevant financial sector experience. The responsibilities of the Committee are in line with the provisions of the Financial Reporting Council Guidance on Audit Committees. The main function of the Committee is to assist the Board in fulfilling its oversight responsibilities, specifically the ongoing review, monitoring and assessment of:

- **the integrity of the financial statements** and reviewing significant financial reporting judgements contained in them;
- the **effectiveness of systems** of internal control;
- the internal and external **audit processes;**
- **compliance** with applicable laws and regulations;
- the **recommendation to the Board on the appointment, re-appointment and removal of External Auditors;** and the periodic review of their performance and independence.

The Committee considers that it has met its responsibilities and performed its duties with appropriate levels of care and expertise during the reporting period.

Risk & Compliance is overseen by the Director of Risk and Compliance.

B.5 Internal Audit Function

Internal Audit – the internal audit function of the Society was undertaken by RSM LLP who report directly to the Audit and Risk Committee.

B.6 Actuarial Function

The Actuarial Function is undertaken by Broadstone and the Chief Actuary role is performed by Cara Spinks FIA, a member of the Institute and Faculty of Actuaries and who holds the required Practising Certificate.

B.7 Outsourcing

The Society does not outsource matters of management although it does, where required, bring in subject matter experts to assist with specific matters. The Society outsources the actuarial function to Broadstone, internal audit to RSM LLP, investment management to LGT Wealth (pre 7 October) and Schroders (post 7 October) and telephone interviews for the purpose of medical data gathering, as part of its underwriting function. Currently we also outsource the ongoing development of IT systems. The efficiency of the providers is kept under review through formal Board sub committees.

B.8 Any Other Information

There is no other information needed to be supplied.

C Risk profile

With regard to all areas of risk affecting the Society the Society does not use special purpose vehicles or hold any off-balance sheet positions to mitigate current or future liabilities. A number of management actions are available to the Society to mitigate the impact of its risks.

The Society's Risk Management Framework has identified 15 categories of risk, each of which has specific risks formally documented. Protocols to ensure these are managed and monitored to remain within the Society's risk appetite are in place, as outlined within section B3.

When considering prudential risk, specifically in relation to the Society's SFCR, there are a number of risk factors considered by the Standard Formula.

Underwriting Risks: these are a combination of risks which could effect (for example) a reduction in premium income or an increase in the payment of benefits which subsequently affects the value of the contracts issued by the Society. The risks covered by the Standard Formula are:

- **Lapse Risk:** the risk that contracts are closed sooner than anticipated. This is the most material risk for the Society. The capital requirement in respect of this risk is £29.03m (2023: £29.45m).
- **Morbidity Risk:** the combined risk that a greater than expected number of claims occur and that they take longer than expected to recover. The capital requirement in respect of this risk is £25.92m (2023: £21.60m).
- **Catastrophe Risk:** the risk of a change in insurance liabilities due to pandemic, epidemic or other extreme circumstances. The capital requirement in respect of this risk is £1.31m (2023: £1.17m).
- **Longevity Risk:** the risk that contracts continue in claim (in ill-health) for longer than anticipated. This increases the value of expected claims. The capital requirement in respect of this risk is £1.15m (2023: £1.03m).
- **Expense Risk:** the potential of an increase in the expense of maintaining contracts. The capital requirement in respect of this risk is £nil (2023: £nil).
- **Mortality Risk**: the risk that contracts cease earlier than anticipated and, therefore, reduce the value of the insurance book. It also accelerates the withdrawal of capital from the Society and, in respect of Members holding a Health and Wealth contract, a modest death benefit. The capital requirement in respect of this risk is £nil (2023: £nil).
- **Revision Risk:** the risk of an increase in benefit payments due to unaccounted for increases in the rate of inflation or contract changes required by the decision of the courts or the Financial Ombudsman Service. The capital requirement in respect of this risk is £nil (2023: £nil).

Morbidity risk has increased during the year whilst lapse risk has reduced slightly, reflecting our experience during 2024 and the continuing trends observed. Expense risk, after management actions have been applied, remains at zero.

During the year, the Society produces KPIs relating to the significant areas of risk as stated above and where significant changes take place a full review and assessment of the quantum of the risks will be undertaken by the Society's actuaries. The figures above have been stated after taking management actions into account.

C.1 Underwriting Risk

Sensitivity analysis has been conducted by the Society into the effect of increases in morbidity by an increase in the inception rate of claims, a decrease in the recovery rates of claimants and also in respect of changes in the lapse rates of contracts. These tests were conducted independently of each other and showed the following potential effects on the Society's best estimate liabilities:

- A change in the inception rates of claims:

Movement	Change in liabilities
+ 10%	8.7% increase
- 10%	8.7% reduction

- A change in recovery rates:

Movement	Change in liabilities
+ 10%	18.3% reduction
- 10%	25.0% increase

- A change in the lapse rates:

Movement	Change in liabilities
+ 10%	10.0% increase
- 10%	11.3% reduction

The surplus funds depend upon both the best estimate of liabilities and the solvency capital requirement in respect of those liabilities (the above figures do not take account of any movement in capital requirements).

C.2 Market Risk

Market risks are those associated with movements in the financial market being the risk of a reduction in investment returns and the risk of a reduction in the capital value of the Society's investments.

