



# **Admiral Group plc**

## **Group Solvency and Financial Condition Report**

**31 December 2018**

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## **INTRODUCTION**

This Admiral Group plc Solvency and Financial Condition Report (SFCR) has been prepared in compliance with Solvency II regulatory requirements. It contains a range of regulatory disclosures that support the information presented in the Quantitative Reporting Templates (QRTs) shown in Appendix 2.

The report is not intended to provide a comprehensive review of the Group's businesses and the markets in which they operate, how these businesses are managed, or performance of these businesses during the year. This information is detailed in the Group's 2018 Annual Report. Where relevant, specific references to the Annual Report are made throughout this SFCR. It can be found at:

[https://admiralgroup.co.uk/sites/default/files\\_public/annual-report/2019/03/2018-full-year-results-annual-report.pdf](https://admiralgroup.co.uk/sites/default/files_public/annual-report/2019/03/2018-full-year-results-annual-report.pdf)

## **STRUCTURE AND CONTENTS**

This Group SFCR has been prepared in accordance with Article 359 and Articles 290 to 298 of the Solvency II delegated acts. The structure of the report is in accordance with Annex XX of the delegated acts.

The Group has obtained supervisory waivers from the Prudential Regulatory Authority (PRA) and the Gibraltar Financial Services Commission (GFSC) to include solvency information relating to Solvency II regulated solo entities Admiral Insurance Company Limited (AICL) and Admiral Insurance (Gibraltar) Limited (AIGL) in this Group SFCR. The waiver was obtained as the nature of the Group's governance structure, with the Group Board and its Committees leading the Group's management and control framework, means that there is significant overlap in the disclosures for the Group and the solo entities. The Group SFCR waiver therefore allows stakeholders to access concise disclosures for all relevant entities in one report.

During the year the Group established and received regulatory permissions for an insurance entity in Spain; Admiral Europe Compañía de Seguros, S.A. (AECS) to underwrite the Group's European business after Brexit. AECS is subject to the supervision of the Dirección General de Seguros y Fondos de Pensiones (DGSFP) in Spain. AECS is excluded from the qualitative and quantitative disclosures in Sections A to E as it has prepared a separate 2018 SFCR in line with the requirements of the DGSFP. This report may be found at:

<https://www.admiraleurope.com/documentacion/Situacion-Financiera-y-de-Solvencia-31-dic-2018.pdf>

All amounts in this report are presented in pounds sterling, rounded to the nearest £0.1 million, which is the Group's presentation currency. Unless otherwise stated, information in this report is unaudited.

## SUMMARY

### SECTION A – BUSINESS PERFORMANCE

Admiral Group plc ('the Group') is one of the UK's largest car insurance providers. In addition to offering car insurance in the UK, the Group also writes household, van and travel insurance business in the UK, and car insurance in four countries outside of the UK; Italy, Spain, France and the USA. Other Group businesses outside of insurance include Price Comparison businesses, legal companies and a personal lending and car finance business in the UK.

The Group and its Solvency II regulated solo entities in the UK and Gibraltar, AICL and AIGL, recorded statutory post-tax profits of £390.5 million, £29.8 million and £115.5 million respectively in 2018, with the results of each being favourably impacted by a change in the Group's personal injury discount rate assumption. Portfolio transfers of liabilities and associated assets of the Group's European businesses from AICL and AIGL to AECS were enacted on 1 January 2019, and all new European insurance business is underwritten in AECS with effect from this date.

The table below splits the statutory results between underwriting (as reported in the premiums, claims and expenses QRTs in Appendix 2 to this report), investment and other activities:

	GROUP		AICL		AIGL	
	2018	2017	2018	2017	2018	2017
A.2 Net Underwriting Results	196.7	164.2	27.0	22.7	182.4	148.2
A.3 Net Investment	36.6	41.7	3.9	2.9	28.5	29.6
A.4 Net Result Arising from Other Activities (Including Profit Commissions)	242.9	197.6	6.2	5.4	(85.8)	(60.0)
Statutory Profit Before Tax	<b>476.2</b>	<b>403.5</b>	<b>37.1</b>	<b>31.0</b>	<b>125.1</b>	<b>117.8</b>
Taxation expense	(85.7)	(71.9)	(7.3)	(5.6)	(9.6)	(8.8)
Statutory Profit After Tax	<b>390.5</b>	<b>331.6</b>	<b>29.8</b>	<b>25.4</b>	<b>115.5</b>	<b>109.0</b>

### Change in UK personal injury discount rate assumption ('Ogden discount rate')

During December 2018, the Civil Liability Bill, which brings into law changes to the way that the UK Ogden discount rate) is set, received Royal Assent and has been enacted as the Civil Liability Act.

The Group's best estimate assumption for the new rate, applied at the 2018 year-end is 0%.

The estimated total impact for the Group, net of reinsurance and before tax, of the change in assumption from the current rate of -0.75% to the assumed 0% rate is approximately £120 million to £140 million on an ultimate basis. The majority of the financial impact in respect of premiums earned up to the balance sheet date (£66 million pre-tax, £54 million post-tax) has been recognised in the form of increased 2018 profits.

### SECTION B – SYSTEM OF GOVERNANCE

Section B to this report focuses on the Group's system of Governance. The Group Board is the principal decision-making forum for the Group providing entrepreneurial leadership, both directly through its Committees, and delegating authority to the Executive team. The solo entities AICL and AIGL have

respective individual Board meetings that act in the same manner as the Group Board. The Group Board and its Committees also have oversight of AICL and AIGL.

The Board has delegated authority to a number of permanent Committees to deal with matters in accordance with written Terms of Reference. The principal Committees of the Group Board - Audit, Remuneration, Risk and Nomination all comply fully with the requirements of the Corporate Governance Code.

There were no material changes in the system of governance during the year, aside from changes in membership of the Group Board and its Committees during the usual course of business.

Section B reports in detail as to how the system of governance works in practice, including a focus on the Group's remuneration policy, the system of internal control and the Solvency II key functions of Risk Management, Compliance, Internal Audit and Actuarial.

### SECTION C – RISK PROFILE

The Admiral Group Board is responsible for determining risk strategy and risk appetite across the Group, and for the Group's system of risk management and internal control. The Board has delegated the development, implementation and maintenance of the Group's risk management framework to the Group Risk Committee, which reports its activities to both the Board and also to the Group Audit Committee, for the purposes of reviewing and reporting on the overall effectiveness of this system.

Section C provides further detail of the Group's approach to risk assessment and risk management. It also provides information on the Group's material risks, as shown by the Solvency Capital Requirement (SCR) sub-modules of the Group and its solo entities in the table below.

31-Dec-18	GROUP		AICL		AIGL	
	2018	2017	2018	2017	2018	2017
Market Risk	86.7	70.2	23.3	6.2	60.6	48.8
Counterparty Risk	37.6	48.0	3.2	5.0	21.1	23.3
Life Underwriting Risk	3.1	2.9	0.5	0.4	2.7	2.5
Non-Life Underwriting Risk	378.3	350.7	81.8	78.8	243.3	213.7
Diversification	(76.2)	(70.3)	(16.6)	(7.2)	(50.9)	(44.4)
<b>Basic SCR</b>	<b>429.5</b>	<b>401.5</b>	<b>92.2</b>	<b>83.3</b>	<b>276.8</b>	<b>243.7</b>
Operational Risk	85.0	72.7	12.4	11.3	69.4	59.1
Loss absorbing capacity of deferred taxes	(24.3)	(26.9)	(13.5)	(11.4)	(10.6)	(15.5)
<b>SCR excluding Capital Add-On and Other Financial Sectors</b>	<b>490.2</b>	<b>447.3</b>	<b>91.1</b>	<b>83.2</b>	<b>335.6</b>	<b>287.3</b>
Capital Add-On	81.0	81.0	-	-	-	-
SCR for Other Financial Sectors (unaudited)	20.6	-	-	-	-	-
<b>SCR</b>	<b>591.8</b>	<b>528.3</b>	<b>91.1</b>	<b>83.2</b>	<b>335.6</b>	<b>287.3</b>

As can be noted from the table, the material risk category for the Group, AICL and AIGL is non-life insurance risk which (before diversification with other risk types) represents 66%, 90% and 73% of the SCRs of the Group and its solo entities, AICL and AIGL respectively.

## SECTION D – VALUATION FOR SOLVENCY PURPOSES

Section D focuses on the Solvency II balance sheet and the valuation of assets and liabilities. In line with Solvency II rules, assets and liabilities on the Solvency II balance sheet are held at fair value, i.e. the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the valuation date.

Summary Solvency II balance sheets for the Group and its regulated solo entities are shown in the table below. Section D sets out the recognition and valuation basis for each material balance sheet class alongside a comparison to the IFRS valuation basis, in addition to further detail on the bases, methods and assumptions used in the calculation of the Solvency II technical provisions.

Solvency II Balance Sheet, 31-Dec-18	GROUP	AICL	AIGL
Property, plant and equipment	25.3	-	-
Investments excl. Participations	2,949.4	368.6	2,263.8
Investment in Participations	76.8	75.8	-
Loans and Mortgages	126.5	-	50.9
Reinsurance recoverables	1,444.6	131.1	1,243.1
Receivables and other assets	451.3	16.4	176.3
Cash	314.5	22.8	44.3
<b>Total Assets</b>	<b>5,388.4</b>	<b>614.7</b>	<b>3,778.4</b>
Technical Provisions - best estimate	2,826.3	418.7	2,303.8
Technical Provisions - risk margin	96.4	15.2	75.2
Deposits from reinsurers	707.6	3.9	743.2
Deferred tax liabilities	65.3	6.3	1.5
Other payables and liabilities	484.0	15.3	237.1
Subordinated liabilities	211.3	-	-
<b>Total Liabilities</b>	<b>4,390.9</b>	<b>459.4</b>	<b>3,360.8</b>
<b>Excess of Assets over Liabilities</b>	<b>997.5</b>	<b>155.3</b>	<b>417.6</b>

## SECTION E – CAPITAL MANAGEMENT

The Group manages its capital to ensure that all entities within the Group are able to continue as going concerns and also to ensure that regulated entities meet regulatory requirements with an appropriate margin. Excess capital above these levels within subsidiaries is paid up to the Group holding company in the form of dividends on a regular basis.

The Group and its regulated solo entities report strong solvency positions at 31 December 2018. The solvency positions reported in the Annual QRTs for 2018 and 2017 are summarised in the table below:

31-Dec-18	GROUP		AICL		AIGL	
	2018	2017	2018	2017	2018	2017
SCR	591.8	528.3	91.1	83.2	335.6	287.3
Eligible Own Funds	1,008.8	1,018.1	155.3	131.0	477.6	436.5
Surplus	417.0	489.7	64.2	47.8	142.0	149.2
Solvency Ratio	<b>170%</b>	<b>193%</b>	<b>170%</b>	<b>158%</b>	<b>142%</b>	<b>152%</b>

A reconciliation of excess of assets over liabilities to Own Funds is provided below:

31-Dec-18	GROUP		AICL		AIGL	
	2018	2017	2018	2017	2018	2017
Excess of Assets over Liabilities	<b>997.5</b>	<b>951.9</b>	<b>155.3</b>	<b>131.0</b>	<b>417.6</b>	<b>416.5</b>
Foreseeable Dividends	(187.9)	(163.0)	-	-	-	(40.0)
Ring-fenced Funds	(12.3)	-	-	-	-	-
Own Funds from Other Financial Sectors	0.2	-	-	-	-	-
Excess of Assets over Liabilities (Tier 1)	<b>797.5</b>	<b>788.9</b>	<b>155.3</b>	<b>131.0</b>	<b>417.6</b>	<b>376.5</b>
Subordinated Liabilities (Tier 2)	211.3	229.2	-	-	-	-
Ancillary Own Funds	-	-	-	-	60.0	60.0
Eligible Own Funds	<b>1,008.8</b>	<b>1,018.1</b>	<b>155.3</b>	<b>131.0</b>	<b>477.6</b>	<b>436.5</b>

### SCR for Other Financial Sectors (unaudited)

The SCR for Other Financial Sectors relates to the loans business. At year end 2017 this business was written in the EUI Limited legal entity (an Ancillary Service Undertaking) and formed part of counterparty risk within its capital requirement. During 2018 the assets and liabilities were transferred into a separate legal entity, Admiral Financial Services Limited (AFSL). This is recognised at net asset value, as a non-regulated undertaking carrying out financial activities within Other Financial Sectors. This forms part of the reconciliation from Excess of Assets over Liabilities to Own Funds.

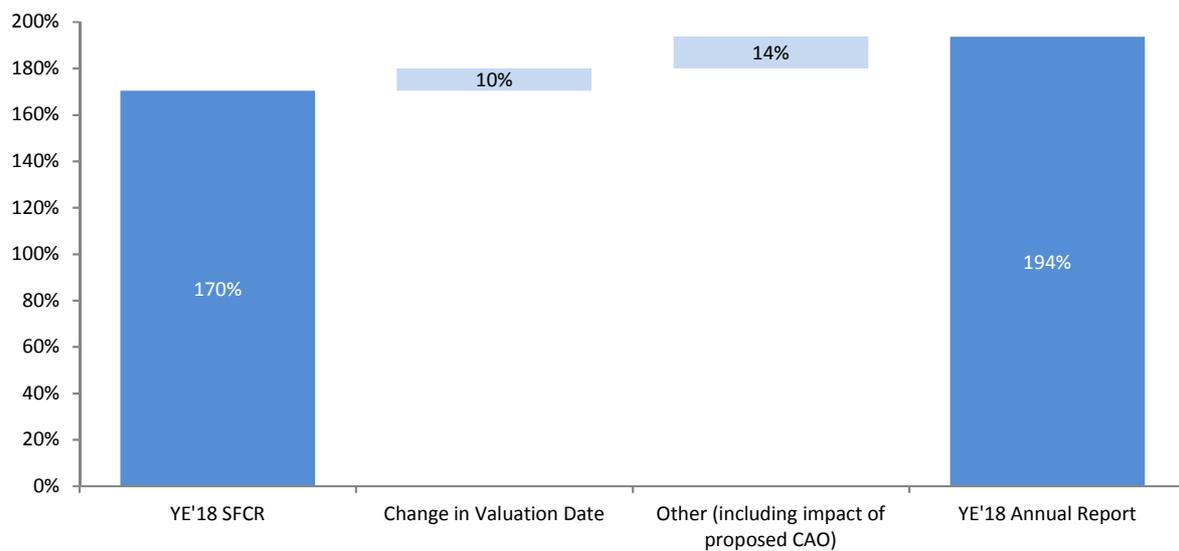
Article 1(52) of the Delegated Regulation defines a 'non-regulated undertaking carrying out financial activities' as a non-regulated undertaking which carries out one or more of the activities referred to in Annex I of Directive 2013/36/EU. The contribution to the Group capital requirement is based on relevant sectoral rules and the Group has included a notional capital requirement of £20.6 million to reflect the risks associated with the loans business.

### Reconciliation to previously reported Solvency Ratio

The Group solvency ratio presented in this report is different to the solvency ratio reported in the Group's 2018 Annual Report for the following reasons:

- Change in valuation date: The solvency ratio in the Annual Report is prepared at a different valuation date, taking into consideration the additional own funds generated post year end, up to the approved dividend payment date;
- Other (including impact of proposed Capital Add-On, 'CAO'): A different CAO is used, with the proposed add-on reported in the 2018 Annual Report remaining subject to regulatory approval and therefore excluded from the SFCR solvency calculations. The Annual Report solvency ratio also excludes the impact of changes made arising from the reporting finalisation process.

The chart below shows the impact of these moves:



## STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for ensuring that the SFCR is properly prepared in all material respects in accordance with the Prudential Regulatory Authority (PRA) rules and SII Regulations.

The PRA Rulebook for SII firms in Rule 6.1(2) and Rule 6.2(1) of the Reporting Part requires that the Group must have in place a written policy ensuring the ongoing appropriateness of any information disclosed and that the Group must ensure that its SFCR is subject to approval by the Directors.

The Board of Directors confirm that, to the best of their knowledge:

(a) Throughout the financial year in question, the Group and its solo insurance undertakings have complied in all material respects with the requirements of the PRA rules and SII Regulations as applicable; and

(b) It is reasonable to believe that, at the date of the publication of the SFCR, the Group and its solo insurance undertakings continue to comply, and will continue so to comply in future.

By Order of the Board

Geraint Jones  
Chief Financial Officer  
31 May 2019

## AUDIT OPINION

### REPORT OF THE EXTERNAL INDEPENDENT AUDITOR TO THE DIRECTORS OF ADMIRAL GROUP PLC ('THE GROUP') PURSUANT TO RULE 4.1 (2) OF THE EXTERNAL AUDIT CHAPTER OF THE PRA RULEBOOK APPLICABLE TO SOLVENCY II FIRMS

#### Report on the Audit of the relevant elements of the Solvency and Financial Condition Report ("SFCR")

##### Opinion

Except as stated below, we have audited the following documents prepared by the Group as at 31 December 2018:

- The 'Valuation for solvency purposes' and 'Capital Management' sections of the Group SFCR of the Company as at 31 December 2018, ('the Narrative Disclosures subject to audit');
- Group templates S.02.01.02, S.22.01.22, S.23.01.22, S.25.01.22 and S.32.01.22 ('the Group Templates subject to audit'); and
- Solo templates S.02.01.02, S.12.01.02, S.17.01.02, S.22.01.21, S.23.01.01, S.25.01.21 and S.28.01.01 in respect of Admiral Insurance Company Limited and Admiral Insurance (Gibraltar) Limited ('the Solo Templates subject to audit').

The Narrative Disclosures subject to audit and the Group Templates and Solo Templates subject to audit are collectively referred to as the 'relevant elements of the Group SFCR'.

We are not required to audit, nor have we audited, and as a consequence do not express an opinion on the Other Information which comprises:

- the 'Executive Summary', 'Business and performance', 'System of governance' and 'Risk profile' elements of the Group SFCR;
- Group templates S.05.01.02, and S.05.02.01;
- Solo templates S.05.01.02, S.05.02.01, and S.19.01.21;
- the written acknowledgement by management of their responsibilities, including for the preparation of the Group SFCR ('the Responsibility Statement');
- Information which pertains to an undertaking that is not a Solvency II undertaking and has been prepared in accordance with PRA rules other than those implementing the Solvency II Directive or in accordance with an EU instrument other than the Solvency II regulations ('the sectoral information'); and
- Elements of the Narrative Disclosures subject to audit identified as 'unaudited'.

To the extent the information subject to audit in the relevant elements of the Group SFCR includes amounts that are totals, sub-totals or calculations derived from the Other Information, we have relied without verification on the Other Information.

In our opinion, the information subject to audit in the relevant elements of the Group SFCR as at 31 December 2018 is prepared, in all material respects, in accordance with the financial reporting provisions of the PRA Rules and Solvency II regulations on which they are based, as modified by relevant supervisory modifications, and as supplemented by supervisory approvals and determinations.

##### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)), including ISA (UK) 800 and ISA (UK) 805, and applicable law. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the relevant elements of the Group Solvency and Financial Condition Report* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the Group SFCR in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard as applied to public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Emphasis of Matter – Basis of Accounting**

We draw attention to the 'Valuation for solvency purposes' section of the Group SFCR, which describes the basis of accounting. The Group SFCR is prepared in compliance with the financial reporting provisions of the PRA Rules and Solvency II regulations, and therefore in accordance with a special purpose financial reporting framework. The Group SFCR is required to be published, and intended users include but are not limited to the PRA. As a result, the Group SFCR may not be suitable for another purpose. Our opinion is not modified in respect of these matters.

### **Conclusions relating to going concern**

We are required by ISAs (UK) to report in respect of the following matters where:

- the Directors' use of the going concern basis of accounting in the preparation of the Group SFCR is not appropriate; or
- the Directors have not disclosed in the Group SFCR any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the Group SFCR is authorised for issue.

We have nothing to report in relation to these matters.

### **Other Information**

The Directors are responsible for the Other Information.

Our opinion on the relevant elements of the Group SFCR does not cover the Other Information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the Group SFCR, our responsibility is to read the Other Information and, in doing so, consider whether the Other Information is materially inconsistent with the relevant elements of the Group SFCR, or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the relevant elements of the Group SFCR or a material misstatement of the Other Information. If, based on the work we have performed, we conclude that there is a material misstatement of this Other Information, we are required to report that fact.

We have nothing to report in relation to these matters.

### **Responsibilities of Directors for the Group Solvency and Financial Condition Report**

The Directors are responsible for the preparation of the Group SFCR in accordance with the financial reporting provisions of the PRA rules and Solvency II regulations which have been modified by the modifications, and supplemented by the approvals and determinations made by the PRA under section 138A of FSMA, the PRA Rules and Solvency II regulations on which they are based.

The Directors are also responsible for such internal control as they determine is necessary to enable the preparation of a Group SFCR that is free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibilities for the Audit of the relevant elements of the Group Solvency and Financial Condition Report**

It is our responsibility to form an independent opinion as to whether the relevant elements of the Group SFCR are prepared, in all material respects, with financial reporting provisions of the PRA Rules and Solvency II regulations on which they are based.

Our objectives are to obtain reasonable assurance about whether the relevant elements of the Group SFCR are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but it is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decision making or the judgement of the users taken on the basis of the Group SFCR.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at <https://www.frc.org.uk/auditorsresponsibilities>. The same responsibilities apply to the audit of the Group SFCR.

## **Report on Other Legal and Regulatory Requirements**

### **Sectoral Information**

In our opinion, in accordance with Rule 4.2 of the External Audit Chapter of the PRA Rulebook, the sectoral information has been properly compiled in accordance with the PRA rules and EU instruments relating to that undertaking from information provided by members of the group and the relevant insurance group undertaking.

### **Other Information**

In accordance with Rule 4.1 (3) of the External Audit Chapter of the PRA Rulebook for Solvency II firms we are also required to consider whether the Other Information is materially inconsistent with our knowledge obtained in the audit of Admiral Group Plc's statutory financial statements. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in relation to this matter.

### **Use of our Report**

This report is made solely to the Directors of Admiral Group Plc in accordance with Rule 4.1 (2) of the External Audit Chapter of the PRA Rulebook for Solvency II firms. We acknowledge that our report will be provided to the PRA for the use of the PRA solely for the purposes set down by statute and the PRA's rules. Our audit work has been undertaken so that we might state to the insurer's Directors those matters we are required to state to them in an auditor's report on the relevant elements of the Group SFCR and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the PRA, for our audit work, for this report or for the opinions we have formed.

Mark McQueen  
For and on behalf of Deloitte LLP  
Statutory Auditor  
London, United Kingdom  
31 May 2019

## A. BUSINESS AND PERFORMANCE

### A.1. BUSINESS

#### GENERAL INFORMATION

Admiral Group plc ('the Group') is one of the UK's largest car insurance providers. In addition to offering car insurance in the UK, the Group also writes household, van and travel business in the UK, and car insurance in four countries outside of the UK; Italy, Spain, France and the USA.

Outside of insurance, the Group has price comparison businesses in the UK, Spain, France and the USA, with the UK price comparison business, Confused.com, being one of the UK's leading comparison websites for the last 16 years. The Group also has two law firms, Admiral Law Limited and BDE Law Limited and provides unsecured personal loans and car finance in the UK through Admiral Financial Services Limited.

The Group is a company incorporated in the United Kingdom. Its registered office is at Tŷ Admiral, David Street, Cardiff CF10 2EH and its shares are listed on the London Stock Exchange.

The Group and its UK regulated insurance entity, Admiral Insurance Company Limited is subject to supervision by the Prudential Regulation Authority (PRA) and the Financial Conduct Authority (FCA) in the UK. The contact details for these supervisory authorities are as follows:

	PRA	FCA
Name	Prudential Regulation Authority	Financial Conduct Authority
Address	Bank of England 20 Moorgate London EC2R 6DA	12 Endeavour Square London E20 1JN

Where relevant, Group subsidiaries outside of the UK are subject to financial supervision by the local supervisory authority.

The Group's insurance entity registered in Gibraltar, Admiral Insurance (Gibraltar) Limited 'AIGL' is subject to Solvency II regulation and is supervised by the Gibraltar Financial Services Commission. The contact details for this supervisory authority are as follows:

Name	Gibraltar Financial Services Commission
Address	PO Box 940 Suite 3, Ground Floor Atlantic Suites Europort Avenue GX11-1AA Gibraltar

During the year the Group established and received regulatory permissions for an insurance entity in Spain; Admiral Europe Compañía de Seguros, S.A. (AECS) to underwrite the Group's European business after Brexit. Portfolio transfers of liabilities and associated assets of the Group's European businesses

from AICL and AIGL to AECS were enacted on 1 January 2019, and all new European insurance business is underwritten in AECS with effect from this date.

AECS is subject to the supervision of the Dirección General de Seguros y Fondos de Pensiones (DGSFP) in Spain. It has prepared a separate 2018 Solvency and Financial Condition Report in line with the requirements of the DGSFP.

