Stonebridge International Insurance Limited

2022 Solvency and Financial Condition Report

Table of Contents

Scope and Basis of Preparation

Scope

The Solvency II Pillar 3 regulatory reporting requirements came into force on 1 January 2016. Firms must produce two key reports:

- the **Solvency and Financial Condition Report (SFCR)** – Firms are required to disclose this report publicly and to report it to the Prudential Regulation Authority (PRA) on an annual basis. The SFCR includes both qualitative and quantitative information; and
- the **Regular Supervisory Report (RSR)** – This is a private report to the supervisor and is not disclosed publicly. Firms submit this report to the PRA in full at least every three years and produce a summary of key changes every year. 2022 is not an RSR reporting year for Stonebridge International Insurance ("SIIL")

This report is SIIL's Solvency and Financial Condition Report (SFCR) for the year ended 31 December 2022 and will be submitted in full in 2023.

This report informs SIIL's stakeholders about:

A. Business and Performance

This section gives an overview of the business, underwriting, investment and other activity performance over the year.

B. System of Governance

This section gives general information on the system of governance, covering fit and proper persons requirements and the company's risk management system including the Own Risk and Solvency Assessment (ORSA). It also covers functions such as internal audit, actuarial and outsourcing arrangements.

C. Risk Profile

This section covers all risk categories including underwriting, market, credit, liquidity and operational risk.

D. Valuation for Solvency Purposes

This section explains the methodology differences between Statutory accounts and Solvency II, and provides a reconciliation between the two, identifying classification and valuation differences.

E. Capital Management

This section provides an analysis and explanation of own funds, solvency capital requirement and minimum capital requirement.

Basis of Preparation

This report is prepared in accordance with the requirements of the Solvency II Directive and Delegated Regulation (in particular articles 35 and 51 of the Solvency II Directive, and articles 290-298 and 307-311 of the Delegated Regulation) and relevant EIOPA Guidelines (in particular 'Guidelines on reporting and public disclosure' - EIOPA-BoS-15/109) as issued by the European Insurance and Occupational Pensions Authority (EIOPA).

The 2022 SFCR of SIIL has been prepared and disclosed under the responsibility of the Board of Stonebridge International Insurance Ltd. Throughout the document, Stonebridge will be referred to as 'SIIL', 'Stonebridge' or the 'Company'.

The Company is required to ensure that its SFCR is subject to approval by its governing body and that governing body takes responsibility for ensuring that the SFCR has been properly prepared in all material respects in accordance with the PRA rules and Solvency II Regulations.

The monetary values in the SFCR are presented in pounds sterling and in thousands except where stated otherwise.

Where Statutory results are disclosed, the figures are prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102"), Financial Reporting Standard 103, "Consolidated accounting and reporting requirements for entities in the UK and Republic of Ireland issuing insurance contracts ("FRS 103") and the Companies Act 2006.

SIIL qualifies as a 'small firm for audit purposes' with a score of 11 and is therefore exempt from the SFCR external audit requirement. The exemption has been applied since 2020.

The SFCR is not audited as SIIL has received an exemption from such audit as a small insurance firm under PS25/18. The quantitative reporting templates relating to the Company are submitted to the PRA. These can be read in conjunction with the SFCR.

Executive Summary

Introduction

SIIL's principal activity is the transaction and servicing of accident and health related general insurance products in the UK market. The Company is domiciled and incorporated in England.

The summaries below give an overview of each of the sections within the SFCR. More information is available later in the document.

A. Business and performance

Company overview

The Company's business strategy is focused on continuing to provide protection and benefits through its accident, health and miscellaneous financial loss related general insurance products to its established customer base, and new customers in the UK market, ensuring clear communication with its customers of the nature and benefits of their policies.

Strategic overview

SIIL commenced a process of identifying potential new business streams in Q4 2021 and launched its first MGA led new business arrangement in the middle of 2022. SIIL has since partnered with another MGA to insure a pet portfolio and will continue to look for further new business opportunities in 2023.

SIIL executed a Part VII transfer of its remaining German and Spanish policies, and residual claims risks from other EU countries on 1st November 2022. SIIL will now focus solely on UK based opportunities to grow its portfolio.

Throughout 2022 UK policies transferred onto SIIL's balance sheet from another group entity either at renewal or on 1st October 2022, whichever came first.