The significant areas of risk to which the Society is exposed are, along with the capital requirements calculated by the Standard Formula, are:

- **Interest Rate Risk:** exists for all assets and liabilities which are sensitive to changes in the term structure of interest rates or interest rate volatility. The most onerous risk to the Society is an upward movement in interest rates. The capital requirement in respect of this risk is £9.58m (2023: £9.29m).
- **Equity Risk:** arising from the level or volatility of market prices for equities. Exposure to Equity Risk refers to all assets and liabilities whose value is sensitive to changes in equity prices. The capital requirement in respect of this risk is £11.91m (2023: £10.29m).
- **Currency Risk:** arising from the level or volatility of currency exchange rates. Exposure to Currency Risk refers to all assets and liabilities whose value is sensitive to changes in currency exchange rates. The capital requirement in respect of this risk is £2.46m (2023: £3.72m).
- **Property Risk:** arising as a result of sensitivity of assets, liabilities and financial investments to the level or volatility of market prices of property. The capital requirement in respect of this risk is £0.53m (2023: £0.68m).

- **Spread Risk:** which results from the greater sensitivity of the value of assets and financial instruments to changes in underlying interest rates dependent upon their quality (credit rating). The capital requirement in respect of this risk is £2.86m (2023: £2.42m).
- **Concentration Risk:** the risk that the Society may lose a disproportionate amount of capital due to its overexposure to a particular linked group of counterparties or an individual counterparty. The Society does not have an appetite for concentration risk hence its investment portfolio is broadly spread to minimise counterparty loss and limits on the size of investment holdings are imposed. The capital requirement in respect of this risk is £nil (2023: £0.07m).

There has been an increase in the capital held for equity risk, with increased equity capital charges this year partly offset by the lower value of equities held by the Society. The PRA publish the type 1 and type 2 equity capital charges along with the symmetric adjustment to be applied, and these have increased to 42.1% and 52.1% respectively (2023: 38.9% and 48.9%). The capital held for interest rate risk has increased slightly this year and this will partly be due to the improved profitability of the business in force at the valuation date.

Investments are monitored to ensure that the diversity of the portfolio remains within that set out in the Society's Investment Policy and that performance is in line with expectation. KPIs in respect of the investment performance are presented to the Board each quarter.

The Society regularly monitors the investment portfolio with its investment advisors and keeps the Board regularly updated.

The Society is expected to ensure that assets are invested in accordance with the 'Prudent Person Principle', the requirements of which are set out in Chapter 2 of the PRA Rulebook. It is considered that in both the development and application of the Society's Investment Policy these requirements have been met.

C.3 Credit Risk

Credit risk, also known as default risk, is the risk that a debt is not repaid as it falls due resulting in both a capital loss and the loss of income to the Society. In order to mitigate this risk, the Society limits the amount invested with, or due from, any single party, limits the duration of such debt to a maximum of 12 months and ensures that the counterparty has an investment grade rating.

The capital requirement in respect of this risk is £0.27m (2023: £0.21m).

C.4 Liquidity Risk

Liquidity risk is the risk of the Society being required to sell assets at less than their fair value in order to meet the needs of the Society's Members. Liquidity risk is low for the Society for the following reasons:

(a) All investments of the Society are readily realisable at full current market values, as they are traded on recognised stock exchanges.
(b) The Society over the longer-term is cash generative, allowing it to pay all claims by Members out of cash flows.

C.5 Operational Risk

Operational risks are those risks which may affect the ability of the Society to operate effectively in the interest of its Members. Such risks may occur due to the breakdown of systems, internal controls or oversight of or lack of compliance with relevant legislation. The materialisation of such risks may cause the Society to lose its reputation and so affect its ability to continue to take on new Members and cause financial loss.

The Society employs the Director of Risk & Compliance to oversee and monitor all perceived non prudential risks within the Society. The Director of Risk and Compliance has direct access to the Society's Audit and Risk Committee should it be required and produces reports, on a quarterly basis, for presentation to the Committee in respect of the current level of risks. The outsourced Internal Audit Function reports to the Society's Audit and Risk Committee, which sets out their requirements as to the scope and depth of the internal audit work to be undertaken. The Internal Audit Function prepares detailed reports for presentation to the Audit and Risk Committee setting out the work undertaken, any findings and recommendations.

The capital requirement in respect of this area of risk, as calculated using the Standard Formula, is £0.94m (2023: £0.91m).

C.6 Other Material Risks

Legislative - The Society would be at risk, along with other providers of income protection products, were legislation to be introduced which puts constraints on the manner in which the Society runs its business, amends the rights of its Members or causes the surpluses or gains generated by the Society to be taxable.

Cyber Risk – with the increase of dependence on electronic communications and volume electronic data storage, there is increasing cyber security of data theft, and malicious data and service disruption within the industry. The Technology Director regularly reports to the Society's Board on the cyber security methodologies. Accountability sits with the Board. Directors approach cyber security as an enterprise-wide risk management issue, not just an IT issue.

Climate Change Risk – the Society is committed to and fully support the PRA initiative to ensure that insurers prepare for the potential business challenges presented by climate change. We have a working group collaborating with the Association of Financial Mutuals, looking at how the industry will respond to these challenges. Through the ORSA, we have worked with our external actuaries to model the potential detrimental impact climate change may have on the Society's assets, in the event that the effects are more serious than current predictions. This impact shows that the Society has the necessary financial resources and is well placed to manage the risk.