The contact details for this supervisory authority are as follows:

	DGSFP
Name	Dirección General de Seguros y Fondos de Pensiones
Address	Paseo de la Castellana, 44. 28046 Madrid

The Group's US insurer, Elephant Insurance Company, is not subject to Solvency II regulation. The contact details for its supervisory authority are as follows:

Name	Virginia State Corporation Commission Bureau of Insurance
Address	1300 E. Main Street Richmond Virginia 23219

Details of the Group's auditor are as follows:

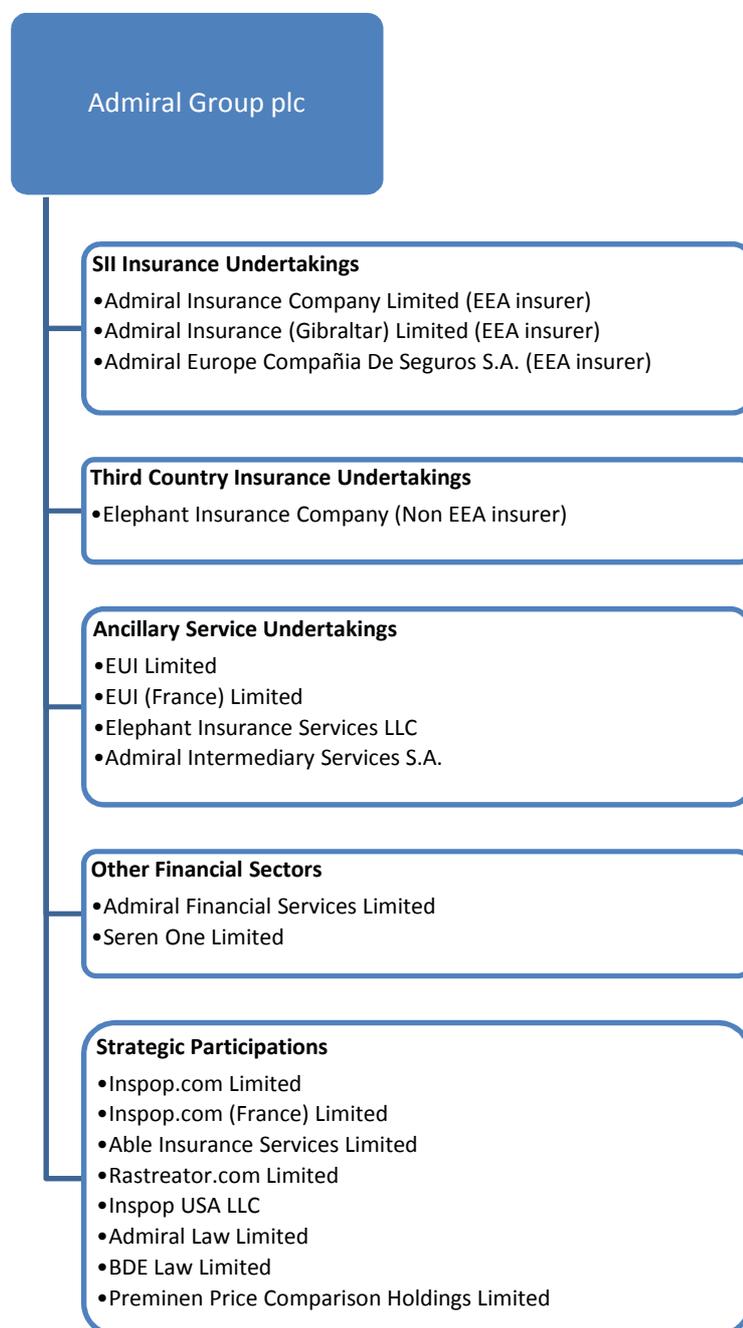
Name	Deloitte LLP
Address	1 New Street Square London EC4A 3HQ

As noted above, the Group is listed on the London Stock Exchange. At 31 December 2018, the Company's issued share capital comprised a single class of shares referred to as ordinary shares. Details of the share capital and shares issued during the year can be found in the Group's 2018 Annual Report (note 12d to the Group financial statements). Major shareholders as at 31 December 2018 were as follows:

Major shareholders	% Shareholding at 31-Dec-18
Munich Re	10.1%
Henry Engelhardt & Diane Briere de l'Isle	10.1%

## GROUP STRUCTURE

The chart below shows the major subsidiaries of the Group's Parent Company, grouped by Solvency II classification. For further details of the subsidiary undertakings, country of incorporation and class of shares held by the parent company refer to the Group's 2018 Annual Report (note 12f to the Group financial statements).



The Group's major activities are summarised in the following sections:

### Insurance Undertakings (SII and Third Country undertakings)

At 31 December 2018, the Group had insurance businesses in five geographical locations: the UK, Italy, Spain, France and the USA. As noted above, three of the Group's insurance undertakings (AICL, AIGL and AECS) are SII insurers whilst the fourth, Elephant Insurance Company (EIC), is registered in the USA and therefore classified as a Third Country undertaking.

Admiral Europe Compañía de Seguros, S.A. (AECS) and Admiral Intermediary Services S.A. (AIS) are companies registered during 2017 as part of the Group's plans to establish a new insurer and intermediary in Spain post Brexit. These entities were granted regulatory permissions during the year, with AECS obtaining the license to write car and household insurance in Spain in July 2018 and subsequently obtaining the passport to write these insurance products in Italy and France under the Freedom of Services Regime. Portfolio transfers of liabilities and associated assets of the Group's insurance businesses in Italy, Spain, and France from AICL and AIGL to AECS were enacted on 1 January 2019, and all new European insurance business is underwritten in AECS with effect from this date.

The table below summarises the Group's material Solvency II lines of business:

<b>Motor Vehicle Liability</b>	Private motor insurance, capturing bodily injury liabilities (including liabilities that may potentially settle by way of Periodic Payment Order in the future) and third-party property damage.
<b>Motor Vehicle Other</b>	Private motor insurance, capturing accident damage liabilities (including fire, theft and windscreen liabilities).
<b>Fire and damage to other property</b>	Household insurance, capturing accidental damage, escape of water, fire, weather and subsidence liabilities.
<b>General Liability</b>	Household insurance capturing public liability risks.
<b>Assistance and Miscellaneous Financial Loss</b>	Any other risks arising from insurance products that supplement the core private motor and household insurance products.
<b>Annuities stemming from non-life insurance contracts and relating to insurance obligations other than health insurance obligations</b>	Private motor insurance liabilities arising through claims settled as Periodic Payment Orders. The Group has no non-life insurance contracts relating to health insurance obligations.

### **Ancillary Services Undertakings**

The Group's insurance intermediaries are classified as Ancillary Services Undertakings for Solvency II purposes. These entities are non-regulated (as per the definition in Article 2(4) of Directive 2002) with principal activities that are deemed to be ancillary to the Group's insurance undertakings. The most material entity is EUI Limited which provides intermediary services for insurance underwriting in the UK, Spain and Italy.

### **Other Financial Sectors**

The Group's loans business, Admiral Financial Services Limited (AFSL) is classified as a non-regulated entity carrying out financial activities within Own Funds of Other Financial Sectors. It provides unsecured personal loans and car finance in the UK.

Seren One Limited is a SPE set up by the Group in relation to the Admiral loans business, whereby the Group has securitised certain loans by the transfer of the loans to the SPE. The securitisation enables a subsequent issuance of debt by the SPE to investors who gain the security of the underlying assets as collateral.

### **Strategic Participations**

All other entities in the Group are classified as Strategic Participations. The principal activity is Price Comparison, where Admiral's strategy is to develop websites that allow consumers to compare a range of general insurance, financial services and other products.

The Group's UK price comparison site, branded as Confused.com (Inspop.com Limited) was launched in 2002 and is one of the UK's leading comparison websites. International price comparison operations in Europe (Rastreator.com in Spain and Lelynx.fr in France) and in the USA (compare.com) have subsequently been launched in 2009, 2010 and 2013 respectively. More recently, the Group has established Preminen, a Price Comparison incubator that looks to establish price comparison businesses in a number of new markets around the world.

The Group's UK based law firms, Admiral Law and BDE Law, provide a range of legal services, with the companies' legal experts primarily specialising in road traffic accident claims, and Able Insurance Services Limited is a public liability insurance broker.

## **SIGNIFICANT EVENTS DURING THE REPORTING PERIOD**

### **Proposed Change in UK discount rate ('Ogden discount rate')**

During December 2018, the Civil Liability Bill, which brings into law changes to the way that the Ogden discount rate is set, received Royal Assent and has been enacted as the Civil Liability Act.

The Ogden discount rate is used for adjusting the value of lump sum personal injury compensation, according to the amount the victims of serious personal injury can expect to earn by investing it. The principle of the new legislation is one of fair compensation, and the changes will result in the rate being set with reference to 'low risk' rather than 'very low risk' investments, better reflecting the actual investment risk that claimants are prepared to take.

At the time of the announcement of the proposed legislation in 2017, the Lord Chancellor implied that the new system would result in a rate in the region of 0% to 1%.

The enactment of the legislation marks the start of a process for setting a new rate, with a maximum 230-day timeframe meaning that we will receive a new rate during or before August 2019. As such, the significant majority of relevant open claims at the balance sheet date will be settled under the new rate.

The Group's best estimate assumption for the new rate, applied at the 2018 year-end is 0%. The setting of this assumption reflects a number of factors including current long-term economic forecasts and analysis released by the Government Actuary Department setting out the approach it is expected to take in recommending the new rate to the Lord Chancellor.

### **UK Exit from the European Union ('Brexit')**

Admiral has adopted a prudent approach in relation to Brexit, designed to mitigate the risks to our European businesses of a potential 'hard Brexit', which could have prevented those operations from continuing to trade due to reliance on passporting rights.

The businesses that potentially would have been impacted, being the European insurers and European price comparison businesses, have been restructured so as to fully mitigate a 'no deal' outcome.

This has been achieved for the European insurance intermediaries through Admiral receiving approval to establish an intermediary company in Spain, Admiral Intermediary Services, S.A. (AIS). All of the trade and assets of the Spanish and Italian branches of UK-based EUI Limited have been transferred to AIS from 1 January 2019. The assets and liabilities of EUI France, EUI Limited's subsidiary, have been

transferred to AIS via a cross border merger process such that, as of 1 January 2019, EUI France is fully liquidated.

Admiral also received approval for an application to establish an insurance company in Spain and from 1 January 2019 all of the Group's European insurance business is underwritten by a regulated entity in Spain, Admiral Europe Compañía de Seguros, S.A. (AECS). All existing liabilities, assets and contracts relating to these businesses have been transferred through portfolio transfer processes under Part VII of the Financial Services and Markets Act 2000, also effective from 1 January 2019.

In addition, the Group's European price comparison businesses Rastreator and LeLynx have successfully been merged into price comparison companies established in Spain (Comparaseguros Corredia de Seguros) and France (LeLynx SAS) respectively.

AGL, the Group's Gibraltar insurance entity, will be able to continue to carry on trading in an uninterrupted manner after Brexit as a result of the passing of relevant legislation by the UK and Gibraltar governments. In March 2018, at the Joint Ministerial Council with the government of Gibraltar, the UK government announced that Gibraltar's authorised financial services firms will continue to be able to access the UK as they currently do until 2020 in a no-deal scenario. UK firms will also continue to be able to exercise their passport rights as now in Gibraltar.

In addition, to support market access between the UK and Gibraltar, HM Treasury has published two Statutory Instruments (SIs); The Financial Services (Gibraltar) (Amendment) (EU Exit) Regulations 2019 and The Gibraltar (Miscellaneous Amendments) (EU Exit) Regulations 2019. The first relates to the continuation of the deemed passport rights of Gibraltar-based firms into the UK. The second preserves the overall pre-Brexit regulatory position, notwithstanding the legislative changes made under the EUWA.

## A.2. UNDERWRITING PERFORMANCE

The tables below show the Group's underwriting performance (premiums, claims and expenses in line with QRTs S.05.01 and S.05.02) summarised by Solvency II line of business and by geographical location. The tables are prepared on a financial statement basis and are reconciled to the Group statutory profit in section A.4 below. Total Group net premiums earned of £671.8 million (which does not form part of the profit reconciliation in section A.4) can be agreed to note 5 of the Group Financial statements within the 2018 Annual Report.

31-Dec-18	Net Premiums Written	Net Premiums Earned	Net Claims Incurred	Net Expenses Incurred	Other Expenses* <sup>1</sup>	Total
Motor Vehicle Liability	437.4	420.5	(200.1)	(96.5)		123.9
Motor Vehicle Other	179.3	173.8	(79.5)	(41.7)		52.6
Fire and damage to other property	34.5	30.9	(28.5)	(4.9)		(2.5)
General Liability	0.4	0.3	(0.2)	(0.1)		-
Assistance and Miscellaneous Financial Loss	51.2	46.3	(27.6)	(8.2)		10.5
Annuities stemming from non-life insurance contracts (Life)	-	-	(6.8)	(0.3)		(7.1)
<b>Total 2018</b>	<b>702.4</b>	<b>671.8</b>	<b>(342.7)</b>	<b>(151.7)</b>	<b>19.3</b>	<b>196.7</b>

\*<sup>1</sup> Other expenses represent intra-group price comparison expenses that are eliminated for the purposes of the Group financial statements.

The following table shows the comparative underwriting performance for 2017:

31-Dec-17	Net Premiums Written	Net Premiums Earned	Net Claims Incurred	Net Expenses Incurred	Other Expenses* <sup>1</sup>	Total
Motor Vehicle Liability	440.7	438.1	(227.1)	(96.9)		114.1
Motor Vehicle Other	118.5	118.1	(64.3)	(31.6)		22.2
Fire and damage to other property	26.6	23.1	(17.0)	(4.8)		1.3
General Liability	0.1	0.1	-	-		-
Assistance and Miscellaneous Financial Loss	41.4	39.8	(21.3)	(3.3)		15.1
Annuities stemming from non-life insurance contracts (Life)	-	-	(6.1)	(2.2)		(8.3)
<b>Total 2017</b>	<b>627.3</b>	<b>619.1</b>	<b>(335.9)</b>	<b>(138.8)</b>	<b>19.8</b>	<b>164.2</b>

### Analysis by Line of Business

The first table above shows that the Group achieved an underwriting profit of £196.7 million in 2018, an increase of £32.5 million from 2017 (£164.2 million). The tables provide a split of underwriting profit by Solvency II line of business.

As noted on the QRTs in Appendix 2 it should be noted that premiums, claims and expenses within Group insurance businesses are not typically allocated to these individual lines of business for the purposes of internal or external reporting and so therefore simplifications have been utilised to make this allocation for the purposes of QRT disclosure. One such assumption is that the 'Annuities stemming from non-life insurance contracts' (Periodic Payment Orders 'PPOs') line of business does not attract premiums and therefore a loss totalling allocated claims and expenses is reported.

The split of underwriting profit by line of business shows that the motor insurance lines of business (motor vehicle liability, motor vehicle other and Life (relating to PPOs)) report a combined profit of £169.4 million.

The Fire and Damage to Property and General Liability lines can be attributed to the UK Household business. A total underwriting loss of £2.5 million is reported.

Finally, the Assistance and Miscellaneous Financial Loss lines of business primarily relate to the ancillary products underwritten by the Group, and contribute an underwriting profit of £10.5 million.

### Analysis by Geographical Location

31-Dec-18	Net Premiums Written	Net Premiums Earned	Net Claims Incurred	Net Expenses Incurred	Other Expenses* <sup>1</sup>	Total
UK	538.0	524.0	(230.7)	(96.2)		197.1
USA	69.7	61.1	(47.5)	(28.3)		(14.7)
Italy	61.0	56.4	(39.6)	(13.5)		3.3
Spain	15.4	14.5	(11.6)	(6.9)		(4.0)
France	18.3	15.8	(13.3)	(6.8)		(4.3)
<b>Total</b>	<b>702.4</b>	<b>671.8</b>	<b>(342.7)</b>	<b>(151.7)</b>	<b>19.3</b>	<b>196.7</b>

\*<sup>1</sup> Other expenses represent intra-group price comparison expenses that are eliminated for the purposes of the Group financial statements.

The table above analyses the Group underwriting performance by geographical location. The UK Insurance business generates over 100% of the Group underwriting profit (£197.1 million), with the Group's International businesses in total contributing an underwriting loss of £19.7 million (all before elimination of intra-group price comparison expenses).

The underwriting performance analysis excludes other revenue generated from the sale of additional products alongside the core motor insurance policy. Therefore, the combined international underwriting loss is different to the International Car Insurance segment loss of £1.1 million reported in note 4 to the Group financial statements in the Group's 2018 Annual Report.

Other revenue generated by the UK and International businesses is reported within Section A.4 below (Performance of Other Activities).

### Solo Entity Premiums, Claims and Expenses

31-Dec-18	Net Premiums Written	Net Premiums Earned	Net Claims Incurred	Net Expenses Incurred	Other Expenses	Total 2018
AICL	190.7	186.6	(125.7)	(33.9)		27.0
AIGL	442.0	424.1	(169.6)	(72.1)		182.4

31-Dec-17	Net Premiums Written	Net Premiums Earned	Net Claims Incurred	Net Expenses Incurred	Other Expenses	Total 2017
AICL	179.7	172.4	(116.9)	(32.9)		22.7
AIGL	394.5	391.8	(176.7)	(66.9)		148.2

As detailed in the QRTs in Appendix 2 to this report, total non-life and life premiums, claims for the Group's two SII solo entities AICL and AIGL are shown in the table above. Both entities report an underwriting profit, with the more material underwriting profits in AIGL reflecting its higher net share of UK motor insurance and profits generated by the motor policy upgrade products.

### A.3. INVESTMENT PERFORMANCE

The tables below show a breakdown of investment income by type for both 2018 and 2017:

31-Dec-18	GROUP		AICL		AIGL	
	2018	2017	2018	2017	2018	2017
Investment return on assets classified as FVTPL	6.5	2.1	1.4	0.5	4.9	1.6
Unrealised losses on forward contracts	(2.3)	(2.3)	-	-	-	-
Investment return on debt securities classified as FVOCI	28.0	32.4	2.2	1.8	20.8	25.4
Investment return on deposits with credit institutions	3.1	3.4	0.5	0.7	2.2	2.3
Realised gains on sale of gilt assets	-	5.4	-	-	-	-
Interest receivable on cash and cash equivalents	1.3	0.8	(0.2)	(0.1)	0.6	0.4
<b>Total 2018</b>	<b>36.6</b>	<b>41.8</b>	<b>3.9</b>	<b>2.9</b>	<b>28.5</b>	<b>29.7</b>

Group Investment and interest income in 2018 was £36.6 million.

The underlying rate of return for the year (excluding accruals related to reinsurance contract funds withheld) on the Group's cash and investments was 1.2% (2017: 1.3%).

In addition to the investment income recognised in the IFRS income statement, the Group also recorded a gain of £22.9 million (2017: gain of £8.3 million) in the Fair Value reserve within Equity as a result of unrealised gains arising on the valuation of 'Available for Sale' financial assets.

Investment income in the solo entities was £3.9 million and £28.5 million for AICL and AIGL respectively.

#### A.4. PERFORMANCE OF OTHER ACTIVITIES

The table below summarises revenue and expenses from other activities and also provides a reconciliation of the information in Sections A.2, A.3 and A.4 to the statutory profit as per the Financial Statements of the Group and solo entities.

	GROUP		AICL		AIGL	
	2018	2017	2018	2017	2018	2017
Net Underwriting Results as per Section A.2	196.7	164.2	27.0	22.7	182.4	148.2
Net Investment Result as per Section A.3	36.6	41.7	3.9	2.9	28.5	29.6
Other Activities:						
Other Revenue	479.3	420.9	6.2	5.4	53.1	40.4
Profit Commission	93.2	67.0	-	-	(137.9)	(99.9)
Other Net Costs	(318.3)	(279.0)	-	-	(0.9)	(0.5)
Finance Costs	(11.3)	(11.4)	-	-	-	-
Statutory Profit Before Tax	<b>476.2</b>	<b>403.4</b>	<b>37.1</b>	<b>31.0</b>	<b>125.1</b>	<b>117.8</b>
Taxation expense	(85.7)	(71.9)	(7.3)	(5.6)	(9.6)	(8.8)
Statutory Profit After Tax	<b>390.5</b>	<b>331.5</b>	<b>29.8</b>	<b>25.4</b>	<b>115.5</b>	<b>109.0</b>

Outside of underwriting and investment activities, the Group's other activities performed strongly during 2018 with strong growth in net contribution from other revenue and associated costs. The material financial statement line items are discussed individually below:

#### Other revenue

The two primary sources are:

- i. Contribution from additional products and fees, including revenues earned on the sale of products supplementing the core insurance policies, administration and other charges paid by policyholders, referral fees, revenues from policies paid by instalments and vehicle commission charges paid by reinsurers and co-insurers.

This increased in 2018 primarily as a result of growth in the policy base of the UK motor insurance business.

- ii. Price comparison revenue from the Group's UK and overseas price comparison businesses, with Confused.com in the UK being the main contributor.

#### Profit Commission

Profit commission receivable from co-insurers and reinsurers in 2018 was £93.2 million at Group level. AIGL reports negative profit commission of £137.9 million as intra-group profit commission payable more than offsets profit commission receivable from quota share reinsurers.

## Other Net Costs

Other costs primarily relate to the other revenue noted above, being internal costs allocated to the generation of contribution from other products and fees, and also price comparison expenses. These costs increased with the growth in the revenue lines noted above.

This category also includes central group costs that are not allocated to individual businesses – net share scheme charges being the most significant.

## Operating Lease Commitments

The Group is committed to total minimum obligations under operating leases on land and buildings as follows:

	2018	2017
Within one year	14.8	12.1
Within two to five years	54.3	40.8
Over five years	116.8	113.7
<b>Total commitments</b>	<b>185.9</b>	<b>166.6</b>

Operating lease payments represent rentals payable by the Group for its office properties. There are no leasing arrangements in place for the solo entities.

## A.5. ANY OTHER INFORMATION

None.

## B. SYSTEM OF GOVERNANCE

### B.1. GENERAL INFORMATION ON THE SYSTEM OF GOVERNANCE

#### STRUCTURE OF THE ADMINISTRATIVE, MANAGEMENT OR SUPERVISORY BODY

The Board is the principal decision-making forum for the Group providing entrepreneurial leadership, both directly and through its Committees, and delegating authority to the Executive team. The solo entities AICL and AIGL have respective individual Board meetings that act in the same manner as the Group Board. The Group Board and its Committees also have oversight of AICL and AIGL activities and for AICL, the Group Audit Committee provides a review of the key accounting judgements in respect of the annual accounts, SFCR and QRTs.

The Group's 2018 Annual report (Governance section) provides further detail of the role of the Board and other information such as Board activity during the period.

The Board has delegated authority to a number of permanent Committees to deal with matters in accordance with written Terms of Reference. The principal Committees of the Group Board - Audit, Remuneration, Risk and Nomination (as shown in the diagram below) - all comply fully with the requirements of the Corporate Governance Code.



All Group Committees are chaired by an independent Non-Executive Director, except the Group Nomination Committee which is chaired by the Chairman of the Board, and comprise a majority of independent Non-Executive Directors. Appointments to the Committees are made on the recommendation of the Group Nomination Committee and are for a period of up to three years, which may be extended for two further three year periods, provided the Director remains independent.

The Committees are constituted with written Terms of Reference that are reviewed annually to ensure that they remain appropriate and reflect any changes in good practice and governance. These Terms of Reference are available on request from the Company Secretary and can also be found on the Company's website: [www.admiralgroup.co.uk](http://www.admiralgroup.co.uk). Directors are fully informed of all Committee matters by the Committee Chairmen reporting on the proceedings of their Committee at the subsequent Board meeting. Copies of Committee minutes are also distributed to the Board.

The AICL and AIGL subsidiary Boards are chaired by Non-Executive Directors.

## **MATERIAL CHANGES IN THE SYSTEM OF GOVERNANCE**

There were no material changes in the system of governance during the year, aside from changes in membership of the Group Board and its Committees during the usual course of business:

- Andy Crossley joined the Group Board as Non-Executive Director and a member of the Audit Committee on 27 February 2018.
- Annette Court stepped down as a member of the Remuneration Committee on 14 May 2018.
- Owen Clarke became Chairman of the Remuneration Committee on 14 May 2018.
- Michael Brierley joined the Group Board as Non-Executive Director and a member of the Audit Committee on 5 October 2018.
- Karen Green joined the Group Board as Non-Executive Director and Chair of the Audit Committee on 14 December 2018.
- Colin Holmes stepped down as a Non-Executive Director, Senior Independent Director and Chairman of the Audit Committee on 14 December 2018.

Additionally, the following changes were also made in respect of the AIGL solo entity Board during the year:

- Pascal Gonzalez stepped down from the AIGL Board with effect from 4 December 2018.
- Elisa De Blas joined the AIGL Board with effect from 4 December 2018.

No changes were made in respect of the AICL solo entity Board during the year.

## **REMUNERATION POLICY**

### **Key Principles of Admiral Remuneration Arrangements**

Admiral is committed to the primary objective of maximising shareholder value over time and ensuring that there is a strong link between performance, risk and reward. This is reflected in the Group's approach of paying competitive, performance-linked and shareholder-aligned remuneration packages comprising basic salaries coupled with participation in performance-based share schemes to generate competitive total reward packages.