Overview of 2022 and key results

The business had 244,093 in force policies, including rider policies, at 31 December 2022. All policyholders were UK residents.

SIIL actively engages with its customers at least annually to ensure that customers are clear on the benefits of their policy. The communications also inform customers of any important changes to their policy, as well as ensuring that customers have the contact details for the Customer Service Centre to enable them to administer their policy and to make claims.

SIIL has operated with no major disruption in operations or customer interactions as a result of the pandemic, although macroeconomic uncertainty has impacted SIIL's investment performance. Even so, at the end of 2022 SIIL continues to have a strong balance sheet and a strong net income performance.

The business has continued its strong relationships with Union Income Benefit Holdings (UIB) Comdata U.K., SSP Ltd and Gielisch Claims Management (as key outsourcers to the business) in order to ensure high quality customer outcomes. Conduct and Operational risks have been kept to a minimum by monitoring and managing the products to ensure good customer outcomes, ensuring an embedded risk framework and maintain a strong risk culture.

A summary of the key results is provided below:

	2022	2021	Increase / (Decrease)	
	£000's	£000's	£000's	%
Net Written Premiums	**16,627**	16,994	(367)	(2.2%)
Profit on ordinary activities before tax	**5,126**	4,497	629	14.0%
Solvency Ratio at year end	**241%**	227%		

The reduction in gross written premiums of 2.2% is in line with expectations, given lapsing in the portfolio and timings of the various portfolio movements in the year. SIIL is part way through a growth strategy aimed at both refreshing and bolstering its insurance portfolio.

The increase in Profit before Tax is as a result of lower than expected claims experience during the year in addition to careful expense management.

The increase in the Solvency Capital Requirement Cover Ratio (Solvency Ratio) from 227% at 31 December 2021 to 241% at 31 December 2022 is the net result of SIIL's profit during the year, the impact of the Part VII transfer on SIIL's solvency and the payment of a dividend to SIIL's parent company. 241% remains above SIIL's target solvency range.

Full details on SIIL's business and performance are described in Section A.

B. System of Governance

Corporate governance

The Company is a wholly owned subsidiary of Global Premium Holdings Ltd, which is itself a wholly owned subsidiary of Embignell Ltd. SIIL's governance structure is in place to ensure the safe and efficient management of the Company, its operations and to protect the interest of its customers.

The SIIL Board is the statutory board of SIIL. It has oversight of the Company and assumes overall management responsibilities for the Company. The Board has delegated responsibilities to committees of the Board. This includes the following governance committees:

- Audit Committee;
- Risk Committee;
- Executive Committee; and
- Underwriting Committee

Remuneration and Nomination matters are dealt with by the Independent Non-Executive Directors meeting in Private Session.

SIIL is committed to compliance with PRA and FCA rules and has in place rigorous processes and procedures to ensure vetting and verification of individuals and maintenance of clear organisational accountabilities both for individual and group decisions.

SIIL's governance framework was reviewed following the change in control period for effectiveness and appropriateness given SIIL's revised strategy and the policies and controls of its new group.

Risk management

SIIL's Risk Management Framework is designed to identify and manage potential events and risks that may affect the Company. It involves:

- Understanding which risks SIIL is facing
- Establishing a business wide framework through which risk can be assessed
- Establishing risk tolerances for the level of exposure to a particular risk
- Utilising risk policies to set minimum standards to be met
- Monitoring risk exposure and actively maintaining oversight over SIIL's overall risk and solvency positions

Control environment

In addition to risk management, SIIL's Solvency II control environment consists of an internal controls system, an actuarial function and an internal audit function. The internal control system serves to facilitate compliance with applicable laws, regulation and administrative processes and it provides for an adequate control environment including appropriate control activities for key processes. The actuarial function has end-to-end accountability for the adequacy and reliability of reported technical provisions, including policy setting and monitoring of compliance regarding actuarial risk tolerances. SIIL's internal audit function is independent and objective in performing its duties in evaluating the effectiveness of SIIL's internal control system.

Own Risk and Solvency Assessment (ORSA)

The ORSA is a key part of the system of governance. The latest ORSA report was presented to and approved by the SIIL Board in December 2022.

Full details on SIIL's system of governance are described in Section B.