C.7 Any Other Information

There is no other information supplied.

D Valuation for solvency purposes

D.1 Assets

The value of the assets is shown in the following table:

	2024	2023
	£m	£m
Gilts	13.341	18.149
Corporate bonds	28.257	31.261
Equities (type 1)	26.173	25.640
Equities (type 2)	2.249	0.742
Property	2.136	2.701
Cash	1.751	1.982
Other	0.357	0.805
Total assets	74.265	81.278

The listed investments are all included at market value. Cash and deposits are valued at face value. Other assets (e.g., debtors and prepayments) are shown at the value calculated in the accounts.

Type 1 equities broadly refer to equities listed in regulated markets in developed economies whereas type 2 equities are those listed in other countries.

The Society does not hold listed investments which are not held on an active regulated market.

The Society does not have any intangible investment assets, finance lease arrangements or material deferred tax assets.

The Society has no related undertakings.

There have been no changes to approach to valuation and no significant exercise of judgement in arriving at the values shown.

The assets are shown at the same value as the values in the financial statements with a few exceptions. The following table reconciles the differences.

	2024	2023
	£m	£m
Value of assets presented in financial statements (excluding best estimate liability valuation)	81.027	87.503
Excess of land and buildings at cost	(1.856)	(1.404)
Software development	(4.907)	(4.821)
Total assets	74.265	81.278

D.2 Technical provisions

The following table summarises the Society's technical provisions:

	2024 £m	2023 £m
Health and Wealth sickness reserves	9.280	10.998
Income Assured Plus sickness reserves	(35.273)	(36.814)
Income Assured Enhanced sickness reserves	(7.410)	(7.426)
My Earnings Insurance sickness reserves	(8.168)	(9.997)
My Earnings Protected sickness reserves	(29.455)	(26.810)
STB	(2.954)	nil
Claims in payment	16.727	16.215
Retired members' deposits and unmodelled	4.301	5.121
Members' Mutual Fund	11.126	11.437
Best estimate liabilities	(41.827)	(37.276)
Risk margin	7.795	7.530
Technical provisions	(34.032)	(29.746)

Members' accounts are included within the relevant Health and Wealth or Income Assured Plus sickness reserve line. Note that some figures may not be additive due to rounding.

All the Society's technical provisions relate to health (similar to life) business. The Society has historically sold three main products – Health and Wealth ("HW"), Income Assured Plus ("IA") and My Earnings Insurance ("MEI"). During 2017 the Society started selling the Income Assured Enhanced ("IAE") product and during 2018 the Society started selling the My Earnings Protected ("MEP") product. IAE and MEP are still being sold and the other products are now only closed books. In 2023, the Society introduced a 2 year short-term benefit option with the MEP product.

Valuation methods

This section details the methodology adopted for the regulatory valuation for the following items:

a. valuation of income and liability cashflows;
b. valuation of members' accounts and retired members' deposits;
c. valuation of claims in payment;
d. valuation of death, maternity and accident benefits, and other contingency reserves;
e. negative reserves;
f. valuation of individual policies;
g. allowance for expenses;
h. allowance for future interest, dividend and allocation bonuses;
i. reinsurance;
j. currency exposures;
k. options and guarantees;
l. asset admissibility limits and discount rates;
m. computation of the Solvency Capital Requirement ("SCR");
n. use of transitional measures and permitted simplifications; and
o. valuation of the risk margin.

a. Valuation of income and liability cashflows

The Society adopts a gross premium methodology approach to the valuation of each of its contracts of insurance. This means that, for each individual contract on the Society's books, net cashflows out of the Society every single month are projected into the future as follows:

Net cashflow each month =

Expected monthly sickness payment (where relevant) assuming all policyholders are healthy at the date of valuation

\+ Expected monthly maturity and withdrawals proceeds due on members' accounts allowing for future rates of interest and apportionment bonuses

\+ Monthly cost of maintenance expenses allowing for future expense inflation

\+ Monthly cost of renewal commission payable in respect of contracts sold

\- Expected future monthly premiums payable

\- Expected commission clawed back using assumed lapse profile

Each monthly projected cashflow is then reduced by the probability the contract remains in force at that time period. Terminations arise from:

lapses and withdrawals
mortality
maturities or retirements

Each monthly projected net cashflow is then discounted back to the valuation date at an assumed discount rate of interest. A positive value represents a liability to the Society; a negative value represents an asset to the Society.

b. Valuation of members' accounts and retired members' deposits

The Society had accrued £22.48m (2023: £24.500m) in member accounts and retired members' deposits at the end of 2024 (including the 2024 declared bonus). These are all linked to the Society's Holloway contracts of insurance.

This amount is guaranteed to be payable on maturity or earlier on death. The Society applies a reduction in the value of a Members account, in accordance with the rules of the contract, in the event of withdrawal before maturity.

Each year Member's Credits are increased by both an interest bonus, in respect of investment returns over the year, and a dividend bonus in respect of the Society's favourable sickness experience. The dividend bonus does not apply to retired members' deposits.