Fixed remuneration at Admiral comprises base salaries, benefits and pension. In line with the principles outlined above, base salaries are fixed and reflect the individual's responsibilities, role, job size and performance. Market and economic conditions and developments in governance are also considered when setting base salaries and determining the appropriate benefits and pension provisions.

Longer-term performance-based reward is provided through the Discretionary Free Share Scheme which is outlined below. The balance between fixed and variable remuneration ensures that an element of overall reward is linked to longer-term Group Strategy and risk management as well as to shareholder and customer value.

Two share schemes are operated within the Group, as follows:

#### *(i) The Approved Share Incentive Plan (the SIP)*

All eligible employees qualify for awards under the SIP based upon the performance of the Group in each half-year period. The maximum award for each year is £3,600 per employee. The awards are

made with reference to the Group's performance against prior year profit before tax. Employees must remain in employment for the holding period (three years from the date of award) otherwise the shares are forfeited.

*(ii) The Discretionary Free Share Scheme (the DFSS)*

Employees across the Group receive DFSS awards based upon role and individual performance. Under the DFSS, individuals receive an award of free shares at no charge. The majority of employees receive DFSS awards subject to the below criteria, although some business units and a small number of senior management receive DFSS awards subject to alternative vesting criteria.

One third to 50% of the shares awarded at the start of the three-year vesting period are guaranteed to vest subject to continued employment until the vesting date.

The remaining percentage are subject to the Group performance criteria which are the three measures below with equal weighting.

Performance Measure	Threshold	Maximum	Vesting Schedule
Earnings per Share (EPS) growth vs. LIBOR	Growth in line with LIBOR	Growth of 10% p.a. in excess of LIBOR	10% for achieving threshold with straight line relationship to 100% for maximum performance
Total Shareholder Return (TSR) for Admiral vs. FTSE 350	Median	Upper quartile	25% for median, with straight line relationship to 100% for upper quartile
Return on Equity (ROE)	25%	55%	25% for achieving threshold with straight line relationship to 100% for maximum performance

**DFSS bonus**

The Company does not pay annual cash bonuses in the traditional sense and instead has in place a simple cash award that is directly linked to the number of DFSS awards which have yet to vest and actual dividends paid out to shareholders. This structure contributes to a culture of focussing on collective, rather than individual, and long-term, rather than short-term, success, and is aligned with the Company's philosophy around the efficient use of capital and distribution of surplus profits. The DFSS bonus is also subject to a ±25% adjustment based on performance against a set of risk metrics.

**Pension Provisions**

The Group operates a Defined Contribution Scheme which is available to all employees following completion of their probationary period. In the UK, the Group matches employee contributions to a maximum of 6% of base salary subject to a maximum employer contribution of £15,000.

The Remuneration Report within the Group's 2018 Annual Report contains further information about the DFSS scheme and the Remuneration Policy for Executive Directors of the Group.

**MATERIAL RELATED PARTY TRANSACTIONS**

Details relating to the remuneration and shareholdings of key management personnel are set out in the Directors' Remuneration Report within the Group's 2018 Annual Report. Key management personnel are able to obtain discounted motor insurance at the same rates as all other Group staff, typically at a reduction of 15%.

The Board considers that only the Executive Directors of Admiral Group plc are key management personnel. Aggregate compensation for the Executive Directors is disclosed in the Directors' Remuneration Report within the Group's 2018 Annual Report.

## **B.2. FIT AND PROPER REQUIREMENTS**

The Admiral Group Nominations Committee owns and approves the Admiral Group plc Fit and Proper Policy. The policy aims to ensure that all senior individuals who represent the organisation meet the fit and proper requirements in terms of qualifications, capability, honesty and integrity. As per the Policy, all prospective senior management appointments shall fill out a checklist prior to an offer being made. The checklist includes details of the candidate's knowledge, competence and experience to perform the role, and a declaration from the senior manager responsible for the recruitment to confirm the assessment of the candidate's fitness and propriety was carried out in line with this Policy. In addition, the candidate will be subject to interviews with appropriate members of staff, who will help complete the assessment of the candidate's fitness and propriety in relation to that role.

In order to ensure that the individuals running the organisation are fit and proper a number of checks are undertaken including;

- Previous employment history
- Educational background check
- Professional qualifications and membership check
- Notification of appointment to regulator
- Information on potential conflicts of interest
- Criminal history checks
- Credit checks
- Identity checks
- Directorship check
- Financial sanctions checks

The Head of People Services is responsible for ensuring the Fit and Proper policy, approved by the Admiral Group Nominations Committee, is adhered to when senior management appointments are made by the firm. The policy is reviewed annually by Compliance to ensure it is in line with all relevant regulations and remains fit for purpose. In addition, all senior management are subject to requirements laid out by the UK regulators (FCA and PRA), through the Senior Insurance Management Regime.

## **B.3. RISK MANAGEMENT SYSTEM INCLUDING THE OWN RISK AND SOLVENCY ASSESSMENT (ORSA)**

The Group has a 'three lines of defence' approach to Risk Management, the scope of which also applies to the solo entities AICL and AIGL. The 'first line of defence' describes the controls the Group has in place to deal with the day-to-day business. Controls, which are designed to appropriately mitigate risk, are managed by the business unit and overseen by the business unit Risk Management Committees who ensure compliance and review control breakdowns, inadequacy of process and unexpected events.

The 'second line of defence' describes the Committees (primarily the GRC) and functions that are in place to provide an oversight of the effective operation of the internal control framework. These committees review the management of risk in relation to the particular risk appetite of the business, as determined by the Board. The 'second line' is reinforced by the advisory and monitoring functions

of Risk and Compliance. Risk defines and prescribes risk assessment processes for the business, maintains risk registers and undertakes regular reviews of these risks and controls in conjunction with line management. Compliance provides advice on all areas of regulatory principles, rules and guidance, including reviewing any changes, and undertakes monitoring activity on key areas of regulatory risk and policy adherence.

The 'third line of defence' describes the independent assurance provided by the Audit Committee and the Group Internal Audit function that reports to that committee. Internal Audit undertakes a programme of risk based audits covering all aspects of both the first and second lines of defence. The findings from these audits are reported to all three lines, i.e. line management, the executive and oversight committees and the Audit Committee.

The Group's Enterprise Risk Management Framework is described in Section C (Risk Profile) below.

## **ORSA**

Admiral Group plc's Risk Strategy is directly linked to its business plan and model. The approach is embedded in the ORSA and links to the business planning process.

The Group Risk Function defines and prescribes the financial and operational risk assessment processes for the business; performs second line reviews, including reserving and capital modelling processes; maintains the risk registers; undertakes regular reviews of these risks in conjunction with line management; delivers the Own Risk and Solvency Assessment (ORSA); and records any actual losses or near misses that occur as a consequence of the realisation of risk.

The Chief Risk Officer has responsibility for ensuring that managers are aware of their risk management obligations, providing them with support and advice, and ensuring that the risk management strategy is properly communicated. Reports are produced showing the most significant risks identified and the controls in place. Internal Audit uses the risk registers to plan and inform their programme of audits around the most significant risks to the Group to ensure that the prescribed controls are in place and are operating effectively.

### **ORSA Approval Process**

On an annual basis, or following significant changes in the risk profile of the business, the Group Risk Function will produce an Own Risk and Solvency Assessment (ORSA) Report, in line with the ORSA Policy and Solvency II regulations. The report is reviewed and challenged at the GRC prior to submission to the Group and subsidiary Board Committees.

The report is also submitted to the PRA for information purposes, and to receive feedback on the quality and suitability of the report.

### **Group Determination of Solvency Requirements**

Within the ORSA, the Solvency Capital Requirement is calculated on two bases; Regulatory and Economic (ultimate). The ORSA considers both bases in order to provide a quantification of the differences between the two viewpoints. In addition, analyses of the key drivers of economic (ultimate) capital needs and regulatory capital requirements are also considered.

Admiral is currently developing an internal model and intends to seek approval from the PRA and the FSC to calculate the regulatory SCR using a Partial Internal Model (PIM) for Group and AIGL. Whilst Admiral completes this development, the Group's regulatory capital requirement is based on the Solvency II standard formula with a Capital Add-On to reflect recognised limitations in the standard formula, (predominantly in respect of profit commission arrangements within co- and reinsurance contracts and risks arising from Periodic Payment Order (PPOs) claims).

Refer to section C for a review of the Group's basis for calculating Regulatory capital requirements.

#### **B.4. INTERNAL CONTROL SYSTEM**

The Admiral Group Internal Control Policy documents the procedures in place within the Group (that also cover the solo entities AICL and AIGL), to ensure there is an effective internal control system operating. The internal control system is managed through both the effective operation of the systems of governance in place within the Group, as well as through the three lines of defence strategy adopted by the Group.

The Internal Control framework is broadly defined as continually operating processes, effected by the Board of Directors, management and all levels of personnel, designed to provide reasonable assurance regarding the achievement of objectives in the following categories:

- Effectiveness and efficiency of operations in view of its risks and objectives
- Availability and reliability of financial and non-financial information
- Compliance with applicable laws, regulations and administrative provisions

Internal control consists of four interrelated components:

- Control environment – sets the tone of an organisation through the business plan, risk appetite and risk profile.
- Control activities – policies and procedures that help ensure necessary actions are taken to address risks to achieve the business' objectives.
- Information and Communication – Pertinent information must be identified, captured and communicated in a form and timeframe that allows relevant individuals to carry out their responsibilities.
- Monitoring – Internal control systems need to be monitored to assess the quality of the internal control system over time. This is accomplished through ongoing monitoring activities, with deficiencies in the internal control framework reported to senior management and the Board.

The Group's control environment is determined by the Admiral Group Board of Directors, supported by a number of Committees who have set the tone of the organisation through the Admiral culture, principles, business plan and risk appetite.

Key control activities are mapped to primary risks held within the Group's risk universe.

Line 1 (operational functions) are responsible for monitoring all the risks facing their operation, whether this be through call monitoring, file reviews or audit reviews. Results on monitoring activities are provided to operation managers, and subsequently reported on through the Admiral Group Governance structure.

Line 2 (Risk & Data Protection, Compliance and Actuarial functions) are responsible for the oversight of the Line 1 monitoring. This is done through:

- Risk reviews – business unit risk and controls discussed at RMCs with material risks and KRIs presented to Group Risk Committee in the Consolidated Risk Report
- Compliance Advice and Compliance Monitoring Reviews presented to Group Risk Committee
- Actuarial and validation reviews

Line 3 (Internal Audit) are responsible for conducting an objective and independent appraisal of all the Group's activities, financial and otherwise, through a risk based plan, approved annually by the Group Audit Committee.

External Reviewers are responsible for the oversight of specific processes within the Group, depending on the scope of the review they are required to undertake.

#### **B.5. COMPLIANCE FUNCTION**

The Group Compliance Function sets the strategic direction for the business on Compliance matters and provides oversight and assurance to the Board over the effectiveness of the first line areas in delivering its regulatory responsibilities and adherence to the rules and guidelines set by the FCA and PRA, along with other regulatory bodies as applicable.

The Group Compliance Function is responsible for the design, implementation, monitoring, and review of the Group's Conduct Risk Management Framework as well as the identification and communication of any new requirements arising from changes in regulation. The Function, alongside Group Risk, oversees the Line 1 processes for identifying, owning and ongoing management of Conduct Risk, including the implementation of new regulatory requirements. The Head of Group Compliance provides regular reports to the Group Risk Committee who monitor Conduct risk in relation to the Conduct Risk appetite approved by the Group Board. Regular Compliance reporting is also provided to the subsidiary boards including the EUI, AIGL and AICL Boards.

The Group Compliance Function works with the Group Risk Function to provide advice and resolution to risk events as they arise. Management of customer outcome risk events is completed in line with the Group Risk Management Policy.

#### **B.6. INTERNAL AUDIT FUNCTION**

The Group Internal Audit function is responsible for conducting an objective and independent appraisal of the Group's activities, financial and otherwise, through a risk-based plan, approved annually by the Group Audit Committee. It is responsible for evaluating and reporting to the Group Board and the Group Audit Committee, and thereby providing them with assurance on the operating effectiveness of controls that management has put in place.

Internal Audit is also responsible for providing assurance over the arrangements for risk management, control and governance, compliance with internal policies, procedures and controls, and value for money, where relevant to each audit assignment. The Group Internal Audit department shall report to the relevant Board/Committee the findings and recommendations from their review, including the time period envisaged to remedy any shortcomings, and follow up on any recommendations made on a timely basis. It remains the duty of management to operate these arrangements, to determine whether or not to accept audit recommendations and to recognise and accept the risks of not taking

action. Management need to provide an appropriate level of justification and where applicable supporting documentation to justify their reasoning, when choosing to accept the given risk, or decline a recommendation.

The Annual Audit Plan is based on a methodical risk analysis, taking into account all activities and the complete system of governance, as well as expected developments of activities and innovations. Significant areas of risk, per the Risk Registers, are considered for inclusion in the Annual Audit Plan each year. Any audits graded red in colour are considered for review within a twelve month period until they are in a non-red status.

### **Independence and Objectivity of the Internal Audit Function**

The Group's internal audit policy states that the Internal Audit department and all of its employees must be functionally and organisationally independent of the business processes, events and transactions of the company. The Internal Audit department will carry out its assignments with impartiality and is free to express its opinions in their reports. Amongst many matters, the Internal Audit department must have direct access to the Board of Directors, Group Audit Committee and the Chief Executive Officer and be able to report directly to these levels when they deem this necessary. Such independent structure should enable the internal auditor to render impartial and unbiased judgement, essential to the proper conduct of their work.

Internal Audit activity must be free from interference in determining the scope of internal auditing, performing work and communicating results.

Unless permission is granted by the Group Audit Committee Chair, an Internal Auditor will not perform an audit review in an area where they had a consultancy / operational role in the previous twelve months.

Where practical, areas under review are rotated amongst the staff in Internal Audit to avoid any potential conflict of interest.

### **B.7. ACTUARIAL FUNCTION**

The Actuarial Function has a number of responsibilities in the area of Technical provisions and also in providing an opinion on the adequacy of re-insurance and underwriting.

Solvency II requirements state that the Actuarial Function shall be carried out by persons who have knowledge of actuarial and financial mathematics, commensurate with the nature, scale and complexity of the risks inherent in the business, and who are able to demonstrate their relevant experience with applicable professional and other standards. The Actuarial Function should be free from influences that may compromise its ability to undertake its duties in an objective, fair and independent manner.

The Actuarial Function produces a written report ("The Actuarial Function Report") which is submitted to the Board, at least annually, documenting all tasks undertaken, identifying deficiencies and making recommendations to remedy these deficiencies. The report is designed to include the calculation of technical provisions, an opinion on overall underwriting policy and an opinion on the adequacy of reinsurance arrangements.

The responsibilities that fall under the remit of the Actuarial Function are segregated from other business activities to allow independent review and challenge, allowing the Actuarial Function to provide an independent opinion of the areas of Technical Provisions, Reinsurance and Underwriting. The review and challenge is carried out by the second line Group Risk Function which enables clearer separation of activities and strengthens the independence. The Actuarial Function is made up of suitably qualified actuaries who have the skills and knowledge to make the decisions without the influence of others.

## **B.8. OUTSOURCING**

The Group's Procurement and Outsourcing Policy ensures that any third party arrangement entered into by the Group does not lead to impairment of either the Group's systems of governance and internal control, or the relevant supervisory authority in monitoring compliance risks, does not unduly increase the operational risk and does not undermine continuous and satisfactory service to customers.

The Group outsources a number of critical and important functions across all businesses, to various third parties. The Group Procurement and Outsourcing Policy provides a clear guide to identify and manage outsourced relationships to a minimum standard based on the strategic risk the supplier poses to the Group.

Material intra-group outsourcing arrangements include the provision of insurance services by the Group's insurance intermediaries EUI Limited, EUI (France) Limited and Elephant Insurance Services LLC to the Group's regulated insurance entities. In addition, the Group has shared IT development centres in Canada, India and Spain that provide services to both the Group's insurers and price comparison websites. Intra-group outsourcing arrangements fall within the scope of the Group's outsourcing policy in a consistent manner to outsourcing arrangements external to the Group.

## **B.9. ANY OTHER INFORMATION**

### **Assessment of the adequacy of the system of governance**

The Board is ultimately responsible for the Group's system of governance, including the system of risk management and internal control.

As noted in the Group's 2018 Annual Report, the Board confirms the Group's compliance with the principles and provisions of the UK Corporate Governance Code 2016 (the code) which is applicable to the year under review, and is considered to represent best practice for UK listed companies. This covers both the Group as a whole, and also the solo entities AIGL and AICL.

On the 28th June 2017 the FCA wrote to David Stevens regarding the Governance Arrangements at Admiral Group ('Admiral'). In this letter the FCA outlined its concerns under the following key headings: Governance Structures and Approved Persons; Independent Non-Executive Directors; and Admiral Financial Services Limited.

Admiral contracted Grant Thornton to undertake an independent review of the effectiveness and appropriateness of the corporate governance arrangements in place at Admiral Group, with a primary focus on the UK regulated entities. The extent of the work performed by Grant Thornton was captured

in a detailed plan, that went through extensive internal consultation as well as consultation with the FCA.

The Draft Interim Report was provided to the Group Board for their consideration before being submitted to the FCA in December 2017. While the Final Report, post Group Board approval was provided to the FCA on 31st January 2018. The Governance Review made a number of recommendations for improvement in Admiral's governance structure and processes. These recommendations formed the basis of a comprehensive action plan that in accordance with Admiral's project governance framework is overseen by a gold "Governance Implementation" project. The Governance Implementation Project Action Plan contained 27 individual workstreams which were completed during the year.

## C. RISK PROFILE

### RISK ASSESSMENT AND RISK MANAGEMENT

The Admiral Group Board is responsible for determining risk strategy and risk appetite across the Group, and for the Group's system of risk management and internal control. The Board has delegated the development, implementation and maintenance of the Group's risk management framework to the Group Risk Committee, which reports its activities to both the Board and also to the Group Audit Committee, for the purposes of reviewing and reporting on the overall effectiveness of this system.

The Group's 2018 Annual Report (pages 80-84) contains detailed information on the activities of the Group Risk Committee during the year along with the Committee's duties and responsibilities and the Group's Risk Management and Internal Control statement.

Risk is an essential part of the Group's business operations and successful risk taking is required to achieve the Group's business objectives, forming a core consideration when setting strategy, formulating business plans, managing performance and rewarding management success.

The Enterprise Risk Management Framework (ERMF) at Admiral Group has been designed, implemented and embedded to provide the Board with oversight of the risks and the management of those risks throughout the Group. The framework operates to provide first, second and third lines of defence for all risks whether accepted within the risk appetite process or not.

The structure of the Admiral Group Risk Appetite is as follows:

- i. The **Key Risks** to the business are identified based on the Level 1 Risks from the Admiral Risk Universe, with a further split to highlight other key risks on the grounds of materiality.
- ii. **Risk Classifications** are assigned to each key risk on a materiality basis.
- iii. **Risk Drivers** are identified for each key risk.
- iv. **Risk Appetite Statements** are then assigned to define the approach to managing each of the risk drivers within appetite for the key risk category.
- v. **Key Risk Indicators (KRIs)** are monitored for each risk driver to act as early warning indicators for the Board and Management Risk Appetite Statements.
- vi. **Triggers and Limits** are defined to reflect early warning indicators such that a break of a trigger or limit is not defined as a break of the Board's risk appetite.
- vii. **Risk Assessment** using the Group Risk Materiality Matrix following a breach of a number of KRI limits simultaneously or an extended breach of a KRI limit for Operational and Group level 1 risks.

The Group Risk Appetite is owned by the Admiral Group Board, who approve components i) to vii). The responsibility for the Group Risk Appetite is delegated to the Group Risk Committee who reviews all components prior to Board approval and monitors the performance of the business against the approved Group Risk Appetite through the Consolidated Risk Report.

### MATERIAL RISKS

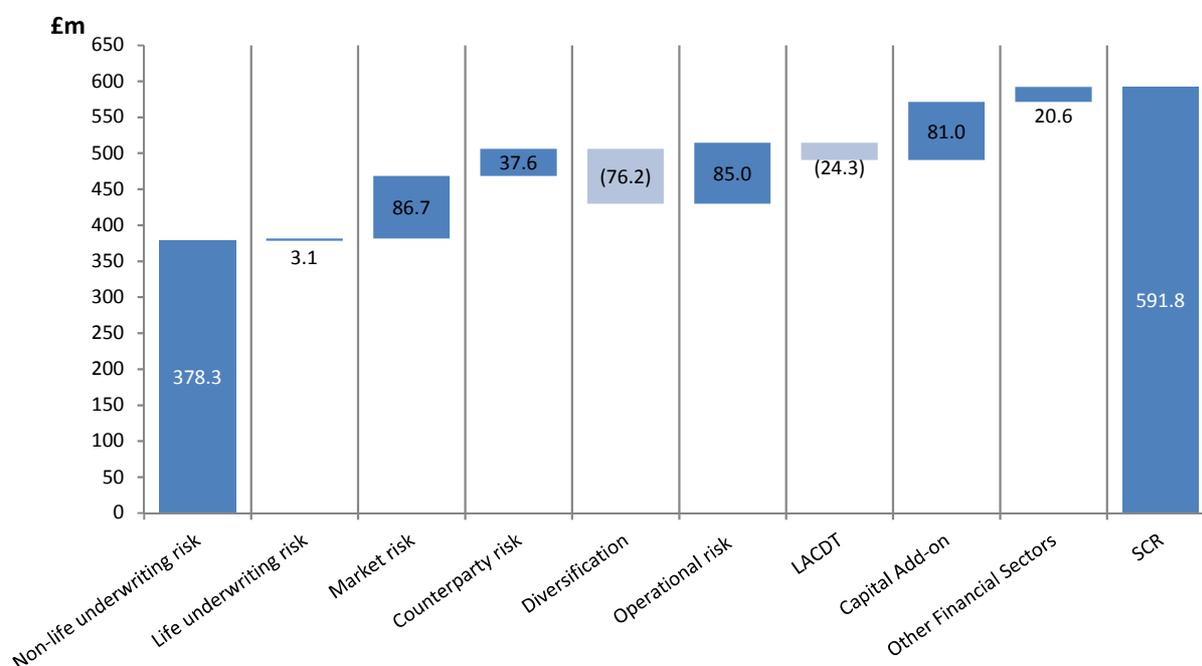
The material, or Key Risks to the Group are listed below, and may be mapped to the main categories of risk within the Solvency II Solvency Capital Requirement (SCR):

Key Risk	Risk Overview
Insurance, or Underwriting Risk	Uncertainty over the occurrence, amount or timing of claims arising on insurance contracts issued by the Group.
Market Risk	Fluctuations in the value of market prices of the Group's investment assets and liabilities, or in the income and expenses generated from these assets and liabilities.
Counterparty, or Credit Risk	The risk that counterparties (primarily either reinsurers or banks or other investment counterparties) default on obligations.
Operational Risk	Risks arising through operational processes and procedures. These include risks related to people, processes, IT systems, information security, business continuity and customer outcomes.
Group Risk	Risks, other than those captured within categories above arising across the Group's operations. These may relate to the Group's non insurance businesses (such as Price Comparison) or to other risks relating to the insurance businesses (such as loss of additional revenues from customers).

Each of these risk categories is discussed in further detail in sections C1 – C7 below, along with details of risk mitigating actions taken by the Group Board in respect of each risk. Pages 52-57 of the Group's 2018 Annual Report also provide further information on the Group's 'Principal Risks and Uncertainties', their impacts and the associated mitigating actions.

The Group's Solvency II SCR reflects the profile of these material risks. The chart below evidences that insurance, or underwriting risk is the Group's material risk concentration, comprising 66% of the YE 2018 SCR. There has not been a material change to this risk profile over the course of 2018 and there is not expected to be a material change during 2019.