The value of these accounts is equal to the discounted value of future expected benefits payable allowing for interest and dividend/allocation bonuses continuing at current levels.

c. Valuation of claims in payment

Additional reserves are held to cover longer term income protection claims in payment based on the discounted value of all future sickness cashflows expected to arise from the current block of claimants. These longer-term claims are not captured in full in the valuation of income and liability cashflows.

d. Valuation of death, maternity and accident benefits, and other contingency reserves

Accident benefits (prior to the introduction of My Extra Benefits (MEB)) is an additional benefit payable on the Society's income protection contracts. They are relatively small in value and were estimated to be worth around £47,000 in total at the end of 2024 (2023: £66,000). The method for valuing these is as follows:

- One month's premium payable in respect of the option with a multiplier of 3 (to allow for the possibility of repeated claims during a contract's life).

Following an assessment of cashflows in respect of MEB, a nil reserve is deemed appropriate in respect of the Fracture & Hospitalisation Benefit and Immediate Death Benefit.

An additional reserve has been included in respect of the impact of economic uncertainty on sickness claims. The value of this reserve is £2.9m (2023: £4.4m).

An additional reserve of £2.5m (2023 £2.9m) exists in the year end valuation in respect of poor persistency and morbidity experience coming through on a particular cohort of business.

e. Negative reserves

The regulations allow the Society to hold negative reserves and it is a requirement that the reserves are realistic. On that basis the Society recognises the full value of such contracts even when the values are negative.

f. Valuation of individual policies

Reserves are calculated separately for each contract the Society has in force at the time of the investigation.

g. Allowance for expenses

Solvency UK Rules require the technical provisions to include:

- all expenses that will be incurred in servicing insurance and reinsurance obligations; and
- inflation, including expenses and claims inflation.

Per policy expenses before inflation are calculated for the ten years following the valuation date by dividing the allocated maintenance costs before inflation in the most business plan effective at the valuation date by the expected numbers of policies in-force allowing for anticipated exits (deaths, maturities, lapses and surrenders) and new business from the same business plan.

After ten years the per policy expenses before inflation are assumed to continue at the same rate as for year ten.

Acquisition related expenses are not brought into the regulatory valuation as the valuation will only be concerned with business written up to the valuation date. Future acquisition costs are assumed to be covered by the profit margins within the new business written after that date. This is consistent with the "going concern" basis Solvency UK requires.

h. Allowance for future interest and dividend bonuses

The valuation assumes that interest and dividend bonuses continue at the rates in force at the valuation date. The Society may decide to pay lower or higher rates but that will be financed out of the Society's financial resources at that time.

i. Reinsurance

The Society does not have any reinsurance arrangements in place.

j. Currency exposures

The Society's liabilities are all denominated in GBP. The Society has some exposure to currency exchange rates in respect of investments (see C.2 Market Risk).

k. Options and guarantees

The only guarantees present in the Society's contracts are the member accounts on the Holloway style business. The 'cost' of these guarantees is small, due to the proportion of cash and fixed interest assets the Society's holds, and no specific reserve is held.

l. Asset admissibility limits and discount rates

The valuation of the Society's assets is conducted in accordance with the requirements of the Insurance Accounting rules except that no credit is taken for deferred acquisition costs.

All the Society's cashflows are discounted at the required risk-free rate of interest set by the regulator as at the valuation date.

m. Computation of the Solvency Capital Requirement ("SCR")

The Society's SCR is calculated in accordance with the Standard Formula approach detailed in the Solvency UK Rules laid out in the PRA Rulebook.

n. Use of transitional measures and permitted simplifications

The introduction of the Solvency II Directive (upon which the Solvency UK Rules are based) included a number of transitional measures which allowed firms to move to full implementation over a period of time. On the basis that the additional costs of implementing these measures would not have been proportionate to the requirements of the Society, the Society took the decision not to adopt any of the transitional measures.

The only permitted simplification to the rules that the Society adopts is in the calculation of the risk margin where the projected SCRs (i.e. the measure of future risks) are assumed to vary in proportion to the expected run-off of the Society's reserves.

o. Valuation of the risk margin

The risk margin is the additional premium, over and above the best estimate, that another insurer might need in order to take on those liabilities. This value is a formulaic calculation prescribed by the regulations based on the value of risk inherent in the insurance contracts written by the Society.

To calculate a full risk margin would involve projecting the Society's balance sheet and SCR calculation for 50 years. In view of the onerous nature of this task there are various permitted simplifications and firms may choose the most appropriate simplification having regard to the scale and complexity of their business. The Society has chosen a simplification such that each future SCR is approximated by first breaking down the components of the SCR before management actions by risk and then projecting in line with the key risk driver for each risk.

The amount of the SCR that is projected is based on a reference undertaking with no market risk. The loss absorbing capacity of technical provisions assumed in the reference undertaking is assumed to be same as that currently assumed to apply for the Society's business. The same future management actions are assumed.

The risk margin is all attributed to Health (similar to life) business.

Valuation assumptions

- Assumptions need to be made for:
    - sickness inception and recovery rates;
    - mortality rates while healthy;
    - lapse rates;
    - expense inflation; and
    - the rates used to discount future cashflows.
    - sickness inception and recovery rates
- The Society's business is income protection and is therefore exposed to significant sickness (or morbidity) risks. It is important that any assumptions made in relation to the expected morbidity risks reflect the expected underlying experience of the Society's business.

The sickness basis for each of the Society's contract types is determined with reference to the Society's recent inceptions and recovery experience and allows for any known or expected developments in future experience. The rates of morbidity are set by reference to the industry CMIR12 tables. An additional provision has been made to allow for the short term impact of economic uncertainty on future sickness rates, and a further provision in respect of poorer morbidity and persistency experience arising on one particular cohort of business.

Mortality rates while healthy

This has a trivial impact on the valuation of the Society's liabilities and the assumption is overshadowed by the lapse assumptions in any event. On that basis the impact of mortality on healthy lives is ignored.

Lapse rates

The assumptions for the Society's lapse experience reflect the Society's actual recent experience.

Expense inflation

Expense inflation affects the valuation of the Society's per contract costs and should reflect the expected rate of increase of per policy expenses. The approach should allow for:

- inflation of the costs in line with future rates of the Consumer Price Index ("CPI") or the Retail Prices Index ("RPI"); and
- an additional inflation of those costs linked to earnings inflation.

The per policy expenses are increased in line with the Society's business plan and then UK implied inflation spot curve (RPI) at 31 December 2024 published by the Bank of England. An adjustment is made to allow for CPI and wage growth.

Inflation also affects the benefits on the Society's IA, IAE, MEI and MEP contracts where the indexation option has been selected. Indexed benefits increase in line with CPI. CPI is estimated based on the implied future RPI curve with a deduction to reflect historic CPI being typically lower than RPI.

Rates used to discount future cashflows

The risk free yield curve specified by the regulator at the end of the relevant financial year has been used.

D.3 Other liabilities

The only other liabilities the Society has are in respect of current liabilities as shown in the financial statements. These amount to £6.81m (2023: £7.25m) and comprise the 125 Foundation, claims outstanding, creditors, accruals and deferred income.

D.4 Alternative methods of valuation

No alternative valuation methods have been employed.

D.5 Any Other information

With any modelling exercise there will be an underlying level of uncertainty present. Uncertainty arises primarily from the data being used, the choice of assumptions, and from the choice of model.

The data used is checked rigorously to mitigate the risk that errors may materially affect the valuation result. Data is also reviewed over time to check for consistency between different time periods. A reconciliation is conducted between reporting periods to allow for actual movements in the data over the year.

Assumptions may be demographic or economic and are set using historical experience and the current market environment and expectations. Actual and emerging experience is reviewed against expectations at least annually and more frequently if necessary. The results of these analyses are fed into the assumption setting process for the valuation. Results are assessed for their sensitivity to key assumptions.

The model used is tested regularly to mitigate the risk that errors may materially affect the valuation. The choice of model is made so as to comply with the regulations whilst ensuring an efficient projection process and some simplifications may be necessary to achieve this.

There are no material differences between the valuation for solvency purposes and the values that are shown in the financial statements other than the adjustments shown above for inadmissible assets.

No use has been made of a matching adjustment.

No use has been made of a volatility adjustment.

No other material information is supplied.

E. Capital management

E.1 Own Funds

The Society is an incorporated society within the meaning of the Friendly Societies Act 1992. As such it has no shareholders and its members are the ultimate owners of the business.

The Society has set aside capital within its Balance Sheet described as the "Members' Mutual Fund." The capital in respect of the Members' Mutual Fund vests for Members on the closure of their Income Protection contract with the Society subject to defined parameters. Where surpluses are generated by the Society, a portion of those surpluses are transferred to the Fund, and should the Society generate a loss within any year, funds may be transferred back from the fund into general reserves to cover those losses. The Society's structure is such that all its capital is in tangible and realisable assets.

The following table shows the amount of own funds, surplus funds and the Society's solvency ratio after management actions have been allowed for:

	2024	2023
	£m	£m
Assets	74.265	81.278
Best estimate liabilities	(41.827)	(37.276)
Risk margin	7.795	7.530
Current liabilities	6.809	7.245
Own funds	101.487	103.780
Reconciliation reserve	101.487	103.780
Solvency Capital Requirement	48.628	45.691
Minimum Capital Requirement	12.157	11.423
Solvency ratio	209%	227%

The Society is a Friendly Society with a single members' fund and all capital is Tier 1.

The amount of Tier 1 own funds at the reporting date is £101.487m. There are no restrictions on the use of own funds and this amount is available to cover the Solvency Capital Requirement ("SCR") and the Minimum Capital Requirement ("MCR").

There are no material differences between the equity in the Society's financial statements and the free capital for solvency purposes.

There are no items subject to a transitional arrangement.

There are no items of ancillary own funds.

There are no deductions from own funds and no restrictions on availability and transferability.

The reconciliation reserve for the Society is essentially the total excess of assets over liabilities as the prescribed deductions don't apply to the Society

The Society reviews, as part of its ORSA process, the current and likely future capital position of the business and whether there is a material risk that its solvency may be threatened. In the event that the Society's projected solvency position is at risk, defined as not having sufficient capital resources to cover the SCR, then the Society will present its plans to rectify that position to the regulator. These plans will be appropriate to the Society's circumstances at the time but might include:

- taking such management actions as may be anticipated within its SCR calculations;
- reviewing and refocusing its strategic objectives and priorities;
- re-pricing its contracts of insurance;
- reviewing its expense base, including potentially closing to new business; or
- seeking a transfer of engagement.