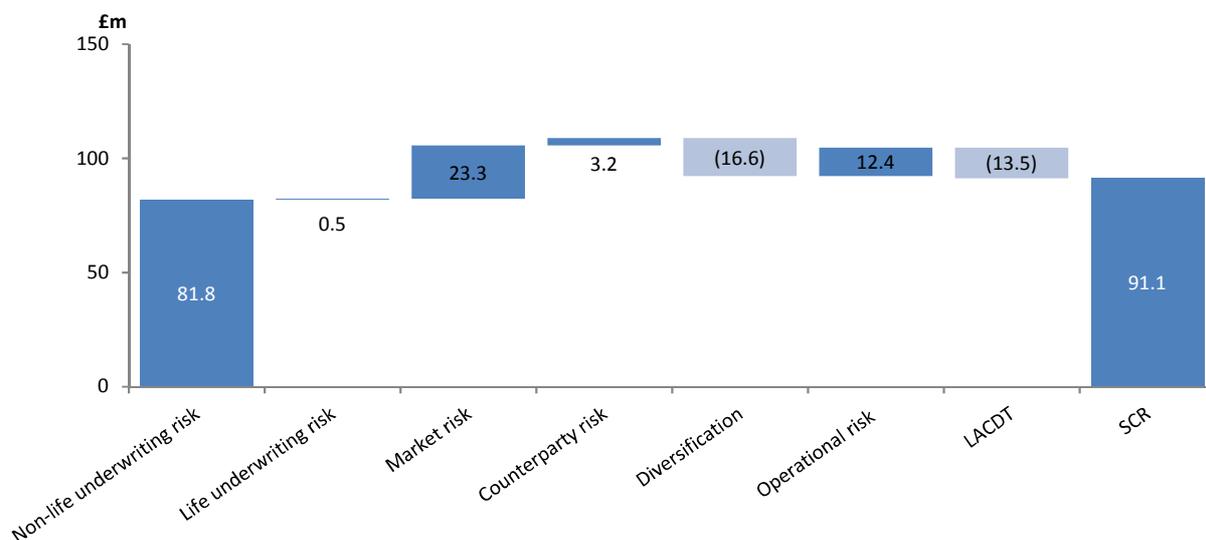
#### 2018 Group Solvency Capital Requirement – by risk type



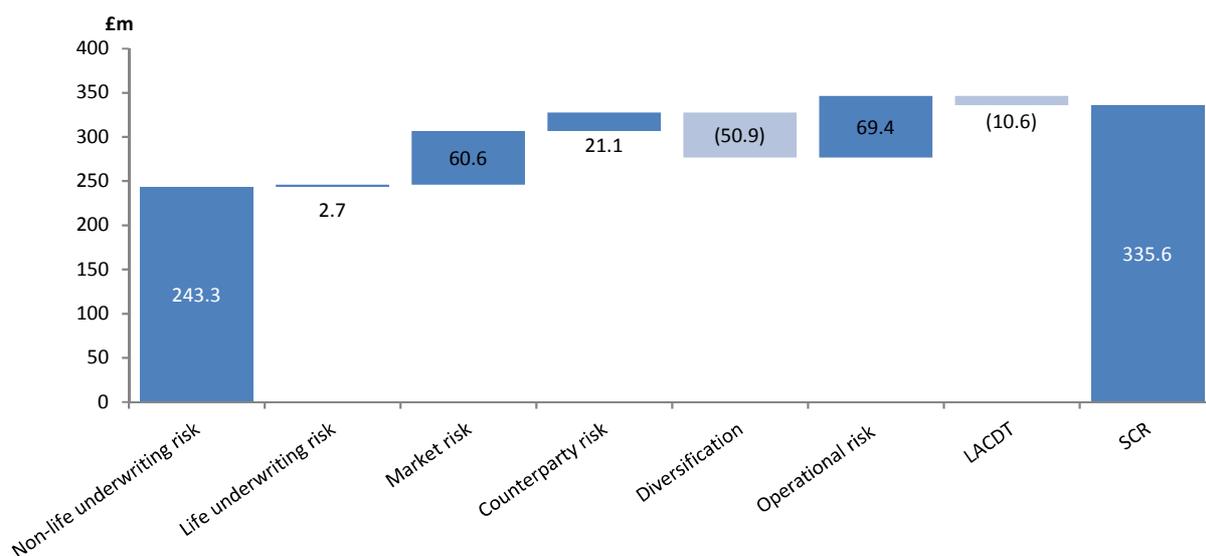
The Group's core and dominant line of business is UK motor and therefore the insurance, or underwriting risk is concentrated on the applicable SII lines of business for UK motor (primarily, non

life 'liability' and 'other' risks). The composition of the SCR for the solo entities AICL and AIGL is shown in the charts below:

### 2018 AICL Solvency Capital Requirement – by risk type



### 2018 AIGL Solvency Capital Requirement – by risk type



### REGULATORY SOLVENCY CAPITAL REQUIREMENTS

The Group's Solvency Capital Requirement presented in the first chart above, is the Regulatory SCR which is prepared on a Standard Formula (SF) plus Capital Add-On (CAO) approach, as shown by the table below:

Regulatory SCR Calculation Approach	GROUP	AICL	AIGL
SF		✓	
SF plus Undertaking Specific Parameters (USP)			✓
SF plus CAO	✓		

As previously disclosed, the Group is preparing to make a Partial Internal Model submission to the UK and Gibraltar regulators. Ahead of the start of the Solvency II regime, the Group applied for a CAO to the standard formula to reflect recognised limitations in the standard formula with respect to Admiral's risk profile. These predominately relate to profit commission arrangements in co-insurance and reinsurance contracts and risks arising from claims including PPO claims.

The Group previously communicated a hope to apply to the PRA during 2019 for approval to use a Partial Internal Model to calculate SCR. Whilst progress was made over the past year, the Group needs to further enhance its application before formally applying and does not expect to submit the application during 2019 and possibly not 2020. In the interim period before submission, the Group will continue to use the current CAO basis to calculate its regulatory capital requirement. For further detail, please refer to sections C6 and E2 below.

The Regulatory SCRs for the Group's Solvency II regulated subsidiaries AICL and AIGL, are calculated on a standard formula basis. For the UK regulated subsidiary, AICL, the Group considers the standard formula to appropriately reflect the Company's risk profile.

For the Gibraltar regulated subsidiary, the interaction of profit commission arrangements with external reinsurers and intra-group profit commission arrangements means limitations of the standard formula with respect to these risks cannot be addressed with a CAO as the add-on would reflect a deduction to the standard formula, which is not permitted within Solvency II regulation. AIGL has obtained approval from the Gibraltar regulator (Gibraltar Financial Services Commission) to use Undertaking Specific Parameters (USPs) in its calculation of underwriting risk.

### **C.1. UNDERWRITING RISK**

The Group's underwriting risk consists of Non-life and Life components. As noted above, the material concentration of risk is within Non-life underwriting risk, given the Group's focus on general insurance lines of business. Life underwriting risk arises through the settlement of claims on a Periodic Payment Order (PPO) basis, where annual index-linked settlements to claimants exposes the Group to life risks such as the claimant's life expectancy (longevity) and inflation.

#### **NON-LIFE UNDERWRITING RISKS**

Non-life underwriting risk consists of the following components of risk:

- Non-life premium risk
- Non-life reserve risk
- Lapse risk
- Catastrophe risk

The valuation of Non-life underwriting risk is driven by the premium and reserve risk component, with small contributions made by lapse and catastrophe risk.

The majority of Non-life underwriting risk is accepted by the Group's regulated subsidiaries in the UK and Gibraltar, AICL and AIGL. As a result, there is little difference between the sum of the components of Non-life insurance for AICL and AIGL and the Group valuation. The key exception to this is catastrophe risk; the difference here is driven by exposure to natural weather catastrophes (primarily through hail and flood) in the USA due to risks underwritten within EIC.

Non-life Reserve risk is driven by adverse development in the valuation of the liabilities which is mainly related to longer tailed bodily injury claims, arising from the Group's UK Motor business, which have greater uncertainty associated with the ultimate cost of claims than, for example, property damage claims (across both Motor and Household businesses). These claims can develop over a number of years so the reserve risk figure relates to several underwriting years.

The Group's retention of risk across underwriting years for the core UK motor business varies depending on the co-insurance and quota share reinsurance contracts in place for each year. The Group has historically used reinsurance (in the form of both co-insurance and quota share reinsurance, as well as excess of loss reinsurance) as a risk mitigation tool across all lines of business - refer to the risk mitigation section below for further detail. In addition, the Group's Annual Report contains further information about the co-insurance and reinsurance arrangements in place for businesses across the Group (page 35 for UK Insurance and page 43 for International Insurance).

Premium risk is the risk that the Group incurs losses on risks arising in the twelve months after the valuation date. Premium risk consists of a lower proportion of bodily injury exposure, and therefore has a higher proportion of property damage in future claims experience which increases the diversification between claim types compared to reserve risk. This is due to premium risk considering the future occurrence and severity of claims, rather than the development of existing claims, of which property damage claims generally settle quickly.

#### **LIFE UNDERWRITING RISKS**

As noted above, the Group is exposed to life underwriting risks in respect of claims that have settled by way of a PPO. The risks relevant to the Group within the standard formula calculation of life risk are longevity risk and life expense risk. In addition, the Group's CAO captures inflation risk (refer to section C6).

The Group has a relatively low number of settled PPO claims, and therefore, life underwriting risk does not reflect a significant contribution of risk. In addition to this, diversification against the significant non-life insurance risks further reduces the element of the SCR attributable to life underwriting risk.

#### **RISK MITIGATION**

Underwriting risk is the Group's material risk and as noted above, a key part of the Group's risk mitigation strategy with respect to underwriting risk is the use of Co-insurance and reinsurance (both proportional quota share reinsurance and non-proportional excess of loss reinsurance). In the core UK motor business, quota share reinsurance contracts are utilised to mitigate risk.

In respect to proportional risk sharing agreements, the Group's net retained share of business after proportional co-insurance and reinsurance arrangements, for material businesses in the 2019 underwriting year, and at 31 December 2018 in relation to 2018, 2017 and 2016 underwriting years, is as follows:

Business	Net Retained Share 2019 UW Year	Net Retained Share 2018 UW Year	Net Retained Share 2017 UW Year	Net Retained Share 2016 UW Year
UK Motor	22%	22%	22%	25%*
UK Household	30%	30%	30%	30%
UK Other	100%	100%	100%	100%
Italian Motor	35%	35%	35%	35%
Spanish Motor	30%	30%	30%	30%
French Motor	30%	30%	30%	30%
US Motor	33%	33%	33%	33%

\*Underwriting year 2016 was commuted in Q1 2018 for all UK Motor.

In line with the standard formula approach, underwriting risk capital requirements are calculated net of co-insurance and reinsurance. However, for UK Motor contracts, both co-insurance and proportional quota share reinsurance contracts allow Admiral to participate in the profitability of those portions of the book through profit commission arrangements. The additional risks that the Group is exposed to through these contracts are captured in the Group's CAO – refer to section C6 below.

## C.2. MARKET RISK

The Group's investment strategy is primarily focused on capital preservation with additional priorities being low volatility of returns and high levels of liquidity. The strategy and resulting portfolio was materially unchanged during 2018, with money market funds, and fixed income debt securities comprising the majority of the total portfolio.

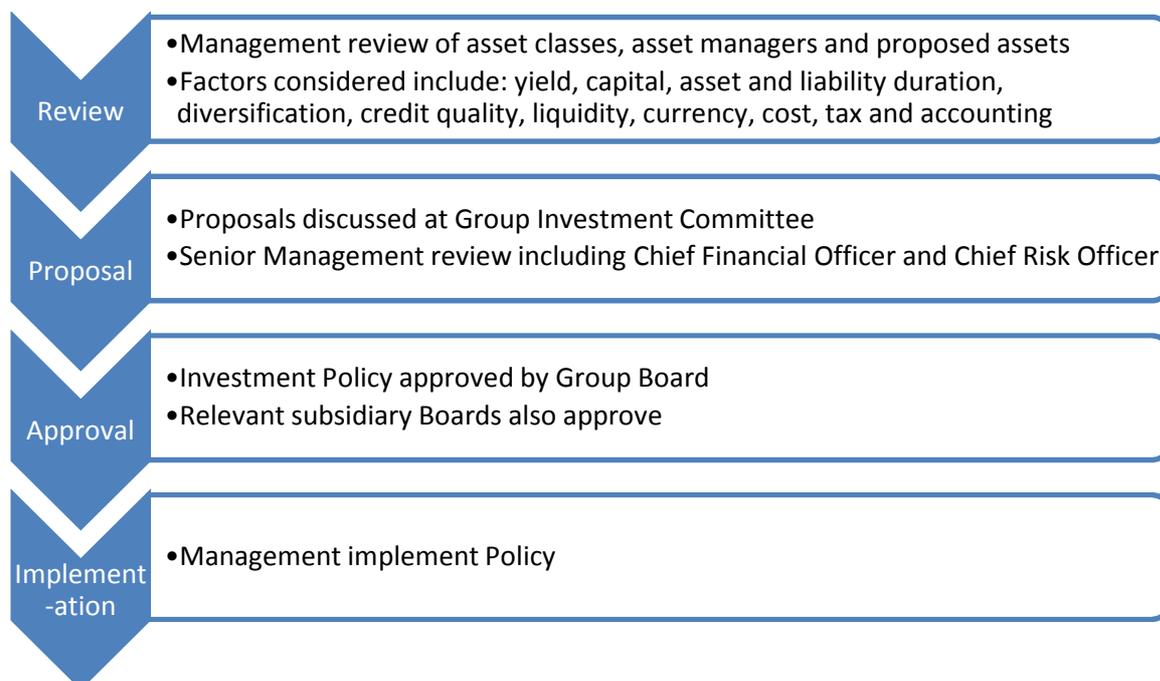
Further information on the IFRS classification of the Group's cash and investments is included in the Group's 2018 Annual Report.

### PRUDENT PERSONS PRINCIPLE

Solvency II has introduced the Prudent Person Principle for managing investments.

The Prudent Person Principle seeks to ensure that the industry understands and is capable of managing its investment risks. Specifically, insurers must be able to demonstrate that they can properly identify measure, monitor, manage, control and report on their investment risks and not place reliance upon information provided by third parties.

Admiral's risk management and strategic decision making process in respect of asset investment is centred on the Group's Investment Committee. The Investment Committee is a Management committee that includes Non-Executive representation. The governance process for material asset investment decisions can be summarised as follows:



At each stage of the process the proposal is subject to review by senior management independent of the proposal. Implementation of an investment decision is performed only once all stages of approval have been achieved. The quantitative analysis is considered but also the experience of the senior management allows for a material qualitative judgement.

Once the purchase has occurred the asset is then part of the ongoing valuation, income and capital process. The Group Investment Committee meets on a quarterly basis and reviews detailed Management Information presented on a look-through basis that covers the security, quality, liquidity and profitability of the portfolio.

### MARKET RISK COMPONENTS

Market risk comprises 15% of the Group’s 2018 regulatory SCR. The largest contribution at YE’18 is from Spread Risk, primarily reflecting the risk of valuation changes in the Group’s fixed income debt securities resulting from credit spread changes. Interest rate risk, Equity risk (in relation to the valuation of the parent company’s holdings in Strategic Participations), Currency risk and Concentration risk also contribute as noted in the table below. Market risk comprises 26% and 18% of the SCRs for AICL and AIGL respectively.

Risk	Description
Interest Rate Risk	The risk of a fall in the value of assets and/or an increase in the value of liabilities, due to changes in the level of interest rates. The standard formula interest rate module captures the net movement of both the Group’s investment portfolio and the Insurance Technical Provisions.
Strategic Participation Risk	The risk of a change in the value of the holdings in non-insurance subsidiary undertakings of Admiral Group. This consists of the investments made in, for example, the Group’s price comparison businesses.
Spread Risk	The risk that the value of an investment holding falls, following a change in the riskiness (predominantly credit risk) of the issuing company.

<b>Currency Risk</b>	The risk of exchange rate movements that adversely impact the net value of overseas assets and liabilities.
<b>Concentration Risk</b>	The risk that Admiral Group holds a concentration of investments within a particular asset class or with a particular counterparty.

### **C.3. COUNTERPARTY DEFAULT RISK**

Credit or Counterparty risk represents the risk of default by reinsurance partners and investment counterparties holding the Group’s cash balances, in line with the standard formula approach. It reflects 7% of the Group SCR and is mainly comprised of Type 1 counterparty risk – the risk relating to default by reinsurance partners combined with a trivial amount of Type 2 counterparty risk – the risk relating to past due debtors.

It is a relatively small component of risk because the Group only enters into reinsurance arrangements with counterparties of appropriate credit ratings (A- or higher), and because the Group has ‘funds withheld’ arrangements in place with its largest motor quota share reinsurance partners in the UK which mitigates a significant proportion of the risk faced.

### **C.4. LIQUIDITY RISK**

Liquidity risk is not a key risk for the Group as both the UK Motor and Household Insurance have significant cash in-flows of income in advance of claims and expenses being paid, which are expected to be less than the total premiums received. This reduces the risk of a liquidity strain.

The total amount of expected profit included in future premiums (EPIFP) as calculated in accordance with Article 260 of the Delegated Acts is £44.4 million for the Consolidated Group and £6.9 million and £36.0 million for AICL and AIGL respectively. EPIFP is not a measure of the profit for the Group and is not to be interpreted as a profit forecast or to set a floor to the profits of the Group.

As noted in section C2 above, one of the Group’s strategic considerations when determining investment strategy is liquidity and a significant proportion of the funds invested sit in instant access money market funds.

### **C.5. OPERATIONAL RISK**

Operational risk arises within all areas of the business. The Group, through its ERMF, implements, maintains and monitors a series of internal controls that aim to mitigate the range of operational risks that the Group faces.

The operational risk capital requirement is calculated using the standard formula.

### **C.6. OTHER MATERIAL RISKS**

#### **CAPITAL ADD-ON**

As noted earlier in this section, the Group has applied for a Capital Add-On as a result of limitations in the standard formula with respect to the Group’s risk profile. The CAO reported in the 2018 Group annual QRT is £81.0 million, following approval in August 2017.

The CAO primarily reflects the following risks:

Risk	Description
Profit Commission	Admiral has extensive profit commission arrangements within its co-insurance and quota share reinsurance arrangements. Under stressed conditions, there is a risk that profit commission income recognised in the Solvency II balance sheet will need to be de-recognised, reducing the value of Own Funds.
PPO (Potential and Settled)	Admiral-specific parameters for both reserve and premium risk uncertainty are derived to reflect the risk associated with both future and potential PPOs, which is not deemed to be appropriately reflected in the standard formula parameters. In addition, the inflation risk related to settled PPOs is captured in recognition of the limitations of the standard formula life underwriting risk module.

## C.7. ANY OTHER INFORMATION

### LOSS ABSORBING CAPACITY OF DEFERRED TAXES (LACDT)

At YE'18, the Group's regulatory SCR is reduced by £24.3 million to reflect the tax losses arising as a result of the 1 in 200 year event, that may be utilised against current or deferred tax liabilities. The resulting LACDT can primarily be attributed to the Group's regulated insurance entities in the UK and Gibraltar. No LACDT benefit has been recognised on the basis of the potential to offset tax losses against profits on business that will be written in the future.

### TREATMENT OF ADMIRAL LOANS

At YE'18, the Group's regulatory SCR is increased by £20.6 million to reflect the risks inherent within the Admiral loans business. This primarily reflects credit risk on the net loans portfolio, together with an element of operational risk.

### RISK SENSITIVITY

The Group has established processes to undertake stress and scenario testing on an ongoing basis, with testing undertaken at least annually. The stress testing processes operate in collaboration with the Corporate Governance Committees and involve a number of members of senior and operational management. The results of the tests undertaken improve the Boards understanding of risk, influence business decisions and form a key part of the Enterprise Risk Management Framework.

In addition, solvency ratio sensitivities are reported to the Group Board and its Committees on a regular basis. The following Group solvency ratio sensitivities (as reported in the 2018 Annual Report) were reviewed for YE'18.

Solvency Ratio Sensitivities 2018	Movement in Solvency Ratio (percentage pts)
UK Motor – incurred loss ratio +5%	(27%)
UK Motor – 1 in 200 catastrophe event	(2%)
UK Household – 1 in 200 catastrophe event	(2%)
Interest rate – yield curve down 50 bps	(12%)
Credit spreads widen 100bps	(5%)
Currency – 25% movement in euro and US dollar	(3%)
ASHE – long term inflation assumption up 0.5%	(10%)

## D. VALUATION FOR SOLVENCY PURPOSES (AUDITED)

Section D focuses on the Solvency II balance sheet and the valuation of assets and liabilities. For each material class of assets, technical provisions and other liabilities, the following information is provided:

- A description of the bases, methods and main assumptions used in arriving at the valuation for solvency purposes;
- Quantitative and qualitative explanations of material differences between the bases, methods and main assumptions used for the valuation for solvency and financial statement purposes.

The material classes in the Group and solo entity Solvency II balance sheets are shown in the table below.

### Summary Solvency II Balance Sheets – Consolidated Group, AICL and AIGL

Solvency II Balance Sheet, 31-Dec-18	GROUP	AICL	AIGL
Property, plant and equipment	25.3	-	-
Investments excl Participations	2,949.4	368.6	2,263.8
Investment in Participations	76.8	75.8	-
Loans and Mortgages	126.5	-	50.9
Reinsurance recoverables	1,444.6	131.1	1,243.1
Receivables and other assets	451.3	16.4	176.3
Cash	314.5	22.8	44.3
<b>Total Assets</b>	<b>5,388.4</b>	<b>614.7</b>	<b>3,778.4</b>
Technical Provisions - best estimate	2,826.3	418.7	2,303.8
Technical Provisions - risk margin	96.4	15.2	75.2
Deposits from reinsurers	707.6	3.9	743.2
Deferred tax liabilities	65.3	6.3	1.5
Other payables and liabilities	484.0	15.3	237.1
Subordinated liabilities	211.3	-	-
<b>Total Liabilities</b>	<b>4,390.9</b>	<b>459.4</b>	<b>3,360.8</b>
<b>Excess of Assets over Liabilities</b>	<b>997.5</b>	<b>155.3</b>	<b>417.6</b>

Section E of this document contains a reconciliation from the IFRS net assets to the Solvency II excess of assets over liabilities that forms part of Tier 1 Own Funds.

The individual material classes of assets, technical provisions and liabilities are considered in sections D1, D2, and D3 respectively.

## D.1. ASSETS

Material Class	
1. Goodwill, DAC and Intangible Assets	Goodwill, deferred acquisition costs and intangible assets (primarily internally generated software assets) have no economic value and are therefore eliminated in the transition from IFRS to Solvency II. This has a total impact of £125.8 million for Group, and £6.1 million and £18.4 million for AICL and AIGL respectively.
2. Property, plant and equipment	Property plant and equipment, PPE (primarily leasehold improvements) are held at the IFRS value of cost less depreciation. This valuation is not considered to differ materially from its economic market value.
3. Investments and 8. Cash	<p>Financial assets and liabilities are held at Fair Value where level 1 inputs can be obtained. Level 1 refers to the first level of the Fair Value hierarchy which categorises valuation inputs into three levels. The hierarchy gives the highest priority (Level 1) to quoted prices in an active market, and the lowest priority to unobservable inputs (Level 3). Level 3 financial assets and liabilities are immaterial to the Group, AICL and AIGL.</p> <p><b>Level 1 inputs</b></p> <p>Level 1 inputs are quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date.</p> <p>A quoted market price in an active market provides the most reliable evidence of fair value and is used without adjustment to measure fair value whenever available, with limited exceptions.</p> <p><b>Level 2 inputs</b></p> <p>Level 2 inputs are inputs other than quoted market prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.</p> <p>Level 2 inputs include:</p> <ul style="list-style-type: none"> <li>• quoted prices for similar assets or liabilities in active markets</li> <li>• quoted prices for identical or similar assets or liabilities in markets that are not active</li> <li>• inputs other than quoted prices that are observable for the asset or liability, for example <ul style="list-style-type: none"> <li>○ interest rates and yield curves observable at commonly quoted intervals</li> <li>○ implied volatilities</li> <li>○ credit spreads</li> </ul> </li> <li>• inputs that are derived principally from or corroborated by observable market data by correlation or other means ('market-corroborated inputs').</li> </ul> <p>The Group currently categorises its valuation of investments in money market funds fixed income debt securities, and government gilts as Level 1.</p> <p>Level 1 valuations for money market funds, fixed income debt securities and government gilts reflect the fair value (the amount a third party would pay for the asset on the valuation date), and are obtained externally from observable market information. This valuation is consistent with the IFRS valuation.</p> <p>Cash and term deposits are held at amortised cost which is materially consistent with as fair value. This is in line with the IFRS valuation.</p>
4. Investments in Participations	Participations are valued and accounted for using the adjusted net equity method for Solvency II purposes. This is different to the IFRS valuation which is based on an unadjusted IFRS net asset valuation – the differences therefore relate to the adjustments noted in these valuation policies. The impact of revaluation to the adjusted net equity method is a reduction of £18.6 million.

5. Loans and Mortgages	Loans and advances are measured at amortised cost. This is because the assets are held in order to collect contractual cash flows, and the contractual terms of the financial asset give rise to cash flows which are solely payments of principal and interest on the principal amount outstanding. The amortised cost of loans and advances is a reasonable approximation of fair value.
6. Reinsurance Recoverables	Refer to Technical Provisions section (D.3).
7. Receivables and other assets	The fair value of receivables is based on the amortised cost valuation, in line with Level 2 of the FV hierarchy noted above. Due to the short term nature of the receivables this amortised cost valuation approximates to fair value and therefore there are no valuation differences between IFRS and SII valuation.

## D.2. LIABILITIES

Material Class	
9. Technical Provisions - best estimate	Refer to Technical Provisions section (D.3).
10. Technical Provisions - risk margin	Refer to Technical Provisions section (D.3).
11. Deposits from reinsurers	Deposits from reinsurers reflect amounts held in relation to reinsurance contracts. The balances are valued on a historic cost basis which is materially in line with their fair value due to the short term nature of the liabilities.
12. Deferred tax liabilities	<p>The deferred tax liability in the Group Solvency II balance sheet reflects the net deferred tax liability on a Solvency II basis using the valuation rules within IAS 12. The total Group revaluation of £63.9 million reflects the deferred tax impact of the revaluations made between IFRS and Solvency II in the other balance sheet line items, primarily the release of margin in the Technical Provisions and Profit Commission balances. The corresponding revaluation for AICL and AIGL is £6.4 million and £1.5 million respectively.</p> <p>The IFRS deferred tax balance is a net deferred tax asset.</p>
13. Other payables and liabilities	<p>Other payables and liabilities primarily reflect other balances with co-insurers and reinsurers, not classified elsewhere and balances between the entities within the scope of the Solvency II Group and related participations.</p> <p>The balances are valued on an amortised cost basis which, due to the short term nature of other payables, is materially consistent with fair value; this valuation is the same as the IFRS valuation.</p>
14. Subordinated liabilities	Subordinated liabilities reflects the Group's 10 year subordinated bonds. For Solvency II purposes it is included at fair value (excluding the impact of changes in Admiral's own credit quality). On an IFRS basis, it is held at amortised cost.

### D.3. TECHNICAL PROVISIONS

#### TECHNICAL PROVISIONS – BEST ESTIMATE

Best estimate technical provisions for Group and solo entity material lines of business are as follows:

#### 2018 Best estimate technical provisions - Group

31-Dec-18	Motor Vehicle Liability	Motor Vehicle Other	Fire and Other Damage to Property	General Liability	Life	Other	Total
Gross - Best Estimate	2,530.6	143.0	93.5	3.0	40.0	16.2	2,826.3
Recoverable from reinsurers	1,263.5	107.4	60.2	2.0	11.1	0.4	1,444.6
Net - Best Estimate	1,267.1	35.6	33.3	1.0	28.9	15.8	1,381.7

#### 2018 Best estimate technical provisions – AICL

31-Dec-18	Motor Vehicle Liability	Motor Vehicle Other	Fire and Other Damage to Property	General Liability	Life	Other	Total
Gross - Best Estimate	380.3	32.1	-	-	6.3	-	418.7
Recoverable from reinsurers	113.9	15.3	-	-	1.9	-	131.1
Net - Best Estimate	266.4	16.8	-	-	4.4	-	287.6

#### 2018 Best estimate technical provisions - AIGL

31-Dec-18	Motor Vehicle Liability	Motor Vehicle Other	Fire and Other Damage to Property	General Liability	Life	Other	Total
Gross - Best Estimate	2,064.7	92.3	93.5	3.0	34.1	16.2	2,303.8
Recoverable from reinsurers	1,091.3	79.8	60.2	2.0	9.4	0.4	1,243.1
Net - Best Estimate	973.4	12.5	33.3	1.0	24.7	15.8	1,060.7

#### Bases, Methods and Main Assumptions

Best estimate technical provisions are comprised of a claims provision and premium provision. The claims and premium provision combined give the expected cost of settling all future claims arising from business that the Group is contractually obliged to cover. This includes an allowance for the expenses of both running the company and of servicing claims such as claims handling staff costs. The allowance for future income is based on business already written, as well as business that has not yet incepted, but where the Group is obliged to offer cover i.e. renewals already offered or quoted (Bound But Not Incepted – BBNI).

The claims provision is the discounted best estimate of all future cash-flows relating to claim events which occurred prior to the valuation date. These cash-flows are made up of:

**Outgoing cash-flows:**

- Claim payments
  - Settling reported claims
  - Settling claims not yet reported
- Expenses
- ENID (Events not in Data) allowance

**Minus Incoming cash-flows**

- Future premiums, such as uncollected/overdue premium
- Reinsurance recoveries on all claims
  - with an allowance for reinsurance bad debt

The premium provision is the discounted best estimate of all future cash-flows relating to future claim events arising from policies that the insurer is obligated to cover at the valuation date. Again these cash-flows are made up of:

**Outgoing cash-flows:**

- Claim payments, including BBNI policies
- Expenses
- ENID (events not in data) allowance
- Reinsurance premium

**Minus incoming cash-flows:**

- Future premiums due on incepted business, from monthly premium payers, with an allowance for cancellations
- Future premiums due on new and renewal business, as well as from BBNI policies
- Reinsurance recoveries on all claims (with an allowance for reinsurance bad debt)
- Recoveries from future salvage and subrogation
- Income from reinsurers and co-insurers to cover a portion of the expense costs

**Reinsurance Recoverables**

Reinsurance recoveries are a significant element within the technical provisions. The reinsurance premium paid out, and recoveries received for both claims and expenses are required to be captured within the technical provisions, along with the possibility of default of the reinsurers leading to a reduction in potential recoveries.

The reinsurance recoverables within the Group Technical Provisions reflect the following contractual reinsurance arrangements that the Group has in place:

- Excess of loss reinsurance
- Quota share reinsurance

## TECHNICAL PROVISIONS – RISK MARGIN

31-Dec-18	Motor Vehicle Liability	Motor Vehicle Other	Fire and Other Damage to Property	General Liability	Life	Other	Total
Net Risk Margin - Group	88.6	2.5	2.3	0.1	1.3	1.6	96.4
Net Risk Margin - AICL	14.1	0.9	-	-	0.2	-	15.2
Net Risk Margin - AIGL	69.2	0.9	2.3	0.1	1.1	1.6	75.2

The risk margin is defined within Article 77 of the Directive as:

*The risk margin shall be such as to ensure that the value of the technical provisions is equivalent to the amount that insurance and reinsurance undertakings would be expected to require in order to take over and meet the insurance and reinsurance obligations.*

The risk margin calculation uses the first simplification within the delegated acts, which is applied as follows:

- The one-year SCR is run off in line with the level of claims and premium provisions expected to remain at each year-end position
- The prescribed cost of capital of 6% is applied to each SCR

The SCRs are then discounted to the valuation date using the prescribed EIOPA yield curve.

### Material Changes in Assumptions

Other than those changes that relate to the change in management's best estimate of the Ogden discount rate referenced earlier in this report, there have been no material changes in assumptions applied to the technical provisions during the period.

### Key Uncertainties

There are many areas of uncertainty within the technical provisions. Estimation techniques are therefore used in the calculation of the ultimate cost of settling both claims that have occurred prior to the balance sheet date and remain unsettled at the balance sheet date and claims costs that will arise in relation to events that have not happened at the balance sheet date.

The projected ultimate cost of claims is calculated using a variety of different actuarial projection techniques (including incurred and paid chain ladder and an average cost of claim approach) to allow an actuarial assessment of their potential outcome. They include allowance for unreported claims.

The most significant sensitivity in the use of the projection techniques arises from any future step change in claims costs, which would cause future claim cost inflation to deviate from historic trends. This is most likely to arise from a change in the regulatory or judicial regime that leads to an increase in awards or legal costs for bodily injury claims that is significantly above or below the historical trend.

An example of this is the change in Ogden discount rate is discussed earlier in this report.

## **RECONCILIATION TO IFRS VALUES**

The best estimate Solvency II technical provisions for the Group and solo entities are lower than the equivalent provisions held on an IFRS basis for financial statement purposes.

This is primarily due to the following:

- Removal of margin held above best estimate in IFRS reserves, partially offset by the introduction of additional SII reserves for loss adjustment expenses, and Events Not in Data
- The SII approach to calculation of the premium provision (including the transfer of future premium cash-flows into technical provisions from other financial statement line items)
- The approach to discounting, with SII technical provisions being discounted using the EIOPA yield curve

The above disclosure is relevant for all lines of business as there are no specific transition adjustments recognised for individual lines. The overall impact of moving from an IFRS to a Solvency II basis is around £318.7 million excluding risk margin. The corresponding impacts for AICL and AIGL are £46.3 million and £89.1 million respectively.

The introduction of the SII risk margin reduces the net impact of the reduction in provisions on translation from IFRS to SII by £96.4 million. The corresponding SII risk margin for AICL and AIGL is £15.2 million and £75.2 million.

## **ADJUSTMENTS AND SIMPLIFICATIONS**

The Matching Adjustment has not been applied in the calculation of Technical Provisions at 31 December 2018.

In February 2017, the Group obtained approval to use the Volatility Adjustment ('VA') in the calculation of technical provisions for the Group and its regulated subsidiaries from the UK and Gibraltar regulators. The impact of applying the VA adjustment to the calculation of Group Technical Provisions (net of reinsurance recoverables) is a reduction in Own Funds of around £20.9 million (£10.7 million in 2017). The corresponding impact for AIGL is £17.8 million (2017: £9.1 million). The VA adjustment is not applied for AICL at 31 December 2018 (2017: £1.5 million), due to investment returns falling below the risk-free rate plus VA at this date.

The transitional risk-free interest rate term structure as per Article 308c of the Directive has not been applied in the calculation of Technical Provisions at 31 December 2018.

The transitional deduction as per Article 308d of the Directive has not been applied in the calculation of Technical Provisions at 31 December 2018.

### **D.4. ALTERNATIVE METHODS OF VALUATION**

No alternative methods for valuation have been applied.

### **D.5. ANY OTHER INFORMATION**

None.

## E. CAPITAL MANAGEMENT (AUDITED)

### METHOD OF CALCULATION OF GROUP SOLVENCY

Group solvency is calculated as the ratio of Eligible Group Own Funds to the Group Solvency Capital Requirement.

Articles 230 and 233 of the Directive prescribe that one of the following methods must be used to calculate Group solvency:

- Method 1 – Standard method based on Consolidation of financial statements
- Method 2 – Alternative method based on a deduction and aggregation approach

The Group applies Method 1 for the calculation of Group solvency. The basis for the consolidation is a Solvency II Group consisting of the following entities:

Entity	Description
Admiral Group plc (Parent)	Insurance holding company
Admiral Insurance Company Limited	UK regulated insurance entity
Admiral Insurance (Gibraltar) Limited	Gibraltar regulated insurance entity
Admiral Europe Compañía de Seguros, S.A.	Spanish regulated insurance entity
Elephant Insurance Company	Third country insurance entity
EUI Limited	Ancillary services undertaking
EUI (France) Limited	Ancillary services undertaking
Elephant Insurance Services Limited	Ancillary services undertaking
Admiral Intermediary Services, S.A.	Ancillary services undertaking

All remaining Group subsidiaries are included as strategic participation investments in the parent company.

### E.1. OWN FUNDS

#### CAPITAL MANAGEMENT OBJECTIVES

The Group manages its capital to ensure that all entities within the Group are able to continue as going concerns and also to ensure that regulated entities meet regulatory requirements with an appropriate margin. Excess capital above these levels within subsidiaries is paid up to the Group holding company in the form of dividends on a regular basis. Forward looking assessments of Capital are performed over a three-year planning horizon and are reported with the Group's annual ORSA process.

The Group's dividend policy is to pay 65% of post-tax profits as a normal dividend and to pay a further special dividend comprising earnings not required to be held in the Group for solvency or buffers. The strength of the Group's capital position at YE'18 allowed the Board to propose, and shareholders approve, a 2018 final dividend of 66.0 pence per share (£187.9 million), as follows:

- 49.6 pence per share representing a normal element, based on the dividend policy of distributing 65% of post-tax profits; and
- A special element of 16.4 pence per share.

The 66 pence per share reflects the following when taking into account the Ogden benefit:

- 55 pence per share (£157 million) on an Ogden -0.75% basis, representing a pay-out of 99% of post-tax profits.
- An additional dividend of 11 pence (£31 million) per share relating to the increase in post-tax profits from the change in Ogden discount rate assumption. The pay-out on the incremental post-tax profit is 88% and is lower than on the -0.75% basis, reflecting the capital implications of the change in discount rate assumption, primarily relating to increasing propensity for PPO claims.

This dividend has been deducted from Tier 1 Own Funds as noted in the following section. The payment date is 31 May 2019.

No dividends have been proposed since 31 December 2018 from AICL and AIGL.

#### CLASSIFICATION OF OWN FUNDS BY TIER

The classification of Own Funds for the Group and solo entities at 31 December 2018 is as follows:

31-Dec-18	GROUP		AICL		AIGL	
	TO COVER SCR	TO COVER MCR	TO COVER SCR	TO COVER MCR	TO COVER SCR	TO COVER MCR
Ordinary Share Capital	0.3	0.3	37.3	37.3	0.1	0.1
Share Premium Account	13.1	13.1	-	-	14.9	14.9
Reconciliation Reserve	783.9	783.9	118.0	118.0	402.6	402.6
Own Funds from Other Financial Sectors	0.2	0.2	-	-	-	-
<b>Tier 1 Own Funds</b>	<b>797.5</b>	<b>797.5</b>	<b>155.3</b>	<b>155.3</b>	<b>417.6</b>	<b>417.6</b>
Subordinated Liabilities	211.3	211.3	-	-	-	-
<b>Tier 2 Own Funds</b>	<b>211.3</b>	<b>211.3</b>	-	-	-	-
<b>Total Basic Own Funds</b>	<b>1,008.8</b>	<b>1,008.8</b>	<b>155.3</b>	<b>155.3</b>	<b>417.6</b>	<b>417.6</b>
Ancillary Own Funds	-	-	-	-	60.0	-
<b>Total Available Own Funds</b>	<b>1,008.8</b>	<b>1,008.8</b>	<b>155.3</b>	<b>155.3</b>	<b>477.6</b>	<b>417.6</b>
<b>Total Eligible Own Funds</b>	1,008.8	835.6	155.3	155.3	477.6	417.6

The equivalent classification at 31 December 2017 was as follows:

31-Dec-17	Group		AICL		AIGL	
	TO COVER SCR	TO COVER MCR	TO COVER SCR	TO COVER MCR	TO COVER SCR	TO COVER MCR
Ordinary Share Capital	0.3	0.3	37.3	37.3	0.1	0.1
Share Premium Account	13.1	13.1	-	-	14.9	14.9
Reconciliation Reserve	775.5	775.5	93.7	93.7	361.5	361.5
<b>Tier 1 Own Funds</b>	<b>788.9</b>	<b>788.9</b>	<b>131.0</b>	<b>131.0</b>	<b>376.5</b>	<b>376.5</b>
Subordinated Liabilities	229.2	229.2	-	-	-	-
<b>Tier 2 Own Funds</b>	<b>229.2</b>	<b>229.2</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Basic Own Funds</b>	<b>1,018.1</b>	<b>1,018.1</b>	<b>131.0</b>	<b>131.0</b>	<b>376.5</b>	<b>376.5</b>
Ancillary Own Funds	-	-	-	-	60.0	-
<b>Total Available Own Funds</b>	<b>1,018.1</b>	<b>1,018.1</b>	<b>131.0</b>	<b>131.0</b>	<b>436.5</b>	<b>376.5</b>
<b>Total Eligible Own Funds</b>	<b>1,018.1</b>	<b>825.0</b>	<b>131.0</b>	<b>131.0</b>	<b>436.5</b>	<b>376.5</b>

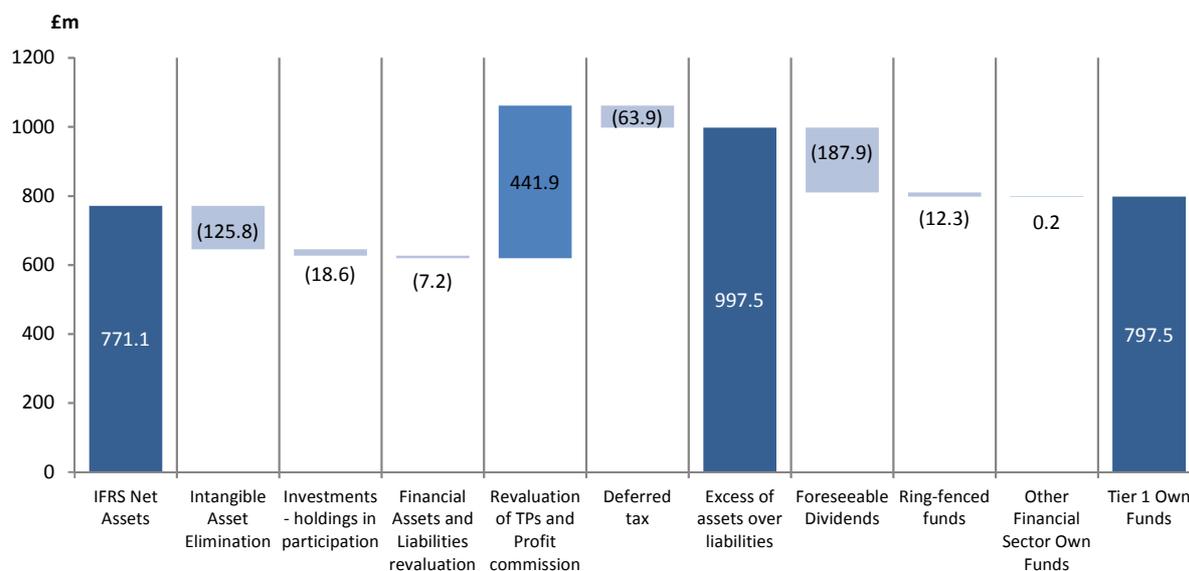
### Movement in Own Funds

The main movements in Own Funds for Group, AICL and AIGL over the period are as follows:

31-Dec-18	GROUP	AICL	AIGL
Own Funds as at 31 Dec 2017	<b>1,018.1</b>	<b>131.0</b>	<b>436.5</b>
Capital generation	366.0	24.3	41.1
Dividends	(357.4)	-	-
Valuation Movement – Subordinated Liabilities	(17.9)	-	-
<b>Own Funds as at 31 Dec 2018</b>	<b>1,008.8</b>	<b>155.3</b>	<b>477.6</b>

### Tier 1 Own Funds

Tier 1 Own Funds consist of Ordinary Share Capital, Share Premium, the Reconciliation Reserve, which includes a deduction for foreseeable dividends, and Own Funds from Other Financial Sectors. Total Tier 1 Own Funds may be reconciled to the IFRS net assets and excess of assets over liabilities in the Solvency II balance sheet (as documented in section D) as follows:

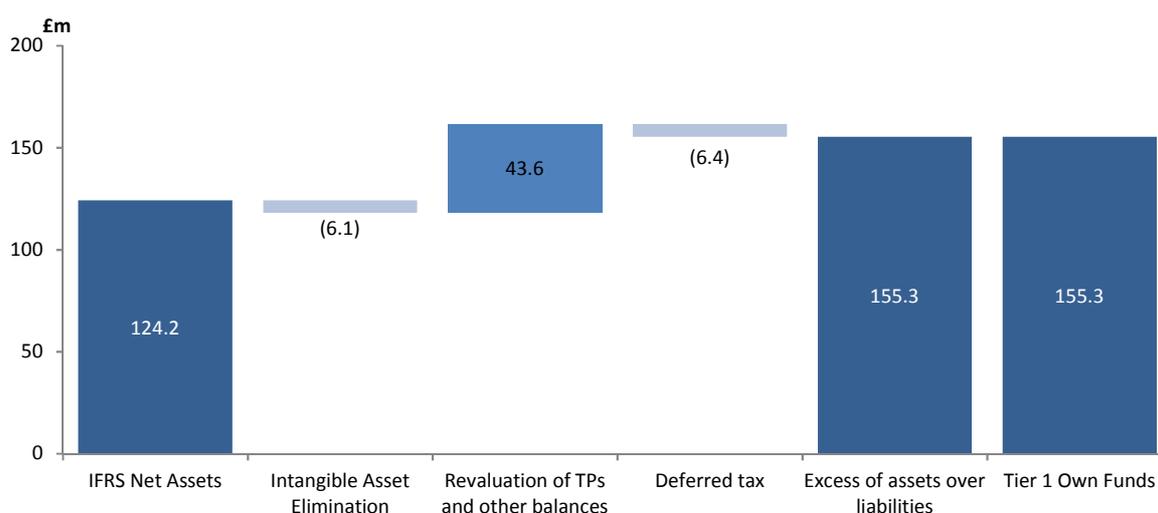


As noted in section D, the primary valuation difference (£441.9 million) arises on the transition from net IFRS insurance liabilities and amounts due to and from co-insurers and reinsurers in relation to profit commission, to Solvency II technical provisions and profit commission balances. The majority of the change in deferred tax (-£63.9 million) relates to the additional liability that arises from the release of profit on the transfer to SII best estimate technical provisions and profit commissions.

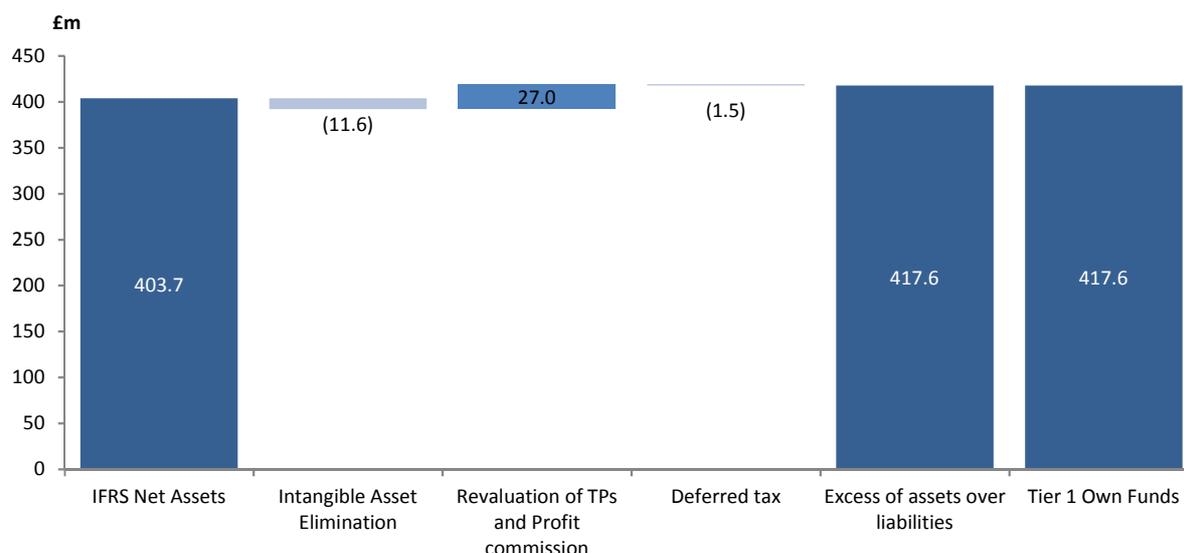
The other material adjustment is the elimination of the Group's intangible assets (goodwill, software and deferred acquisition costs) which, net of deferred instalment income, totals £125.8 million.

For both AICL and AIGL, the 'excess of assets over liabilities' is equivalent to Tier 1 Own Funds. The reconciliations of IFRS Net Assets to the Solvency II excess of assets over liabilities are as follows:

#### 2018 Reconciliation of IFRS Net Assets to Excess of assets over liabilities and Tier 1 Own Funds – AICL



## 2018 Reconciliation of IFRS Net Assets to Excess of assets over liabilities and Tier 1 Own Funds – AIGL



### FUNGIBILITY AND TRANSFERABILITY OF GROUP OWN FUNDS

The Group has not identified any material restrictions to the fungibility and transferability of Group Own Funds.

#### Tier 2 Own Funds

Tier 2 Own Funds consist of subordinated liabilities in the form of the Group's 10 year dated, listed subordinated debt with a market value at the end of the current period of £211.3 million, a decrease of £17.9 million compared with the previous reporting period. The debt was issued in July 2014 and matures in July 2024 and pays a fixed rate of interest of 5.5%. On issuance, the Group obtained confirmation from the UK regulator, the PRA that the debt qualifies as Solvency II Tier 2 Own Funds.

Tier 2 Own Funds for AIGL are Ancillary Own Funds and represent a £60.0 million Equity Commitment from the Group's parent company, Admiral Group plc. The commitment allows AIGL to call a capital contribution (up to a maximum of £60.0 million) from the Group parent, Admiral Group plc, during the term of the agreement without encumbrance.

The arrangement has no impact at Group level – there is no contingent liability in the parent company as the possibility of the commitment being called is considered to be remote. Furthermore, the Tier 2 intra-group capital that is created is eliminated on consolidation of the SII Group.