E.2 Solvency Capital Requirement and Minimum Capital Requirement

The SCR split by risk module is shown in the following table:

	31 December 2024	31 December 2023
	£m	£m
Market risk	18.464	17.437
Counterparty default risk	0.273	0.212
Health risk	39.500	37.050
Diversification across all risks	(10.533)	(9.915)
Basic Solvency Capital Requirement	47.684	44.784
Operational risk	0.944	0.907
Solvency Capital Requirement	48.628	45.691
Minimum Capital Requirement	12.157	11.423

The figures above are net of management actions. Management actions have been assumed in the lapse, morbidity and expense risk stresses in the Health risk module. The SCR shown is subject to supervisory assessment.

- There are no simplifications applied to the SCR calculation.

- The Minimum Capital Requirement for the Society is 25% of the calculated SCR which equates to £12.157m.

E.3 Differences between the standard formula and any internal model used

No internal model is used.

E.4 Non-compliance with the Minimum Capital Requirement and non-compliance with the Solvency Capital Requirement

The Society remained compliant with the Minimum Capital Requirement and the Solvency Capital Requirement throughout the reporting period.

E.5 Any Other Information

This provides all material information regarding the Society's capital management.

We continue to operate within a challenging external environment with global events creating market uncertainty, and economic pressures within the UK impacting the health and financial well-being of our members. We regularly review our capital position, and monitor cashflow closely, particularly premium income, claims and expenses. The Board considers that the Society is able to withstand the financial impacts of the macroeconomic challenges due to its strong capital and liquidity position.

Our 2024 Own Risk and Solvency Assessment (ORSA) was adjusted to take account of the impact of the current and expected macroeconomic conditions. The Society continues to exceed regulatory expectations of capital requirements in both normal and modelled stressed conditions.

F Board Approval

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

We are satisfied that:

(a) throughout the financial year in question, the Society has complied in all material respects with the requirements of the PRA rules and the Solvency UK Regulations as applicable; and

(b) it is reasonable to believe that, at the date of the publication of the SFCR, the Society has continued so to comply, and will continue so to comply in future.

Janice Banks:

Chair of the Board Date:

20 March 2025

Cirencester Friendly Society Limited

Solvency and Financial Condition Report

Disclosures

31 December

2024

(Monetary amounts in GBP thousands)

General information

Entity name	Cirencester Friendly Society Limited
Entity identification code and type of code	LEI/2138008XV27X7QEK8H54
Type of undertaking	Life undertakings
Country of incorporation	GB
Language of reporting	en
Reporting reference date	31 December 2024
Currency used for reporting	GBP
Accounting standards	Local GAAP
Method of Calculation of the SCR	Standard formula
Matching adjustment	No use of matching adjustment
Volatility adjustment	No use of volatility adjustment
Transitional measure on the risk-free interest rate	No use of transitional measure on the risk-free interest rate
Transitional measure on technical provisions	No use of transitional measure on technical provisions

List of reported templates

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IR.02.01.02 - Balance sheet

IR.05.02.01 - Premiums, claims and expenses by country: Life insurance and reinsurance obligations

IR.05.03.02 - Life income and expenditure

IR.12.01.02 - Life technical provisions

IR.23.01.01 - Own Funds

IR.25.04.21 - Solvency Capital Requirement

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

IR.02.01.02

Balance sheet

		Solvency II value
	Assets	C0010
R0030	Intangible assets	
R0040	Deferred tax assets	
R0050	Pension benefit surplus	
R0060	Property, plant & equipment held for own use	2,136
R0070	Investments (other than assets held for index-linked and unit-linked contracts)	71,059
R0080	*Property (other than for own use)*	0
R0090	*Holdings in related undertakings, including participations*	0
R0100	*Equities*	0
R0110	*Equities - listed*	
R0120	*Equities - unlisted*	
R0130	*Bonds*	7,124
R0140	*Government Bonds*	7,124
R0150	*Corporate Bonds*	0
R0160	*Structured notes*	0
R0170	*Collateralised securities*	0
R0180	*Collective Investments Undertakings*	63,547
R0190	*Derivatives*	-288
R0200	*Deposits other than cash equivalents*	676
R0210	*Other investments*	0
R0220	Assets held for index-linked and unit-linked contracts	
R0230	Loans and mortgages	0
R0240	*Loans on policies*	0
R0250	*Loans and mortgages to individuals*	
R0260	*Other loans and mortgages*	
R0270	Reinsurance recoverables from:	0
R0280	*Non-life and health similar to non-life*	
R0315	*Life and health similar to life, excluding index-linked and unit-linked*	0
R0340	*Life index-linked and unit-linked*	0
R0350	Deposits to cedants	0
R0360	Insurance and intermediaries receivables	
R0370	Reinsurance receivables	
R0380	Receivables (trade, not insurance)	
R0390	Own shares (held directly)	
R0400	Amounts due in respect of own fund items or initial fund called up but not yet paid in	0
R0410	Cash and cash equivalents	1,069
R0420	Any other assets, not elsewhere shown	
R0500	**Total assets**	74,265

	Liabilities	Solvency II value
		C0010
R0505	Technical provisions - total	-34,032
R0510	*Technical provisions - non-life*	0
R0515	*Technical provisions - life*	-34,032
R0542	Best estimate - total	-41,827
R0544	*Best estimate - non-life*	
R0546	*Best estimate - life*	-41,827
R0552	Risk margin - total	7,795
R0554	*Risk margin - non-life*	
R0556	*Risk margin - life*	7,795
R0565	Transitional (TMTP) - life	0
R0740	Contingent liabilities	
R0750	Provisions other than technical provisions	
R0760	Pension benefit obligations	
R0770	Deposits from reinsurers	
R0780	Deferred tax liabilities	
R0790	Derivatives	
R0800	Debts owed to credit institutions	
R0810	Financial liabilities other than debts owed to credit institutions	
R0820	Insurance & intermediaries payables	
R0830	Reinsurance payables	
R0840	Payables (trade, not insurance)	
R0850	Subordinated liabilities	0
R0860	*Subordinated liabilities not in Basic Own Funds*	
R0870	*Subordinated liabilities in Basic Own Funds*	0
R0880	Any other liabilities, not elsewhere shown	6,809
R0900	**Total liabilities**	-27,222
R1000	**Excess of assets over liabilities**	101,487

IR.05.02.01

Premiums, claims and expenses by country: Life insurance and reinsurance obligations

		C0150	C0160	C0170	C0180	C0190	C0200	C0210
		Home Country	Top 5 countries (by amount of gross premiums written) - life obligations					Total Top 5 and home country
R1400								
		C0220	C0230	C0240	C0250	C0260	C0270	C0280
	Premiums written							
R1410	Gross	23,591						23,591
R1420	Reinsurers' share							0
R1500	Net	23,591						23,591
	Premiums earned							
R1510	Gross	23,591						23,591
R1520	Reinsurers' share							0
R1600	Net	23,591						23,591
	Claims incurred							
R1610	Gross	13,330						13,330
R1620	Reinsurers' share							0
R1700	Net	13,330						13,330
R1900	**Net expenses incurred**							0

IR.05.03.02

Life income and expenditure

		Insurance with profit participation	Index-linked and unit-linked insurance	Life annuities	Non-life annuities	Other life insurance	Health insurance	Total life and health
		C0010	C0020	C0030	C0040	C0050	C0060	C0070
	Premiums written							
R0010	*Gross direct business*						23,591	23,591
R0020	*Gross reinsurance accepted*							0
R0030	Gross	0	0	0	0	0	23,591	23,591
R0040	*Reinsurers' share*							0
R0050	Net	0	0	0	0	0	23,591	23,591
	Claims incurred							
R0110	*Gross direct business*						13,330	13,330
R0120	*Gross reinsurance accepted*							0
R0130	Gross	0	0	0	0	0	13,330	13,330
R0140	Reinsurers' share							0
R0150	Net	0	0	0	0	0	13,330	13,330
	Expenses incurred							
R0160	*Gross direct business*						18,663	18,663
R0170	*Gross reinsurance accepted*							0
R0180	Gross	0	0	0	0	0	18,663	18,663
R0190	Reinsurers' share							0
R0200	Net	0	0	0	0	0	18,663	18,663
R0300	Other expenses							
	Transfers and dividends							
R0440	Dividends paid							

IR.12.01.02
Life technical provisions

		Insurance with profit participation	Index-linked and unit-linked insurance	Life annuities	Non-life annuities	Other life insurance	Health insurance	Total life and health
		C0010	C0020	C0030	C0040	C0050	C0060	C0070
	Best estimate							
R0025	Gross Best Estimate (direct business)						-41,827	-41,827
R0026	Gross Best Estimate (reinsurance accepted)							0
R0030	**Gross Best Estimate**	0	0	0	0	0	-41,827	-41,827
R0080	Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default							0
R0090	Best estimate minus recoverables from reinsurance/SPV and Finite Re	0	0	0	0	0	-41,827	-41,827
R0100	**Risk margin**						7,795	7,795
	Amount of the transitional on Technical Provisions							
R0140	TMTP - risk margin							0
R0150	TMTP - best estimate dynamic component							0
R0160	TMTP - best estimate static component							0
R0170	TMTP - amortisation adjustment							0
R0180	**Transitional Measure on Technical Provisions**	0	0	0	0	0	0	0
R0200	**Technical provisions - total**	0	0	0	0	0	-34,032	-34,032