## E.2. SOLVENCY CAPITAL REQUIREMENT AND MINIMUM CAPITAL REQUIREMENT

### CALCULATION OF THE GROUP CONSOLIDATED SOLVENCY CAPITAL REQUIREMENT

The Group Solvency Capital Requirement is calculated on the basis of consolidated data. The reported Solvency Capital Requirement as at 31 December 2018 and 31 December 2017 for Group, AIGL and AIGL is as follows:

31-Dec-18	GROUP		AICL		AIGL	
	2018	2017	2018	2017	2018	2017
Market Risk	86.7	70.2	23.3	6.2	60.6	48.8
Counterparty Risk	37.6	48.0	3.2	5.0	21.1	23.3
Life Underwriting Risk	3.1	2.9	0.5	0.4	2.7	2.5
Non-Life Underwriting Risk	378.3	350.7	81.8	78.8	243.3	213.7
Diversification	(76.2)	(70.3)	(16.6)	(7.2)	(51.0)	(44.5)
Basic SCR	<b>429.5</b>	<b>401.5</b>	<b>92.2</b>	<b>83.2</b>	<b>276.7</b>	<b>243.8</b>
Operational Risk	85.0	72.7	12.4	11.4	69.5	59.0
Loss absorbing capacity of deferred taxes	(24.3)	(26.9)	(13.5)	(11.4)	(10.6)	(15.5)
SCR excluding Capital Add-On and Other Financial Sectors	<b>490.2</b>	<b>447.3</b>	<b>91.1</b>	<b>83.2</b>	<b>335.6</b>	<b>287.3</b>
Capital Add-On	81.0	81.0	-	-	-	-
SCR for Other Financial Sectors (unaudited)	20.6	-	-	-	-	-
SCR	<b>591.8</b>	<b>528.3</b>	<b>91.1</b>	<b>83.2</b>	<b>335.6</b>	<b>287.3</b>

The calculation of SCR for AIGL applies Undertaking Specific Parameters (USPs) for both Non-Life Premium Risk and Non-Life Reserve Risk in respect of the Motor Vehicle Liability and Other Motor lines of business. The approval for the use of USPs was received from the Gibraltar Financial Services Commission in December 2015. The parameters are updated on an annual basis.

The Group Capital Add-On of £81.0 million was approved by the PRA in August 2017.

### Movement in SCR

The solvency capital requirements for Group, AICL and AIGL have increased over the period. The increases are primarily related to growth of all the Group's insurance businesses, with non-life insurance risk reflecting the largest increases.

## Solvency Ratio

When combined with the Eligible Own Funds, the resulting reported solvency positions are as follows:

31-Dec-18	GROUP		AICL		AIGL	
	2018	2017	2018	2017	2018	2017
SCR	591.8	528.3	91.1	83.2	335.6	287.3
Eligible Own Funds	1,008.8	1,018.1	155.3	131.0	477.6	436.5
Surplus	417.0	489.7	64.2	47.8	142.0	149.2
Solvency Ratio	170%	194%	170%	158%	142%	152%

### CALCULATION OF THE MINIMUM CAPITAL REQUIREMENT

The Group Minimum Capital Requirement at 31 December 2018 is £191.4 million. It is calculated in line with Article 230 of the Directive as the minimum of:

- The Minimum Capital Requirement, calculated for the Group as per Article 129 of the Directive; and
- The Group's proportional share of the MCR of the related undertakings

The Minimum Capital Requirement for the solo entities is calculated as per Article 129 of the Directive.

The coverage of Eligible Own Funds to MCR at 31 December 2018 is as follows:

31-Dec-18	GROUP		AICL		AIGL	
	2018	2017	2018	2017	2018	2017
MCR	191.4	180.4	41.0	37.4	130.2	117.8
Eligible Own Funds	835.6	825.0	155.3	131.0	417.6	376.5
Surplus	644.2	644.6	114.3	93.6	287.4	258.7
Ratio	436%	457%	379%	350%	321%	320%

### E.3. USE OF THE DURATION-BASED EQUITY SUB-MODULE IN THE CALCULATION OF THE SOLVENCY CAPITAL REQUIREMENT

The duration based equity sub-module has not been used in the calculation of the Solvency Capital Requirement.

### E.4. DIFFERENCES BETWEEN THE STANDARD FORMULA AND ANY INTERNAL MODEL USED

Not applicable – no internal model has been used during the reporting period.

### E.5. NON COMPLIANCE WITH THE MINIMUM CAPITAL REQUIREMENT AND NON-COMPLIANCE WITH THE SOLVENCY CAPITAL REQUIREMENT

There have been no instances of non-compliance with the Minimum Capital Requirement or the Solvency Capital Requirement during the period.

## E.6. ANY OTHER INFORMATION

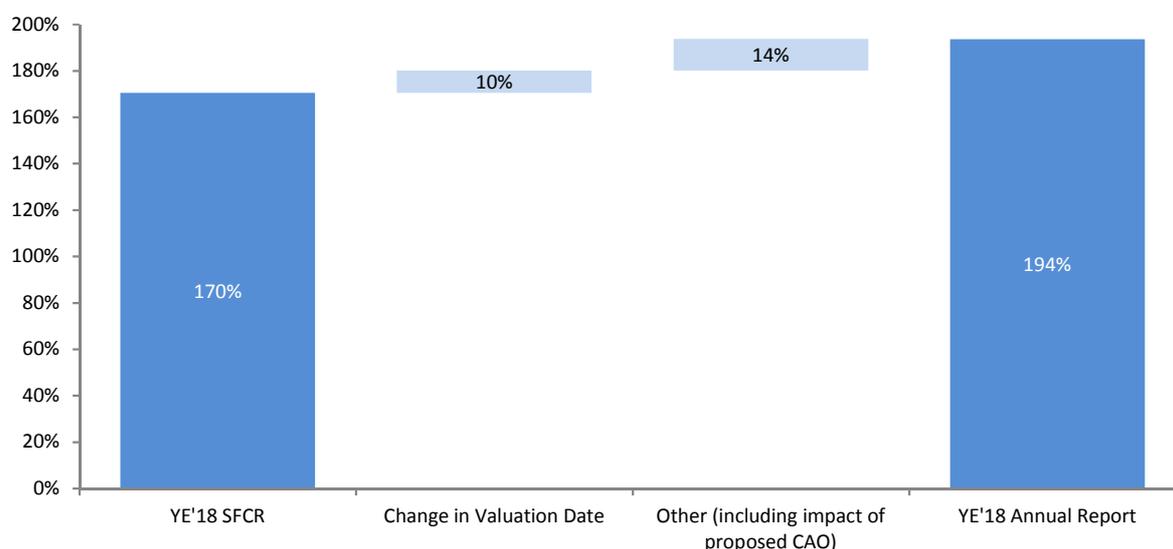
### Treatment of Admiral Loans (unaudited)

Admiral's lending business (Admiral Loans) was in 2017 conducted out of the legal entity EUI Limited (EUI) which, through its primary function as insurance intermediary, was treated as an Ancillary Services Undertaking (ASU) within the Group Solvency II calculation. In 2018 the loans business was transferred to a separate legal entity known as Admiral Financial Services Limited (AFSL). Additionally, Seren One Limited (an SPE) was set up by the Group in relation to the Admiral loans business, whereby the Group has securitised certain loans by the transfer of the loans to the SPE. AFSL and Seren One are not Solvency II regulated entities and so are not consolidated in the Solvency II balance sheet but recognised as non-regulated undertakings carrying out financial activities within Own Funds of Other Financial Sectors. This forms part of the reconciliation from Excess of Assets over Liabilities to Eligible Own Funds.

Article 1(52) of the Delegated Regulation defines a 'non-regulated undertaking carrying out financial activities' as a non-regulated undertaking which carries out one or more of the activities referred to in Annex I of Directive 2013/36/EU. The contribution to the Group capital requirement is based on relevant sectoral rules and the Group has included a notional capital requirement of £20.6 million to reflect the risks associated with the loans business.

### Reconciliation to previously reported Solvency Ratio (unaudited)

The Group solvency ratio presented in this report is different to the solvency ratio reported in the Group's annual report as it is prepared at a different valuation date and it excludes the impact of changes made arising from the reporting finalisation process. The chart below shows the impact of these moves:



<b>Change in Valuation Date</b>	The solvency ratio in this report excludes the projected growth in economic capital between the year end and the date of the Annual Report (which was previously reported).
<b>Other (Including the impact of proposed CAO)</b>	<p>Other changes to both SCR and Own Funds calculations arising from the reporting finalisation process.</p> <p>This includes the impact of the proposed Capital Add-On (CAO). The solvency ratio reported in the Group's Annual Report reflected the draft revision to the Group CAO. This was reported as 'subject to regulatory approval' and 'unaudited'. The ratio reported in this SFCR reflects the previous CAO for which regulatory approval was in place at the valuation date.</p> <p>The proposed revision to the CAO has been approved through internal governance and requires formal notification from the PRA. This process is expected to be completed prior to the Group HY'19 interim results announcement and an update will be provided at this time.</p>

## APPENDIX 1 – GLOSSARY

Term	Definition
Accident year	The year in which an accident occurs, also referred to as the earned basis.
Actuarial best estimate	The probability-weighted average of all future claims and cost scenarios calculated using historical data, actuarial methods and judgement.
ASHE	'Annual Survey of Hours and Earnings' – a statistical index that is typically used for calculation of inflation of annual payment amounts under Periodic Payment Order (PPO) claims settlements.
Claims reserves	A monetary amount set aside for the future payment of incurred claims that have not yet been settled, thus representing a balance sheet liability.
Co-insurance	An arrangement in which two or more insurance companies agree to underwrite insurance business on a specified portfolio in specified proportions. Each co-insurer is directly liable to the policyholder for their proportional share.
Commutation	An agreement between a ceding insurer and the reinsurer that provides for the valuation, payment, and complete discharge of all obligations between the parties under a particular reinsurance contract.
Insurance market cycle	The tendency for the insurance market to swing between highs and lows of profitability over time, with the potential to influence premium rates (also known as the "underwriting cycle").
Net claims	The cost of claims incurred in the period, less any claims costs recovered under reinsurance contracts. It includes both claims payments and movements in claims reserves.
Net insurance premium revenue	Also referred to as net earned premium. The element of premium, less reinsurance premium, earned in the period.
Ogden discount rate	The discount rate used in calculation of personal injury claims settlements. The rate is set by the Lord Chancellor, the most recent rate of minus 0.75% being announced on 27 February 2017.
Periodic Payment Order (PPO)	A compensation award as part of a claims settlement that involves making a series of annual payments to a claimant over their remaining life to cover the costs of the care they will require.
Premium	A series of payments are made by the policyholder, typically monthly or annually, for part of or all of the duration of the contract. Written premium refers to the total amount the policyholder has contracted for, whereas earned premium refers to the recognition of this premium over the life of the contract.
Profit commission	A clause found in some reinsurance and coinsurance agreements that provides for profit sharing.
Reinsurance	Contractual arrangements whereby the Group transfers part or all of the insurance risk accepted to another insurer. This can be on a quota share basis (a percentage share of premiums, claims and expenses) or an excess of loss basis (full reinsurance for claims over an agreed value).
Ultimate loss ratio	The projected ratio for a particular accident year or underwriting year, often used in the calculation of underwriting profit and profit commission.
Underwriting year	The year in which the policy was incepted.
Underwriting year basis	Also referred to as the written basis. Claims incurred are allocated to the calendar year in which the policy was underwritten. Underwriting year basis results relate to the 2015 underwriting year, are calculated on the whole account (including co-insurance and reinsurance shares) and include all premiums, claims, expenses incurred and other revenue (for example instalment income and commission income relating to the sale of products that are ancillary to the main insurance policy) relating to policies incepting in the relevant underwriting year.
Written/Earned basis	A policy can be written in one calendar year but earned over a subsequent calendar year.

## APPENDIX 2 – QUANTITATIVE REPORTING TEMPLATES

The Group and its subsidiaries are required to disclose the following templates as set out in the Commission Implementing Regulation (EU) 2015/2452 of 2 December 2015 laying down implementing technical standards with regard to the procedures, formats and templates of the solvency and financial condition report in accordance with Directive 2009/138/EC of the European Parliament and of the Council:

Group	
Template Code	Template Name
S.02.01.02	Balance sheet
S.05.01.02	Premiums, claims and expenses by line of business
S.05.02.01	Premiums, claims and expenses by country
S.22.01.22	Impact of long term guarantees measures and transitionals
S.23.01.22	Own Funds
S.25.01.22	Solvency Capital Requirement – for Groups on standard formula
S.32.01.22	Undertakings in the scope of the Group

Admiral Insurance Company Limited (AICL)	
Template Code	Template Name
S.02.01.02	Balance sheet
S.05.01.02	Premiums, claims and expenses by line of business
S.05.02.01	Premiums, claims and expenses by country
S.12.01.02	Life and Health SLT technical provisions
S.17.01.02	Non-life technical provisions
S.19.01.21	Non- life insurance claims
S.23.01.01	Own Funds
S.25.01.21	Solvency Capital Requirement – for undertakings on standard formula
S.28.01.01	Minimum Capital Requirement – only life or non-life insurance or reinsurance activity

Admiral Insurance (Gibraltar) Limited (AIGL)	
Template Code	Template Name
S.02.01.02	Balance sheet
S.05.01.02	Premiums, claims and expenses by line of business
S.05.02.01	Premiums, claims and expenses by country
S.12.01.02	Life and Health SLT technical provisions
S.17.01.02	Non-life technical provisions
S.19.01.21	Non- life insurance claims
S.22.01.21	Impact of long term guarantees measures and transitionals
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S.25.01.21	Solvency Capital Requirement – for undertakings on standard formula
S.28.01.01	Minimum Capital Requirement – only life or non-life insurance or reinsurance activity

# Admiral Group Plc

## Solvency and Financial Condition Report

### Disclosures

31 December

**2018**

(Monetary amounts in GBP thousands)

## General information

Participating undertaking name	Admiral Group Plc
Group identification code	213800FGVM7Z9EJB2685
Type of code of group	LEI
Country of the group supervisor	GB
Language of reporting	en
Reporting reference date	31 December 2018
Currency used for reporting	GBP
Accounting standards	IFRS
Method of Calculation of the group SCR	Standard formula
Method of group solvency calculation	Method 1 is used exclusively
Matching adjustment	No use of matching adjustment
Volatility adjustment	Use of volatility adjustment
Transitional measure on the risk-free interest rate	No use of transitional measure on the risk-free interest rate
Transitional measure on technical provisions	No use of transitional measure on technical provisions

## List of reported templates

- S.02.01.02 - Balance sheet
- S.05.01.02 - Premiums, claims and expenses by line of business
- S.05.01.02 - Premiums, claims and expenses by line of business
- S.05.02.01 - Premiums, claims and expenses by country
- S.05.02.01 - Premiums, claims and expenses by country
- S.22.01.22 - Impact of long term guarantees measures and transitionals
- S.23.01.22 - Own Funds
- S.25.01.22 - Solvency Capital Requirement - for groups on Standard Formula
- S.32.01.22 - Undertakings in the scope of the group

## S.02.01.02

## Balance sheet

		Solvency II value
		C0010
<b>Assets</b>		
R0030	Intangible assets	
R0040	Deferred tax assets	
R0050	Pension benefit surplus	
R0060	Property, plant & equipment held for own use	25,333
R0070	Investments (other than assets held for index-linked and unit-linked contracts)	3,026,243
R0080	<i>Property (other than for own use)</i>	0
R0090	<i>Holdings in related undertakings, including participations</i>	76,826
R0100	<i>Equities</i>	0
R0110	<i>Equities - listed</i>	
R0120	<i>Equities - unlisted</i>	
R0130	<i>Bonds</i>	1,537,784
R0140	<i>Government Bonds</i>	243,806
R0150	<i>Corporate Bonds</i>	1,199,047
R0160	<i>Structured notes</i>	0
R0170	<i>Collateralised securities</i>	94,931
R0180	<i>Collective Investments Undertakings</i>	1,297,822
R0190	<i>Derivatives</i>	0
R0200	<i>Deposits other than cash equivalents</i>	113,810
R0210	<i>Other investments</i>	0
R0220	Assets held for index-linked and unit-linked contracts	
R0230	Loans and mortgages	126,462
R0240	<i>Loans on policies</i>	0
R0250	<i>Loans and mortgages to individuals</i>	3,375
R0260	<i>Other loans and mortgages</i>	123,088
R0270	Reinsurance recoverables from:	1,444,632
R0280	<i>Non-life and health similar to non-life</i>	1,433,514
R0290	<i>Non-life excluding health</i>	1,433,514
R0300	<i>Health similar to non-life</i>	
R0310	<i>Life and health similar to life, excluding index-linked and unit-linked</i>	11,118
R0320	<i>Health similar to life</i>	
R0330	<i>Life excluding health and index-linked and unit-linked</i>	11,118
R0340	<i>Life index-linked and unit-linked</i>	
R0350	Deposits to cedants	0
R0360	Insurance and intermediaries receivables	300,914
R0370	Reinsurance receivables	82,009
R0380	Receivables (trade, not insurance)	68,327
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	314,508
R0420	Any other assets, not elsewhere shown	0
R0500	<b>Total assets</b>	<b>5,388,428</b>

## S.02.01.02

## Balance sheet

		Solvency II value
		C0010
	<b>Liabilities</b>	
R0510	Technical provisions - non-life	2,881,297
R0520	<i>Technical provisions - non-life (excluding health)</i>	2,881,297
R0530	<i>TP calculated as a whole</i>	
R0540	<i>Best Estimate</i>	2,786,243
R0550	<i>Risk margin</i>	95,053
R0560	<i>Technical provisions - health (similar to non-life)</i>	0
R0570	<i>TP calculated as a whole</i>	
R0580	<i>Best Estimate</i>	
R0590	<i>Risk margin</i>	
R0600	Technical provisions - life (excluding index-linked and unit-linked)	41,397
R0610	<i>Technical provisions - health (similar to life)</i>	0
R0620	<i>TP calculated as a whole</i>	
R0630	<i>Best Estimate</i>	
R0640	<i>Risk margin</i>	
R0650	<i>Technical provisions - life (excluding health and index-linked and unit-linked)</i>	41,397
R0660	<i>TP calculated as a whole</i>	
R0670	<i>Best Estimate</i>	40,050
R0680	<i>Risk margin</i>	1,347
R0690	Technical provisions - index-linked and unit-linked	0
R0700	<i>TP calculated as a whole</i>	
R0710	<i>Best Estimate</i>	
R0720	<i>Risk margin</i>	
R0740	Contingent liabilities	
R0750	Provisions other than technical provisions	
R0760	Pension benefit obligations	
R0770	Deposits from reinsurers	707,628
R0780	Deferred tax liabilities	65,292
R0790	Derivatives	0
R0800	Debts owed to credit institutions	71,500
R0810	Financial liabilities other than debts owed to credit institutions	
R0820	Insurance & intermediaries payables	0
R0830	Reinsurance payables	0
R0840	Payables (trade, not insurance)	412,514
R0850	Subordinated liabilities	211,252
R0860	<i>Subordinated liabilities not in BOF</i>	
R0870	<i>Subordinated liabilities in BOF</i>	211,252
R0880	Any other liabilities, not elsewhere shown	
R0900	<b>Total liabilities</b>	4,390,879
R1000	<b>Excess of assets over liabilities</b>	997,549



S.05.01.02

Premiums, claims and expenses by line of business

Life

Line of Business for: life insurance obligations						Life reinsurance obligations		Total
Health insurance	Insurance with profit participation	Index-linked and unit-linked insurance	Other life insurance	Annuities stemming from non-life insurance contracts and relating to health insurance obligations	Annuities stemming from non-life insurance contracts and relating to insurance obligations other than health insurance obligations	Health reinsurance	Life reinsurance	
C0210	C0220	C0230	C0240	C0250	C0260	C0270	C0280	C0300
<b>Premiums written</b>								
R1410	Gross							0
R1420	Reinsurers' share							0
R1500	Net				0		0	0
<b>Premiums earned</b>								
R1510	Gross							0
R1520	Reinsurers' share							0
R1600	Net				0		0	0
<b>Claims incurred</b>								
R1610	Gross				9,898			9,898
R1620	Reinsurers' share				3,121			3,121
R1700	Net				6,777		0	6,777
<b>Changes in other technical provisions</b>								
R1710	Gross							0
R1720	Reinsurers' share							0
R1800	Net				0		0	0
R1900	Expenses incurred				337		0	337
R2500	Other expenses							
R2600	Total expenses							337

## S.05.02.01

## Premiums, claims and expenses by country

## Non-life

	C0010	C0020	C0030	C0040	C0050	C0060	C0070
	Home Country	Top 5 countries (by amount of gross premiums written) - non-life obligations			Top 5 countries (by amount of gross premiums written) - non-life obligations		Total Top 5 and home country
		US	IT	ES	FR		
	C0080	C0090	C0100	C0110	C0120	C0130	C0140
<b>Premiums written</b>							
R0110	Gross - Direct Business	1,683,979	211,679	147,600	53,312	70,085	2,166,656
R0120	Gross - Proportional reinsurance accepted						0
R0130	Gross - Non-proportional reinsurance accepted						0
R0140	Reinsurers' share	1,145,942	141,937	86,617	37,923	51,778	1,464,196
R0200	Net	538,038	69,741	60,984	15,390	18,307	702,460
<b>Premiums earned</b>							
R0210	Gross - Direct Business	1,644,871	185,923	137,458	49,963	61,376	2,079,591
R0220	Gross - Proportional reinsurance accepted						0
R0230	Gross - Non-proportional reinsurance accepted						0
R0240	Reinsurers' share	1,120,903	124,776	81,004	35,503	45,583	1,407,770
R0300	Net	523,968	61,147	56,453	14,460	15,793	671,822
<b>Claims incurred</b>							
R0310	Gross - Direct Business	1,123,957	143,012	99,636	38,771	44,309	1,449,684
R0320	Gross - Proportional reinsurance accepted						0
R0330	Gross - Non-proportional reinsurance accepted						0
R0340	Reinsurers' share	900,030	95,502	60,012	27,166	31,016	1,113,727
R0400	Net	223,928	47,509	39,624	11,604	13,293	335,958
<b>Changes in other technical provisions</b>							
R0410	Gross - Direct Business	0	0	0	0	0	0
R0420	Gross - Proportional reinsurance accepted						0
R0430	Gross - Non-proportional reinsurance accepted						0
R0440	Reinsurers' share	0	0	0	0	0	0
R0500	Net	0	0	0	0	0	0
R0550	Expenses incurred	95,829	28,319	13,486	6,869	6,877	151,381
R1200	Other expenses						
R1300	Total expenses						151,381

## S.05.02.01

## Premiums, claims and expenses by country

## Life

		C0150	C0160	C0170	C0180	C0190	C0200	C0210
		Home Country	Top 5 countries (by amount of gross premiums written) - life obligations			Top 5 countries (by amount of gross premiums written) - life obligations		Total Top 5 and home country
			US	IT	ES	FR		
		C0220	C0230	C0240	C0250	C0260	C0270	C0280
<b>Premiums written</b>								
R1400	Gross							0
R1420	Reinsurers' share							0
R1500	Net	0	0	0	0	0	0	0
<b>Premiums earned</b>								
R1510	Gross							0
R1520	Reinsurers' share							0
R1600	Net	0	0	0	0	0	0	0
<b>Claims incurred</b>								
R1610	Gross	9,898	0	0	0	0		9,898
R1620	Reinsurers' share	3,121	0	0	0	0		3,121
R1700	Net	6,777	0	0	0	0	0	6,777
<b>Changes in other technical provisions</b>								
R1710	Gross							0
R1720	Reinsurers' share							0
R1800	Net	0	0	0	0	0	0	0
R1900	Expenses incurred	337						337
R2500	Other expenses							
R2600	Total expenses							337

S.22.01.22

Impact of long term guarantees measures and transitionals

	Amount with Long Term Guarantee measures and transitionals	Impact of transitional on technical provisions	Impact of transitional on interest rate	Impact of volatility adjustment set to zero	Impact of matching adjustment set to zero
	C0010	C0030	C0050	C0070	C0090
R0010 Technical provisions	2,922,694	0	0	36,781	0
R0020 Basic own funds	1,008,599	0	0	-20,910	0
R0050 Eligible own funds to meet Solvency Capital Requirement	1,008,761	0	0	-20,910	0
R0090 Solvency Capital Requirement	591,817	0	0	6,670	0



## S.23.01.22

## Own Funds

## Basic own funds before deduction for participations in other financial sector

## Own funds when using the D&amp;A, exclusively or in combination of method 1

R0450	Own funds aggregated when using the D&A and combination of method
R0460	Own funds aggregated when using the D&A and combination of method net of IGT
R0520	Total available own funds to meet the consolidated group SCR (excluding own funds from other financial sector and from the undertakings included via D&A )
R0530	Total available own funds to meet the minimum consolidated group SCR
R0560	Total eligible own funds to meet the consolidated group SCR (excluding own funds from other financial sector and from the undertakings included via D&A )
R0570	Total eligible own funds to meet the minimum consolidated group SCR (group)
R0610	<b>Minimum consolidated Group SCR</b>
R0650	<b>Ratio of Eligible own funds to Minimum Consolidated Group SCR</b>
R0660	<b>Total eligible own funds to meet the group SCR (including own funds from other financial sector and from the undertakings included via D&amp;A )</b>
R0680	<b>Group SCR</b>
R0690	<b>Ratio of Eligible own funds to group SCR including other financial sectors and the undertakings included via D&amp;A</b>

## Reconciliation reserve

R0700	Excess of assets over liabilities
R0710	Own shares (held directly and indirectly)
R0720	Forseeable dividends, distributions and charges
R0730	Other basic own fund items
R0740	Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds
R0750	Other non available own funds
R0760	<b>Reconciliation reserve</b>

## Expected profits

R0770	Expected profits included in future premiums (EPIFP) - Life business
R0780	Expected profits included in future premiums (EPIFP) - Non- life business
R0790	<b>Total Expected profits included in future premiums (EPIFP)</b>

Total	Tier 1 unrestricted	Tier 1 restricted	Tier 2	Tier 3
C0010	C0020	C0030	C0040	C0050
0				
0				
1,008,599	797,347	0	211,252	0
1,008,599	797,347	0	211,252	
1,008,599	797,347	0	211,252	0
835,636	797,347	0	38,288	
191,442				
436.49%				
1,008,761	797,509	0	211,252	0
591,817				
170.45%				
C0060				
997,549				
187,900				
13,435				
12,302				
783,912				
44,384				
44,384				

## S.25.01.22

## Solvency Capital Requirement - for groups on Standard Formula

	Gross solvency capital requirement	USP	Simplifications
	C0110	C0090	C0120
R0010 Market risk	86,716		
R0020 Counterparty default risk	37,602		
R0030 Life underwriting risk	3,102		
R0040 Health underwriting risk	0		
R0050 Non-life underwriting risk	378,341		
R0060 Diversification	-76,181		
R0070 Intangible asset risk	0		
R0100 <b>Basic Solvency Capital Requirement</b>	429,580		
<b>Calculation of Solvency Capital Requirement</b>			
	C0100		
R0130 Operational risk	84,956		
R0140 Loss-absorbing capacity of technical provisions	0		
R0150 Loss-absorbing capacity of deferred taxes	-24,312		
R0160 Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC	0		
R0200 <b>Solvency Capital Requirement excluding capital add-on</b>	490,224		
R0210 Capital add-ons already set	81,000		
R0220 <b>Solvency capital requirement for undertakings under consolidated method</b>	571,224		
<b>Other information on SCR</b>			
R0400 Capital requirement for duration-based equity risk sub-module	0		
R0410 Total amount of Notional Solvency Capital Requirements for remaining part	0		
R0420 Total amount of Notional Solvency Capital Requirements for ring fenced funds	0		
R0430 Total amount of Notional Solvency Capital Requirements for matching adjustment portfolios	0		
R0440 Diversification effects due to RFF nSCR aggregation for article 304	0		
R0470 Minimum consolidated group solvency capital requirement	191,442		
<b>Information on other entities</b>			
R0500 Capital requirement for other financial sectors (Non-insurance capital requirements)	20,592		
R0510 <i>Credit institutions, investment firms and financial institutions, alternative investment funds managers, UCITS management companies</i>	0		
R0520 <i>Institutions for occupational retirement provisions</i>	0		
R0530 <i>Capital requirement for non-regulated entities carrying out financial activities</i>	20,592		
R0540 Capital requirement for non-controlled participation requirements	0		
R0550 Capital requirement for residual undertakings	0		
<b>Overall SCR</b>			
R0560 SCR for undertakings included via D&A	0		
R0570 <b>Solvency capital requirement</b>	591,817		

## USP Key

## For life underwriting risk:

- 1 - Increase in the amount of annuity benefits
- 9 - None

## For health underwriting risk:

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

## For non-life underwriting risk:

- 4 - Adjustment factor for non-proportional reinsurance
- 6 - Standard deviation for non-life premium risk
- 7 - Standard deviation for non-life gross premium risk

S.32.01.22

Undertakings in the scope of the group

Country	Identification code of the undertaking	Type of code of the ID of the undertaking	Legal Name of the undertaking	Type of undertaking	Legal form	Category (mutual/non mutual)	Supervisory Authority	
Row	C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080
1	GB	213800FGVM7Z9EJB2685	LEI	Admiral Group plc (Group)	Insurance holding company as defined in Article 212(1) (f) of Directive 2009/138/EC	Company limited by shares or by guarantee or unlimited	Non-mutual	Prudential Regulation Authority
2	GB	213800QUKWO9N6CT2J31	LEI	Admiral Insurance Company Limited	Non life insurance undertaking	Company limited by shares or by guarantee or unlimited	Non-mutual	Prudential Regulation Authority
3	GI	2138003FZ569I9YPG680	LEI	Admiral Insurance Gibraltar Limited	Non life insurance undertaking	Company limited by shares or by guarantee or unlimited	Non-mutual	Financial Services Commission
4	US	2138001MLQW5AEJISF95	LEI	Elephant Insurance Company	Non life insurance undertaking	Company limited by shares or by guarantee or unlimited	Non-mutual	Va Bureau of Insurance and NAIC
5	GB	213800FGVM7Z9EJB2685GB00001	Specific code	Able Insurance Services Limited	Other	Company limited by shares or by guarantee or unlimited	Non-mutual	Financial Conduct Authority
6	GB	213800FGVM7Z9EJB2685GB00002	Specific code	Admiral Law Limited	Other	Company limited by shares or by guarantee or unlimited	Non-mutual	
7	GB	213800FGVM7Z9EJB2685GB00003	Specific code	BDE Law Limited	Other	Company limited by shares or by guarantee or unlimited	Non-mutual	
8	US	213800FGVM7Z9EJB2685GB00004	Specific code	Compare.com Insurance Agency LLC	Other	Company limited by shares or by guarantee or unlimited	Non-mutual	
9	ES	213800FGVM7Z9EJB2685ES00005	Specific code	Comparaseguros Correduria de Seguros, S.L., Sociedad Unipersonal	Other	Company limited by shares or by guarantee or unlimited	Non-mutual	
10	GB	213800FGVM7Z9EJB2685GB00006	Specific code	Elephant Insurance Services LLC	Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35	Company limited by shares or by guarantee or unlimited	Non-mutual	
11	GB	213800FGVM7Z9EJB2685GB00007	Specific code	EUI (France) Limited	Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35	Company limited by shares or by guarantee or unlimited	Non-mutual	Financial Conduct Authority
12	GB	213800ALB9B7LCZLU632	LEI	EUI Limited	Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35	Company limited by shares or by guarantee or unlimited	Non-mutual	Financial Conduct Authority
13	IN	213800FGVM7Z9EJB2685IN00008	Specific code	Inspop Technologies Private Limited	Other	Company limited by shares or by guarantee or unlimited	Non-mutual	
14	US	213800FGVM7Z9EJB2685US00009	Specific code	Inspop USA LLC	Other	Company limited by shares or by guarantee or unlimited	Non-mutual	
15	GB	213800FGVM7Z9EJB2685GB00010	Specific code	Inspop.com (France) Limited	Other	Company limited by shares or by guarantee or unlimited	Non-mutual	
16	GB	213800FGVM7Z9EJB2685GB00011	Specific code	Inspop.com Limited	Other	Company limited by shares or by guarantee or unlimited	Non-mutual	
17	GB	213800FGVM7Z9EJB2685GB00012	Specific code	Rastreator.com Limited	Other	Company limited by shares or by guarantee or unlimited	Non-mutual	
18	GB	213800FGVM7Z9EJB2685GB00013	Specific code	Admiral Life Limited	Other	Company limited by shares or by guarantee or unlimited	Non-mutual	
19	GB	213800FGVM7Z9EJB2685GB00014	Specific code	Admiral Syndicate Limited	Other	Company limited by shares or by guarantee or unlimited	Non-mutual	
20	GB	213800FGVM7Z9EJB2685GB00015	Specific code	Admiral Syndicate Management Limited	Other	Company limited by shares or by guarantee or unlimited	Non-mutual	
21	GB	213800FGVM7Z9EJB2685GB00016	Specific code	Bell Direct Limited	Other	Company limited by shares or by guarantee or unlimited	Non-mutual	
22	GB	213800FGVM7Z9EJB2685GB00017	Specific code	Confused.com Limited	Other	Company limited by shares or by guarantee or unlimited	Non-mutual	
23	GB	213800FGVM7Z9EJB2685GB00018	Specific code	Diamond Motor Insurance Services Limited	Other	Company limited by shares or by guarantee or unlimited	Non-mutual	
24	GB	213800FGVM7Z9EJB2685GB00019	Specific code	Elephant Insurance Services Limited	Other	Company limited by shares or by guarantee or unlimited	Non-mutual	
25	GB	213800FGVM7Z9EJB2685GB00020	Specific code	Premien Price Comparison Holdings Limited	Other	Company limited by shares or by guarantee or unlimited	Non-mutual	
26	ES	213800FGVM7Z9EJB2685ES00021	Specific code	Admiral Europe Compania De Seguros S.A.	Non life insurance undertaking	Company limited by shares or by guarantee or unlimited	Non-mutual	Dirección General de Seguros y Fondos de Pensiones
27	ES	213800FGVM7Z9EJB2685ES00022	Specific code	Admiral Intermediary Services S.A.	Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35	Company limited by shares or by guarantee or unlimited	Non-mutual	Dirección General de Seguros y Fondos de Pensiones
28	GB	213800FGVM7Z9EJB2685GB00023	Specific code	Admiral Financial Services Limited	Non-regulated undertaking carrying out financial activities as defined in Article 1 (52) of Delegated Regulation (EU) 2015/35	Company limited by shares or by guarantee or unlimited	Non-mutual	Financial Conduct Authority
29	GB	213800FGVM7Z9EJB2685GB00026	Specific code	Seren One Limited	Non-regulated undertaking carrying out financial activities as defined in Article 1 (52) of Delegated Regulation (EU) 2015/35	Company limited by shares or by guarantee or unlimited	Non-mutual	Financial Conduct Authority

S.32.01.22

Undertakings in the scope of the group

Country	Identification code of the undertaking	Type of code of the ID of the undertaking	Criteria of influence						Inclusion in the scope of Group supervision		Group solvency calculation	
			% capital share	% used for the establishment of consolidated accounts	% voting rights	Other criteria	Level of influence	Proportional share used for group solvency calculation	YES/NO	Date of decision if art. 214 is applied	Method used and under method 1, treatment of the undertaking	
Row	C0010	C0020	C0030	C0180	C0190	C0200	C0210	C0220	C0230	C0240	C0250	C0260
1	GB	213800FGVM7Z9EJB2685	LEI							Included in the scope		Method 1: Full consolidation
2	GB	213800QUKW09N6CTJ31	LEI	100.00%	100.00%	100.00%		Dominant		Included in the scope		Method 1: Full consolidation
3	GI	2138003FZ569I9YPG680	LEI	100.00%	100.00%	100.00%		Dominant		Included in the scope		Method 1: Full consolidation
4	US	2138001MLQW5AEJISF95	LEI	100.00%	100.00%	100.00%		Dominant		Included in the scope		Method 1: Full consolidation
5	GB	213800FGVM7Z9EJB2685GB00001	Specific code	100.00%	100.00%	100.00%		Dominant		Included in the scope		Method 1: Adjusted equity method
6	GB	213800FGVM7Z9EJB2685GB00002	Specific code	90.00%	90.00%	90.00%		Dominant		Included in the scope		Method 1: Adjusted equity method
7	GB	213800FGVM7Z9EJB2685GB00003	Specific code	90.00%	90.00%	90.00%		Dominant		Included in the scope		Method 1: Adjusted equity method
8	US	213800FGVM7Z9EJB2685GB00004	Specific code	59.25%	59.25%	59.25%		Dominant		Included in the scope		Method 1: Adjusted equity method
9	ES	213800FGVM7Z9EJB2685ES00005	Specific code	75.00%	75.00%	75.00%		Dominant		Included in the scope		Method 1: Adjusted equity method
10	GB	213800FGVM7Z9EJB2685GB00006	Specific code	100.00%	100.00%	100.00%		Dominant		Included in the scope		Method 1: Full consolidation
11	GB	213800FGVM7Z9EJB2685GB00007	Specific code	100.00%	100.00%	100.00%		Dominant		Included in the scope		Method 1: Full consolidation
12	GB	213800ALB9B7LZCLU632	LEI	100.00%	100.00%	100.00%		Dominant		Included in the scope		Method 1: Full consolidation
13	IN	213800FGVM7Z9EJB2685IN00008	Specific code	100.00%	100.00%	100.00%		Dominant		Included in the scope		Method 1: Adjusted equity method
14	US	213800FGVM7Z9EJB2685US00009	Specific code	59.25%	59.25%	59.25%		Dominant		Included in the scope		Method 1: Adjusted equity method
15	GB	213800FGVM7Z9EJB2685GB00010	Specific code	100.00%	100.00%	100.00%		Dominant		Included in the scope		Method 1: Adjusted equity method
16	GB	213800FGVM7Z9EJB2685GB00011	Specific code	100.00%	100.00%	100.00%		Dominant		Included in the scope		Method 1: Adjusted equity method
17	GB	213800FGVM7Z9EJB2685GB00012	Specific code	75.00%	75.00%	75.00%		Dominant		Included in the scope		Method 1: Adjusted equity method
18	GB	213800FGVM7Z9EJB2685GB00013	Specific code	100.00%	100.00%	100.00%		Dominant		Included in the scope		Method 1: Adjusted equity method
19	GB	213800FGVM7Z9EJB2685GB00014	Specific code	100.00%	100.00%	100.00%		Dominant		Included in the scope		Method 1: Adjusted equity method
20	GB	213800FGVM7Z9EJB2685GB00015	Specific code	100.00%	100.00%	100.00%		Dominant		Included in the scope		Method 1: Adjusted equity method
21	GB	213800FGVM7Z9EJB2685GB00016	Specific code	100.00%	100.00%	100.00%		Dominant		Included in the scope		Method 1: Adjusted equity method
22	GB	213800FGVM7Z9EJB2685GB00017	Specific code	100.00%	100.00%	100.00%		Dominant		Included in the scope		Method 1: Adjusted equity method
23	GB	213800FGVM7Z9EJB2685GB00018	Specific code	100.00%	100.00%	100.00%		Dominant		Included in the scope		Method 1: Adjusted equity method
24	GB	213800FGVM7Z9EJB2685GB00019	Specific code	100.00%	100.00%	100.00%		Dominant		Included in the scope		Method 1: Adjusted equity method
25	GB	213800FGVM7Z9EJB2685GB00020	Specific code	50.00%	50.00%	50.00%		Dominant		Included in the scope		Method 1: Adjusted equity method
26	ES	213800FGVM7Z9EJB2685ES00021	Specific code	100.00%	100.00%	100.00%		Dominant		Included in the scope		Method 1: Full consolidation
27	ES	213800FGVM7Z9EJB2685ES00022	Specific code	100.00%	100.00%	100.00%		Dominant		Included in the scope		Method 1: Full consolidation
28	GB	213800FGVM7Z9EJB2685GB00023	Specific code	100.00%	100.00%	100.00%		Dominant		Included in the scope		Method 1: Sectoral rules
29	GB	213800FGVM7Z9EJB2685GB00026	Specific code	0.00%	100.00%	0.00%		Dominant		Included in the scope		Method 1: Sectoral rules

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Undertakings in the scope of the group

	Country	Identification code of the undertaking	Type of code of the ID of the undertaking	Legal Name of the undertaking	Type of undertaking	Legal form	Category (mutual/non mutual)	Supervisory Authority
Row	C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080
30	GB	213800FGVM7Z9EJB2685GB00024	Specific code	Preminen Dragon Price Comparison Limited	Other	Company limited by shares or by guarantee or unlimited	Non-mutual	
31	MX	213800FGVM7Z9EJB2685MX00025	Specific code	Preminen Mexico Sociedad Anonima de Capital Variable	Other	Company limited by shares or by guarantee or unlimited	Non-mutual	
32	TR	213800FGVM7Z9EJB2685TR00026	Specific code	Preminen Online Fiyat Karsilastirma Hizmetleri Anonim Sirketi	Other	Company limited by shares or by guarantee or unlimited	Non-mutual	

S.32.01.22

Undertakings in the scope of the group

Country	Identification code of the undertaking	Type of code of the ID of the undertaking	Criteria of influence						Inclusion in the scope of Group supervision		Group solvency calculation	
			% capital share	% used for the establishment of consolidated accounts	% voting rights	Other criteria	Level of influence	Proportional share used for group solvency calculation	YES/NO	Date of decision if art. 214 is applied		
Row	C0010	C0020	C0030	C0180	C0190	C0200	C0210	C0220	C0230	C0240	C0250	C0260
30	GB	213800FGVM7Z9EJB2685GB00024	Specific code	50.00%	50.00%	50.00%		Dominant		Included in the scope		Method 1: Adjusted equity method
31	MX	213800FGVM7Z9EJB2685MX00025	Specific code	51.25%	51.25%	51.25%		Dominant		Included in the scope		Method 1: Adjusted equity method
32	TR	213800FGVM7Z9EJB2685TR00026	Specific code	50.00%	50.00%	50.00%		Dominant		Included in the scope		Method 1: Adjusted equity method

# Admiral Insurance Company Limited

## Solvency and Financial Condition Report

### Disclosures

31 December

**2018**

(Monetary amounts in GBP thousands)

## General information

Undertaking name	Admiral Insurance Company Limited
Undertaking identification code	213800QUKWO9N6CT2J31
Type of code of undertaking	LEI
Type of undertaking	Non-life undertakings
Country of authorisation	GB
Language of reporting	en
Reporting reference date	31 December 2018
Currency used for reporting	GBP
Accounting standards	IFRS
Method of Calculation of the SCR	Standard formula
Matching adjustment	No use of matching adjustment
Volatility adjustment	No use of volatility adjustment
Transitional measure on the risk-free interest rate	No use of transitional measure on the risk-free interest rate
Transitional measure on technical provisions	No use of transitional measure on technical provisions

## List of reported templates

- S.02.01.02 - Balance sheet
- S.05.01.02 - Premiums, claims and expenses by line of business
- S.05.01.02 - Premiums, claims and expenses by line of business
- S.05.02.01 - Premiums, claims and expenses by country
- S.05.02.01 - Premiums, claims and expenses by country
- S.12.01.02 - Life and Health SLT Technical Provisions
- S.17.01.02 - Non-Life Technical Provisions
- S.19.01.21 - Non-Life insurance claims
- S.23.01.01 - Own Funds
- S.25.01.21 - Solvency Capital Requirement - for undertakings on Standard Formula
- S.28.01.01 - Minimum Capital Requirement - Only life or only non-life insurance or reinsurance activity

## S.02.01.02

## Balance sheet

		Solvency II value
		C0010
<b>Assets</b>		
R0030	Intangible assets	
R0040	Deferred tax assets	
R0050	Pension benefit surplus	
R0060	Property, plant & equipment held for own use	0
R0070	Investments (other than assets held for index-linked and unit-linked contracts)	444,439
R0080	<i>Property (other than for own use)</i>	0
R0090	<i>Holdings in related undertakings, including participations</i>	75,850
R0100	<i>Equities</i>	0
R0110	<i>Equities - listed</i>	
R0120	<i>Equities - unlisted</i>	
R0130	<i>Bonds</i>	147,502
R0140	<i>Government Bonds</i>	1,501
R0150	<i>Corporate Bonds</i>	143,003
R0160	<i>Structured notes</i>	0
R0170	<i>Collateralised securities</i>	2,998
R0180	<i>Collective Investments Undertakings</i>	196,087
R0190	<i>Derivatives</i>	
R0200	<i>Deposits other than cash equivalents</i>	25,000
R0210	<i>Other investments</i>	0
R0220	Assets held for index-linked and unit-linked contracts	
R0230	Loans and mortgages	0
R0240	<i>Loans on policies</i>	0
R0250	<i>Loans and mortgages to individuals</i>	
R0260	<i>Other loans and mortgages</i>	
R0270	Reinsurance recoverables from:	131,056
R0280	<i>Non-life and health similar to non-life</i>	129,203
R0290	<i>Non-life excluding health</i>	129,203
R0300	<i>Health similar to non-life</i>	0
R0310	<i>Life and health similar to life, excluding index-linked and unit-linked</i>	1,852
R0320	<i>Health similar to life</i>	0
R0330	<i>Life excluding health and index-linked and unit-linked</i>	1,852
R0340	<i>Life index-linked and unit-linked</i>	0
R0350	Deposits to cedants	0
R0360	Insurance and intermediaries receivables	12,675
R0370	Reinsurance receivables	
R0380	Receivables (trade, not insurance)	3,722
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	22,753
R0420	Any other assets, not elsewhere shown	0
R0500	<b>Total assets</b>	<b>614,644</b>

## S.02.01.02

## Balance sheet

		Solvency II value
		C0010
	<b>Liabilities</b>	
R0510	Technical provisions - non-life	427,353
R0520	<i>Technical provisions - non-life (excluding health)</i>	427,353
R0530	<i>TP calculated as a whole</i>	0
R0540	<i>Best Estimate</i>	412,378
R0550	<i>Risk margin</i>	14,974
R0560	<i>Technical provisions - health (similar to non-life)</i>	0
R0570	<i>TP calculated as a whole</i>	0
R0580	<i>Best Estimate</i>	0
R0590	<i>Risk margin</i>	0
R0600	Technical provisions - life (excluding index-linked and unit-linked)	6,541
R0610	<i>Technical provisions - health (similar to life)</i>	0
R0620	<i>TP calculated as a whole</i>	0
R0630	<i>Best Estimate</i>	0
R0640	<i>Risk margin</i>	0
R0650	<i>Technical provisions - life (excluding health and index-linked and unit-linked)</i>	6,541
R0660	<i>TP calculated as a whole</i>	0
R0670	<i>Best Estimate</i>	6,312
R0680	<i>Risk margin</i>	229
R0690	Technical provisions - index-linked and unit-linked	0
R0700	<i>TP calculated as a whole</i>	0
R0710	<i>Best Estimate</i>	0
R0720	<i>Risk margin</i>	0
R0740	Contingent liabilities	
R0750	Provisions other than technical provisions	
R0760	Pension benefit obligations	
R0770	Deposits from reinsurers	
R0780	Deferred tax liabilities	6,347
R0790	Derivatives	
R0800	Debts owed to credit institutions	
R0810	Financial liabilities other than debts owed to credit institutions	
R0820	Insurance & intermediaries payables	0
R0830	Reinsurance payables	3,939
R0840	Payables (trade, not insurance)	15,186
R0850	Subordinated liabilities	0
R0860	<i>Subordinated liabilities not in BOF</i>	
R0870	<i>Subordinated liabilities in BOF</i>	0
R0880	Any other liabilities, not elsewhere shown	0
R0900	<b>Total liabilities</b>	459,365
R1000	<b>Excess of assets over liabilities</b>	155,279



S.05.01.02

Premiums, claims and expenses by line of business

Life

Line of Business for: life insurance obligations						Life reinsurance obligations		Total
Health insurance	Insurance with profit participation	Index-linked and unit-linked insurance	Other life insurance	Annuities stemming from non-life insurance contracts and relating to health insurance obligations	Annuities stemming from non-life insurance contracts and relating to insurance obligations other than health insurance obligations	Health reinsurance	Life reinsurance	
C0210	C0220	C0230	C0240	C0250	C0260	C0270	C0280	C0300
<b>Premiums written</b>								
R1410	Gross							0
R1420	Reinsurers' share							0
R1500	Net				0		0	0
<b>Premiums earned</b>								
R1510	Gross							0
R1520	Reinsurers' share							0
R1600	Net				0		0	0
<b>Claims incurred</b>								
R1610	Gross				1,241			1,241
R1620	Reinsurers' share				397			397
R1700	Net				844		0	844
<b>Changes in other technical provisions</b>								
R1710	Gross							0
R1720	Reinsurers' share							0
R1800	Net				0		0	0
R1900	Expenses incurred				34		0	34
R2500	Other expenses							
R2600	Total expenses							34



S.05.02.01

Premiums, claims and expenses by country

Life

		C0150	C0160	C0170	C0180	C0190	C0200	C0210
		Home Country	Top 5 countries (by amount of gross premiums written) - life obligations			Top 5 countries (by amount of gross premiums written) - life obligations		Total Top 5 and home country
			C0220	C0230	C0240	C0250	C0260	
R1400								
	<b>Premiums written</b>							
R1410	Gross							0
R1420	Reinsurers' share							0
R1500	Net	0	0	0	0	0	0	0
	<b>Premiums earned</b>							
R1510	Gross							0
R1520	Reinsurers' share							0
R1600	Net	0	0	0	0	0	0	0
	<b>Claims incurred</b>							
R1610	Gross	1,241	0	0				1,241
R1620	Reinsurers' share	397	0	0				397
R1700	Net	844	0	0	0	0	0	844
	<b>Changes in other technical provisions</b>							
R1710	Gross							0
R1720	Reinsurers' share							0
R1800	Net	0	0	0	0	0	0	0
R1900	<b>Expenses incurred</b>	34						34
R2500	<b>Other expenses</b>							
R2600	<b>Total expenses</b>							34