IR.23.01.01

Own Funds

	Basic own funds before deduction for participations in other financial sector as foreseen in article 68 of Delegated Regulation 2015/35	Total	Tier 1 unrestricted	Tier 1 restricted	Tier 2	Tier 3
		C0010	C0020	C0030	C0040	C0050
R0010	Ordinary share capital (gross of own shares)	0	0		0	
R0030	Share premium account related to ordinary share capital	0	0		0	
R0040	Initial funds, members' contributions or the equivalent basic own-fund item for mutual and mutual-type undertakings	0	0		0	
R0050	Subordinated mutual member accounts	0		0	0	0
R0070	Surplus funds	0	0			
R0090	Preference shares	0		0	0	0
R0110	Share premium account related to preference shares	0		0	0	0
R0130	Reconciliation reserve	101,487	101,487			
R0140	Subordinated liabilities	0		0	0	0
R0160	An amount equal to the value of net deferred tax assets	0				0
R0180	Other own fund items approved by the supervisory authority as basic own funds not specified above	0	0	0	0	0
R0220	**Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds**	0				
R0290	**Total basic own funds after deductions**	101,487	101,487	0	0	0
	Ancillary own funds					
R0300	Unpaid and uncalled ordinary share capital callable on demand	0				
R0310	Unpaid and uncalled initial funds, members' contributions or the equivalent basic own fund item for mutual and mutual - type undertakings, callable on demand	0				
R0320	Unpaid and uncalled preference shares callable on demand	0				
R0330	A legally binding commitment to subscribe and pay for subordinated liabilities on demand	0				
R0340	Letters of credit and guarantees	0				
R0350	Letters of credit and guarantees other	0				
R0360	Supplementary members calls	0				
R0370	Supplementary members calls - other	0				
R0390	Other ancillary own funds	0				
R0400	**Total ancillary own funds**	0			0	0
	Available and eligible own funds					
R0500	Total available own funds to meet the SCR	101,487	101,487	0	0	0
R0510	Total available own funds to meet the MCR	101,487	101,487	0	0	
R0540	Total eligible own funds to meet the SCR	101,487	101,487	0	0	0
R0550	Total eligible own funds to meet the MCR	101,487	101,487	0	0	
R0580	**SCR**	48,628				
R0600	**MCR**	12,157				
R0620	**Ratio of Eligible own funds to SCR**	208.70%				
R0640	**Ratio of Eligible own funds to MCR**	834.81%				

	Reconcilliation reserve	C0060
R0700	Excess of assets over liabilities	101,487
R0710	Own shares (held directly and indirectly)	0
R0720	Foreseeable dividends, distributions and charges	
R0725	Deductions for participations in financial and credit institutions	
R0730	Other basic own fund items	0
R0740	Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	0
R0760	**Reconciliation reserve**	101,487

IR.25.04.21

Solvency Capital Requirement

Net of loss absorbing capacity of technical provisions

		C0010
	Market risk	
R0070	Interest rate risk	9,583
R0080	Equity risk	11,911
R0090	Property risk	534
R0100	Spread risk	2,855
R0110	Concentration risk	0
R0120	Currency risk	2,462
R0125	Other market risk	
R0130	Diversification within market risk	-8,881
R0140	**Total Market risk**	18,464
	Counterparty default risk	
R0150	Type 1 exposures	189
R0160	Type 2 exposures	101
R0165	Other counterparty risk	
R0170	Diversification within counterparty default risk	-17
R0180	**Total Counterparty default risk**	273
	Life underwriting risk	
R0190	Mortality risk	
R0200	Longevity risk	
R0210	Disability-Morbidity risk	
R0220	Life-expense risk	
R0230	Revision risk	
R0240	Lapse risk	
R0250	Life catastrophe risk	
R0255	Other life underwriting risk	
R0260	Diversification within life underwriting risk	
R0270	**Total Life underwriting risk**	0
	Health underwriting risk	
R0280	Health SLT risk	39,152
R0290	Health non SLT risk	0
R0300	Health catastrophe risk	1,310
R0305	Other health underwriting risk	
R0310	Diversification within health underwriting risk	-962
R0320	**Total Health underwriting risk**	39,500
	Non-life underwriting risk	
R0330	Non-life premium and reserve risk (ex catastrophe risk)	
R0340	Non-life catastrophe risk	
R0350	Lapse risk	
R0355	Other non-life underwriting risk	
R0360	Diversification within non-life underwriting risk	
R0370	**Non-life underwriting risk**	0
R0400	**Intangible asset risk**	
	Operational and other risks	
R0422	Operational risk	944
R0424	Other risks	
R0430	**Total Operational and other risks**	944
R0432	**Total before all diversification**	69,041
R0434	Total before diversification between risk modules	59,180
R0436	Diversification between risk modules	-10,553
R0438	**Total after diversification**	48,628
R0440	Loss absorbing capacity of technical provisions	
R0450	Loss absorbing capacity of deferred tax	
R0455	Other adjustments	
R0460	**Solvency capital requirement including undisclosed capital add-on**	48,628
R0472	Disclosed capital add-on - excluding residual model limitation	
R0474	Disclosed capital add-on - residual model limitation	
R0480	**Solvency capital requirement including capital add-on**	48,628
R0490	Biting interest rate scenario	increase
R0495	Biting life lapse scenario	mass

IR.28.01.01

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

	Linear formula component for non-life insurance and reinsurance obligations	C0010
R0010	MCR_{NL} Result	0

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

	Linear formula component for life insurance and reinsurance obligations	C0040
R0200	MCR_{L} Result	525

		Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance/SPV) total capital at risk
		C0050	C0060
R0210	Obligations with profit participation - guaranteed benefits		
R0220	Obligations with profit participation - future discretionary benefits		
R0230	Index-linked and unit-linked insurance obligations		
R0240	Other life (re)insurance and health (re)insurance obligations		
R0250	Total capital at risk for all life (re)insurance obligations		749,941

	Overall MCR calculation	C0070
R0300	Linear MCR	525
R0310	SCR	48,628
R0320	MCR cap	21,882
R0330	MCR floor	12,157
R0340	Combined MCR	12,157
R0350	Absolute floor of the MCR	3,500
R0400	**Minimum Capital Requirement**	12,157