S.12.01.02

Life and Health SLT Technical Provisions

	Index-linked and unit-linked insurance			Other life insurance			Annuities stemming from non-life insurance contracts and relating to insurance obligation other than health insurance obligations	Accepted reinsurance	Total (Life other than health insurance, including Unit-Linked)	Health insurance (direct business)			Annuities stemming from non-life insurance contracts and relating to health insurance obligations	Health reinsurance (reinsurance accepted)	Total (Health similar to life insurance)	
	Insurance with profit participation	Contracts without options and guarantees	Contracts with options or guarantees	Contracts without options and guarantees	Contracts with options or guarantees	Contracts without options and guarantees				Contracts with options or guarantees						
	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0150	C0160	C0170	C0180	C0190	C0200	C0210
R0010 <b>Technical provisions calculated as a whole</b>										0						
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP calculated as a whole										0						
R0020																
<b>Technical provisions calculated as a sum of BE and RM</b>																
<b>Best estimate</b>																
R0030 <b>Gross Best Estimate</b>								6,312		6,312						
R0080 Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default								1,852		1,852						
R0090 Best estimate minus recoverables from reinsurance/SPV and Finite Re								4,459		4,459						
R0100 <b>Risk margin</b>								229		229						
<b>Amount of the transitional on Technical Provisions</b>																
R0110 Technical Provisions calculated as a whole										0						
R0120 Best estimate										0						
R0130 Risk margin										0						
R0200 <b>Technical provisions - total</b>								6,541		6,541						



S.19.01.21

Non-Life insurance claims

Total Non-life business

Z0020

Accident year / underwriting year

Gross Claims Paid (non-cumulative)													
(absolute amount)													
Year	C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0170	C0180
	Development year										In Current year	Sum of years (cumulative)	
	0	1	2	3	4	5	6	7	8	9			10 & +
R0100	Prior										150	150	150
R0160	2009	12,741	27,933	7,518	3,898	3,149	1,785	387	706	122	113	113	58,354
R0170	2010	16,566	36,825	10,101	6,126	3,723	1,791	757	602	403		403	76,894
R0180	2011	21,607	43,771	12,050	6,445	4,246	3,841	1,437	915			915	94,312
R0190	2012	21,672	43,851	12,597	5,868	5,183	2,577	2,074				2,074	93,823
R0200	2013	20,049	46,150	13,691	7,953	4,280	3,449					3,449	95,572
R0210	2014	23,613	48,847	15,736	8,286	8,499						8,499	104,981
R0220	2015	22,465	49,120	14,616	7,669							7,669	93,870
R0230	2016	27,649	56,868	14,732								14,732	99,249
R0240	2017	31,314	66,397									66,397	97,711
R0250	2018	35,956										35,956	35,956
R0260												<b>Total</b>	<b>140,357</b>

Gross Undiscounted Best Estimate Claims Provisions													
(absolute amount)													
Year	C0200	C0210	C0220	C0230	C0240	C0250	C0260	C0270	C0280	C0290	C0300	C0360	
	Development year										Year end (discounted data)		
	0	1	2	3	4	5	6	7	8	9		10 & +	
R0100	Prior										4,213	4,297	
R0160	2009	0	0	0	0	0	0	3,581	2,230	2,389		1,972	
R0170	2010	0	0	0	0	0	0	7,144	4,600	4,826		4,346	
R0180	2011	0	0	0	0	0	15,841	9,702	6,896			6,707	
R0190	2012	0	0	0	0	24,729	13,790	11,435				9,057	
R0200	2013	0	0	0	34,290	21,776	14,718					13,329	
R0210	2014	0	0	60,216	39,203	23,486						22,483	
R0220	2015	0	86,992	46,645	34,659							33,329	
R0230	2016	67,044	81,006	55,753								51,870	
R0240	2017	70,069	100,034									91,934	
R0250	2018	73,250										69,006	
R0260												<b>Total</b>	<b>308,330</b>





S.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

R0010	MCR <sub>NL</sub> Result	C0010	40,826
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Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance) written premiums in the last 12 months
C0020	C0030
0	
0	
0	
266,442	137,866
16,733	52,858
0	
0	
0	
0	
0	
0	
0	
0	
0	
0	
0	
0	
0	
0	
0	

Linear formula component for life insurance and reinsurance obligations

R0200	MCR <sub>L</sub> Result	C0040	98
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Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance/SPV) total capital at risk
C0050	C0060
4,688	

Overall MCR calculation

R0300	Linear MCR	C0070	40,925
R0310	SCR		91,230
R0320	MCR cap		41,054
R0330	MCR floor		22,808
R0340	Combined MCR		40,925
R0350	Absolute floor of the MCR		2,222
R0400	<b>Minimum Capital Requirement</b>		40,925

# Admiral Insurance Gibraltar Limited

## Solvency and Financial Condition Report

### Disclosures

31 December

**2018**

(Monetary amounts in GBP thousands)

## General information

Undertaking name	Admiral Insurance Gibraltar Limited
Undertaking identification code	2138003FZ569I9YPG680
Type of code of undertaking	LEI
Type of undertaking	Non-life undertakings
Country of authorisation	GI
Language of reporting	en
Reporting reference date	31 December 2018
Currency used for reporting	GBP
Accounting standards	IFRS
Method of Calculation of the SCR	Standard formula
Matching adjustment	No use of matching adjustment
Volatility adjustment	Use of volatility adjustment
Transitional measure on the risk-free interest rate	No use of transitional measure on the risk-free interest rate
Transitional measure on technical provisions	No use of transitional measure on technical provisions

## List of reported templates

- S.02.01.02 - Balance sheet
- S.05.01.02 - Premiums, claims and expenses by line of business
- S.05.01.02 - Premiums, claims and expenses by line of business
- S.05.02.01 - Premiums, claims and expenses by country
- S.05.02.01 - Premiums, claims and expenses by country
- S.12.01.02 - Life and Health SLT Technical Provisions
- S.17.01.02 - Non-Life Technical Provisions
- S.19.01.21 - Non-Life insurance claims
- S.22.01.21 - Impact of long term guarantees measures and transitionals
- S.23.01.01 - Own Funds
- S.25.01.21 - Solvency Capital Requirement - for undertakings on Standard Formula
- S.28.01.01 - Minimum Capital Requirement - Only life or only non-life insurance or reinsurance activity

## S.02.01.02

## Balance sheet

		Solvency II value
		C0010
<b>Assets</b>		
R0030	Intangible assets	
R0040	Deferred tax assets	
R0050	Pension benefit surplus	
R0060	Property, plant & equipment held for own use	0
R0070	Investments (other than assets held for index-linked and unit-linked contracts)	2,263,789
R0080	<i>Property (other than for own use)</i>	0
R0090	<i>Holdings in related undertakings, including participations</i>	0
R0100	<i>Equities</i>	0
R0110	<i>Equities - listed</i>	
R0120	<i>Equities - unlisted</i>	
R0130	<i>Bonds</i>	1,183,106
R0140	<i>Government Bonds</i>	70,776
R0150	<i>Corporate Bonds</i>	1,029,128
R0160	<i>Structured notes</i>	0
R0170	<i>Collateralised securities</i>	83,201
R0180	<i>Collective Investments Undertakings</i>	1,005,683
R0190	<i>Derivatives</i>	
R0200	<i>Deposits other than cash equivalents</i>	75,000
R0210	<i>Other investments</i>	0
R0220	Assets held for index-linked and unit-linked contracts	
R0230	Loans and mortgages	50,891
R0240	<i>Loans on policies</i>	0
R0250	<i>Loans and mortgages to individuals</i>	
R0260	<i>Other loans and mortgages</i>	50,891
R0270	Reinsurance recoverables from:	1,243,065
R0280	<i>Non-life and health similar to non-life</i>	1,233,656
R0290	<i>Non-life excluding health</i>	1,233,656
R0300	<i>Health similar to non-life</i>	0
R0310	<i>Life and health similar to life, excluding index-linked and unit-linked</i>	9,409
R0320	<i>Health similar to life</i>	0
R0330	<i>Life excluding health and index-linked and unit-linked</i>	9,409
R0340	<i>Life index-linked and unit-linked</i>	0
R0350	Deposits to cedants	0
R0360	Insurance and intermediaries receivables	124,174
R0370	Reinsurance receivables	0
R0380	Receivables (trade, not insurance)	52,257
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	44,325
R0420	Any other assets, not elsewhere shown	-122
R0500	<b>Total assets</b>	<b>3,778,380</b>

## S.02.01.02

## Balance sheet

		Solvency II value
		C0010
	<b>Liabilities</b>	
R0510	Technical provisions - non-life	2,343,815
R0520	<i>Technical provisions - non-life (excluding health)</i>	2,343,815
R0530	<i>TP calculated as a whole</i>	0
R0540	<i>Best Estimate</i>	2,269,684
R0550	<i>Risk margin</i>	74,130
R0560	<i>Technical provisions - health (similar to non-life)</i>	0
R0570	<i>TP calculated as a whole</i>	0
R0580	<i>Best Estimate</i>	0
R0590	<i>Risk margin</i>	0
R0600	Technical provisions - life (excluding index-linked and unit-linked)	35,227
R0610	<i>Technical provisions - health (similar to life)</i>	0
R0620	<i>TP calculated as a whole</i>	0
R0630	<i>Best Estimate</i>	0
R0640	<i>Risk margin</i>	0
R0650	<i>Technical provisions - life (excluding health and index-linked and unit-linked)</i>	35,227
R0660	<i>TP calculated as a whole</i>	0
R0670	<i>Best Estimate</i>	34,131
R0680	<i>Risk margin</i>	1,096
R0690	Technical provisions - index-linked and unit-linked	0
R0700	<i>TP calculated as a whole</i>	0
R0710	<i>Best Estimate</i>	0
R0720	<i>Risk margin</i>	0
R0740	Contingent liabilities	0
R0750	Provisions other than technical provisions	
R0760	Pension benefit obligations	
R0770	Deposits from reinsurers	743,164
R0780	Deferred tax liabilities	1,542
R0790	Derivatives	
R0800	Debts owed to credit institutions	
R0810	Financial liabilities other than debts owed to credit institutions	
R0820	Insurance & intermediaries payables	108,096
R0830	Reinsurance payables	0
R0840	Payables (trade, not insurance)	128,975
R0850	Subordinated liabilities	0
R0860	<i>Subordinated liabilities not in BOF</i>	
R0870	<i>Subordinated liabilities in BOF</i>	0
R0880	Any other liabilities, not elsewhere shown	
R0900	<b>Total liabilities</b>	3,360,819
R1000	<b>Excess of assets over liabilities</b>	417,561

S.05.01.02

Premiums, claims and expenses by line of business

Non-life

Line of Business for: non-life insurance and reinsurance obligations (direct business and accepted proportional reinsurance)												Line of business for: accepted non-proportional reinsurance				Total
Medical expense insurance	Income protection insurance	Workers' compensation insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance	Legal expenses insurance	Assistance	Misc. financial loss	Health	Casualty	Marine, aviation and transport	Property	
C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0120	C0130	C0140	C0150	C0160	C0200
<b>Premiums written</b>																
R0110	Gross - Direct Business		1,071,985	428,937		125,325	1,420			18,418	34,354					1,680,440
R0120	Gross - Proportional reinsurance accepted															0
R0130	Gross - Non-proportional reinsurance accepted															0
R0140	Reinsurers' share		814,668	330,203		90,909	1,030			1,377	260					1,238,446
R0200	Net		257,318	98,734		34,417	390			17,041	34,094					441,994
<b>Premiums earned</b>																
R0210	Gross - Direct Business		1,042,423	423,688		113,160	1,283			16,990	30,796					1,628,340
R0220	Gross - Proportional reinsurance accepted															0
R0230	Gross - Non-proportional reinsurance accepted															0
R0240	Reinsurers' share		793,203	326,370		82,317	933			1,183	260					1,204,266
R0300	Net		249,220	97,318		30,843	350			15,807	30,536					424,074
<b>Claims incurred</b>																
R0310	Gross - Direct Business		714,699	285,992		95,369	1,081			9,743	19,013					1,125,898
R0320	Gross - Proportional reinsurance accepted															0
R0330	Gross - Non-proportional reinsurance accepted															0
R0340	Reinsurers' share		633,444	259,978		66,881	758			1,183	0					962,244
R0400	Net		81,255	26,014		28,488	323			8,561	19,013					163,654
<b>Changes in other technical provisions</b>																
R0410	Gross - Direct Business		0	0		0	0			0	0					0
R0420	Gross - Proportional reinsurance accepted															0
R0430	Gross - Non-proportional reinsurance accepted															0
R0440	Reinsurers' share		0	0		0	0			0	0					0
R0500	Net		0	0		0	0			0	0					0
R0550	Expenses incurred		42,462	16,186		4,877	55			1,118	7,116					71,815
R1200	Other expenses															
R1300	Total expenses															71,815

S.05.01.02

Premiums, claims and expenses by line of business

Life

Line of Business for: life insurance obligations						Life reinsurance obligations		Total
Health insurance	Insurance with profit participation	Index-linked and unit-linked insurance	Other life insurance	Annuities stemming from non-life insurance contracts and relating to health insurance obligations	Annuities stemming from non-life insurance contracts and relating to insurance obligations other than health insurance obligations	Health reinsurance	Life reinsurance	
C0210	C0220	C0230	C0240	C0250	C0260	C0270	C0280	C0300
<b>Premiums written</b>								
R1410	Gross							0
R1420	Reinsurers' share							0
R1500	Net				0		0	0
<b>Premiums earned</b>								
R1510	Gross							0
R1520	Reinsurers' share							0
R1600	Net				0		0	0
<b>Claims incurred</b>								
R1610	Gross				8,657			8,657
R1620	Reinsurers' share				2,724			2,724
R1700	Net				5,933		0	5,933
<b>Changes in other technical provisions</b>								
R1710	Gross							0
R1720	Reinsurers' share							0
R1800	Net				0		0	0
R1900	Expenses incurred				278		0	278
R2500	Other expenses							
R2600	Total expenses							278



S.05.02.01

Premiums, claims and expenses by country

Life

	C0150	C0160	C0170	C0180	C0190	C0200	C0210
	Home Country	Top 5 countries (by amount of gross premiums written) - life obligations			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
<b>Premiums written</b>							
R1410 Gross							0
R1420 Reinsurers' share							0
R1500 Net	0	0	0	0	0	0	0
<b>Premiums earned</b>							
R1510 Gross							0
R1520 Reinsurers' share							0
R1600 Net	0	0	0	0	0	0	0
<b>Claims incurred</b>							
R1610 Gross	8,657						8,657
R1620 Reinsurers' share	2,724						2,724
R1700 Net	5,933	0	0	0	0	0	5,933
<b>Changes in other technical provisions</b>							
R1710 Gross							0
R1720 Reinsurers' share							0
R1800 Net	0	0	0	0	0	0	0
R1900 Expenses incurred	278						278
R2500 Other expenses							
R2600 Total expenses							278

S.12.01.02

Life and Health SLT Technical Provisions

	Index-linked and unit-linked insurance			Other life insurance			Annuities stemming from non-life insurance contracts and relating to insurance obligation other than health insurance obligations	Accepted reinsurance	Total (Life other than health insurance, including Unit-Linked)	Health insurance (direct business)			Annuities stemming from non-life insurance contracts and relating to health insurance obligations	Health reinsurance (reinsurance accepted)	Total (Health similar to life insurance)	
	Insurance with profit participation	Contracts without options and guarantees	Contracts with options or guarantees	Contracts without options and guarantees	Contracts with options or guarantees	Contracts without options and guarantees				Contracts with options or guarantees						
	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0150	C0160	C0170	C0180	C0190	C0200	C0210
R0010 <b>Technical provisions calculated as a whole</b>										0						
R0020 Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP calculated as a whole										0						
<b>Technical provisions calculated as a sum of BE and RM</b>																
<b>Best estimate</b>																
R0030 <b>Gross Best Estimate</b>								34,131		34,131						
R0080 Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default								9,409		9,409						
R0090 Best estimate minus recoverables from reinsurance/SPV and Finite Re								24,722		24,722						
R0100 <b>Risk margin</b>								1,096		1,096						
<b>Amount of the transitional on Technical Provisions</b>																
R0110 Technical Provisions calculated as a whole										0						
R0120 Best estimate										0						
R0130 Risk margin										0						
R0200 <b>Technical provisions - total</b>								35,227		35,227						

S.17.01.02

Non-Life Technical Provisions

		Direct business and accepted proportional reinsurance										Accepted non-proportional reinsurance				Total Non-Life obligation		
		Medical expense insurance	Income protection insurance	Workers' compensation insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance	Legal expenses insurance	Assistance	Miscellaneous financial loss	Non-proportional health reinsurance	Non-proportional casualty reinsurance		Non-proportional marine, aviation and transport reinsurance	Non-proportional property reinsurance
		C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0120	C0130	C0140	C0150	C0160	C0170	C0180
R0010	Technical provisions calculated as a whole				0	0		0	0			0	0					0
R0050	Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP calculated as a whole																	0
<b>Technical provisions calculated as a sum of BE and RM</b>																		
<b>Best estimate</b>																		
<b>Premium provisions</b>																		
R0060	Gross				308,010	101,780		39,673	450			3,102	2,547					455,562
R0140	Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default				230,575	75,542		23,770	269			307	0					330,463
R0150	Net Best Estimate of Premium Provisions				77,434	26,238		15,903	181			2,796	2,547					125,099
<b>Claims provisions</b>																		
R0160	Gross				1,756,704	-9,507		53,867	2,526			2,602	7,931					1,814,123
R0240	Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default				860,633	4,300		36,460	1,748			52	0					903,193
R0250	Net Best Estimate of Claims Provisions				896,071	-13,807		17,407	778			2,550	7,931					910,930
R0260	Total best estimate - gross				2,064,713	92,273		93,540	2,975			5,705	10,478					2,269,684
R0270	Total best estimate - net				973,505	12,431		33,311	959			5,345	10,478					1,036,029
R0280	Risk margin				69,657	889		2,383	69			382	750					74,130
<b>Amount of the transitional on Technical Provisions</b>																		
R0290	Technical Provisions calculated as a whole				0	0		0	0			0	0					0
R0300	Best estimate				0	0		0	0			0	0					0
R0310	Risk margin				0	0		0	0			0	0					0
R0320	Technical provisions - total				2,134,370	93,163		95,924	3,044			6,087	11,228					2,343,815
R0330	Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total				1,091,208	79,842		60,230	2,016			359	0					1,233,656
R0340	Technical provisions minus recoverables from reinsurance/SPV and Finite Re - total				1,043,162	13,320		35,694	1,027			5,728	11,228					1,110,159

S.19.01.21

Non-Life insurance claims

Total Non-life business

Z0020

Accident year / underwriting year

Gross Claims Paid (non-cumulative)														
(absolute amount)														
Year	C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0170	C0180	
	Development year										In Current year	Sum of years (cumulative)		
	0	1	2	3	4	5	6	7	8	9			10 & +	
R0100	Prior										712	712	712	
R0160	2009	54,743	111,518	25,509	15,034	13,152	7,761	1,810	3,296	319	592	592	233,733	
R0170	2010	78,564	164,395	39,580	30,218	18,325	9,521	3,585	3,299	1,762		1,762	349,249	
R0180	2011	116,821	211,604	54,549	33,137	20,678	23,969	8,443	5,227			5,227	474,428	
R0190	2012	115,974	200,236	59,135	31,188	25,936	13,381	13,027				13,027	458,877	
R0200	2013	102,958	193,415	61,839	40,633	22,781	20,736					20,736	442,361	
R0210	2014	114,149	213,599	68,759	38,440	44,263						44,263	479,210	
R0220	2015	120,699	246,081	64,539	37,210							37,210	468,529	
R0230	2016	155,957	282,236	66,553								66,553	504,745	
R0240	2017	192,778	407,789									407,789	600,567	
R0250	2018	247,009										247,009	247,009	
R0260												<b>Total</b>	<b>844,882</b>	<b>4,259,422</b>

Gross Undiscounted Best Estimate Claims Provisions													
(absolute amount)													
Year	C0200	C0210	C0220	C0230	C0240	C0250	C0260	C0270	C0280	C0290	C0300	C0360	
	Development year										Year end (discounted data)		
	0	1	2	3	4	5	6	7	8	9		10 & +	
R0100	Prior										19,912	20,096	
R0160	2009	0	0	0	0	0	0	13,172	10,905	9,533		8,525	
R0170	2010	0	0	0	0	0	0	32,702	23,343	25,170		21,965	
R0180	2011	0	0	0	0	0	80,740	60,184	39,676			38,070	
R0190	2012	0	0	0	0	114,317	79,725	66,008				47,495	
R0200	2013	0	0	0	156,993	141,660	97,961					89,131	
R0210	2014	0	0	255,786	219,488	131,267						120,026	
R0220	2015	0	362,775	285,359	217,770							195,195	
R0230	2016	322,577	413,914	304,695								270,148	
R0240	2017	398,456	611,986									532,371	
R0250	2018	512,017										471,100	
R0260												<b>Total</b>	<b>1,814,123</b>

S.22.01.21

Impact of long term guarantees measures and transitionals

	Amount with Long Term Guarantee measures and transitionals	Impact of transitional on technical provisions	Impact of transitional on interest rate	Impact of volatility adjustment set to zero	Impact of matching adjustment set to zero
	C0010	C0030	C0050	C0070	C0090
R0010 Technical provisions	2,379,041	0	0	32,553	0
R0020 Basic own funds	417,561	0	0	-17,758	0
R0050 Eligible own funds to meet Solvency Capital Requirement	477,561	0	0	-17,758	0
R0090 Solvency Capital Requirement	335,658	0	0	5,066	0
R0100 Eligible own funds to meet Minimum Capital Requirement	417,561	0	0	-17,758	0
R0110 Minimum Capital Requirement	130,229	0	0	2,162	0

S.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

R0010	Ordinary share capital (gross of own shares)
R0030	Share premium account related to ordinary share capital
R0040	Initial funds, members' contributions or the equivalent basic own-fund item for mutual and mutual-type undertakings
R0050	Subordinated mutual member accounts
R0070	Surplus funds
R0090	Preference shares
R0110	Share premium account related to preference shares
R0130	Reconciliation reserve
R0140	Subordinated liabilities
R0160	An amount equal to the value of net deferred tax assets
R0180	Other own fund items approved by the supervisory authority as basic own funds not specified above
R0220	<b>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</b>
R0230	<b>Deductions for participations in financial and credit institutions</b>
R0290	<b>Total basic own funds after deductions</b>

Ancillary own funds

R0300	Unpaid and uncalled ordinary share capital callable on demand
R0310	Unpaid and uncalled initial funds, members' contributions or the equivalent basic own fund item for mutual and mutual - type undertakings, callable on demand
R0320	Unpaid and uncalled preference shares callable on demand
R0330	A legally binding commitment to subscribe and pay for subordinated liabilities on demand
R0340	Letters of credit and guarantees under Article 96(2) of the Directive 2009/138/EC
R0350	Letters of credit and guarantees other than under Article 96(2) of the Directive 2009/138/EC
R0360	Supplementary members calls under first subparagraph of Article 96(3) of the Directive 2009/138/EC
R0370	Supplementary members calls - other than under first subparagraph of Article 96(3) of the Directive 2009/138/EC
R0390	Other ancillary own funds
R0400	<b>Total ancillary own funds</b>

Available and eligible own funds

R0500	Total available own funds to meet the SCR
R0510	Total available own funds to meet the MCR
R0540	Total eligible own funds to meet the SCR
R0550	Total eligible own funds to meet the MCR

R0580	<b>SCR</b>
R0600	<b>MCR</b>
R0620	<b>Ratio of Eligible own funds to SCR</b>
R0640	<b>Ratio of Eligible own funds to MCR</b>

Reconciliation reserve

R0700	Excess of assets over liabilities
R0710	Own shares (held directly and indirectly)
R0720	Foreseeable dividends, distributions and charges
R0730	Other basic own fund items
R0740	Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds
R0760	<b>Reconciliation reserve</b>

Expected profits

R0770	Expected profits included in future premiums (EPIFP) - Life business
R0780	Expected profits included in future premiums (EPIFP) - Non- life business
R0790	<b>Total Expected profits included in future premiums (EPIFP)</b>

Total	Tier 1 unrestricted	Tier 1 restricted	Tier 2	Tier 3
C0010	C0020	C0030	C0040	C0050
58	58		0	
14,944	14,944		0	
0	0		0	
0		0	0	0
0	0			
0		0	0	0
0		0	0	0
402,559	402,559			
0		0	0	0
0				0
0	0	0	0	0
0				
0				
417,561	417,561	0	0	0

0				
0				
0				
0				
0				
0				
0				
0				
0				
60,000			60,000	
60,000			60,000	0

477,561	417,561	0	60,000	0
417,561	417,561	0	0	
477,561	417,561	0	60,000	0
417,561	417,561	0	0	

335,658
130,229
142.28%
320.64%

C0060
417,561
0
15,002
0
402,559

36,013
36,013



S.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

R0010	MCR <sub>NL</sub> Result	C0010	129,687
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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

Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance) written premiums in the last 12 months
C0020	C0030
0	
0	
0	
973,505	257,318
12,431	98,734
0	
33,311	34,417
959	390
0	
0	
5,345	17,041
10,478	34,094
0	
0	
0	
0	

Linear formula component for life insurance and reinsurance obligations

R0200	MCR <sub>L</sub> Result	C0040	542
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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

Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance/SPV) total capital at risk
C0050	C0060
25,818	

Overall MCR calculation

R0300	Linear MCR	C0070	130,229
R0310	SCR		335,658
R0320	MCR cap		151,046
R0330	MCR floor		83,914
R0340	Combined MCR		130,229
R0350	Absolute floor of the MCR		2,222
R0400	Minimum Capital Requirement		130,229