C. Risk Profile

Key risks

The nature of the SIIL business results in exposure to the following market related risks: Concentration Risk, Counterparty risk, Spread risk and Liquidity risk. However, due to SIIL's investment appetite, the risk of externally market driven events is typically low. 2022 was an unprecedented year for macroeconomic uncertainty and this resulted in negative investment performance for SIIL. SIIL's risk management framework ensured that losses were minimalised and that SIIL remained appropriately capitalised. The main non-financial risks that the Company is exposed to relate to Underwriting risk, including lapses and claims, and Operational risk, including legal and compliance risks. SIIL is exposed to reserving risk but given the nature of the business SIIL underwrites, the reserving risk is not deemed material and is considered as part of claims risk. SIIL is also exposed to the risk of writing business that is outside SIIL's risk appetite and tolerances from both a financial and a regulatory perspective. Together these represent the principal risks and uncertainties for the Company.

SIIL's management of risks starts with the setting of its risk appetite, which articulates its risk objectives and associated limits for the key risks, and the subsequent monitoring of exposure in line with appetite.

Stress and scenario analysis is performed to test the overall financial strength of the business and the exposure to specified risk exposures. Sensitivities and scenario analysis are a core part of the risk framework in allowing the business to measure, monitor and manage risk exposures at any time.

Full details of the risk profile for SIIL can be found in full in Section C.

D. Valuation for solvency purposes

The valuation of assets and technical provisions for Solvency II purposes are derived predominantly from the same data and models as used in preparation of the Statutory Accounts, and a key internal process control is to reconcile from the audited Statutory Accounts to the valuation of assets and technical provisions for Solvency II reporting.

Full details on the reconciliation between SIIL's statutory balance sheet and its Solvency II balance sheet are described in Section D.

E. Capital management

Subject to specifications of the SII rules and regulations, the Own Funds are the assets of the Company less the liabilities. Under Solvency II, firms must hold regulatory capital, called the Solvency Capital Requirement (SCR) in addition to those liabilities in order to ensure that they will still be in a position, with a probability of at least 99.5%, to meet their obligations to policyholders and beneficiaries over the following 12 months. The minimum level and composition of an insurer's Own Funds is determined by reference to its SCR.

SIIL applies the standard formula in its calculation of the SCR.

Solvency II key figures £000's	**31 December 2022**	31 December 2021
Own Funds	**16,501**	16,445
Net SCR	**6,854**	7,260
Solvency Ratio	**241%**	227%

Solvency II key figures £000's	**31 December 2022**	31 December 2021
Eligible Own Funds	**16,501**	16,445
MCR	**3,445**	2,101

	2022	2021
Tier 3 Assets	**69**	-

All Eligible Own Funds (£16,501k) were unrestricted Tier 1 at the end of 2022 with the exception of £69k of Tier 3 deferred tax assets. At the end of 2022 all £16,501k of assets were unrestricted Tier 1 other than the £69k of Tier 3.

The solvency ratio (Own Funds/Solvency Capital Requirement) is a key performance indicator for SIIL.

Full details on SIIL's Own Funds and SCR are described in Section E.

A. Business and Performance

A.1 Business

A.1.1 Overview

SIIL's principal activity is the transaction and servicing of accident and health related general insurance products in selected European markets. The company is domiciled and incorporated in England. SIIL underwrites its own policies.

As a Tier 5 insurer, SIIL has been granted a discretionary waver over certain reporting requirements.

Significant developments in the SIIL business over 2022:

1. Insurance Portfolio Changes

UK policies transferred onto SIIL's balance sheet from the Advent Insurance PCC Limited - UIB Cell ("UIB Cell") upon their renewal dates and this completed in October 2022. Spanish and German policies were underwritten and serviced by SIIL until 1st November 2022, at which point the Part VII transfer of these policies to the UIB Cell was executed. Existing customers will continue to receive an update containing all relevant information at least annually.

Following the reinstatement of SIIL's ability to sell new business it is management's intention to explore ventures with the aim of growing SIIL's portfolio in a manner that attracts good quality business.

2. Investment Portfolio Changes

SIIL invested £5m in a Royal London Money Market fund during the year. At the end of the year this investment was valued at £5.1m. SIIL's existing investment in the Royal London Investment Grade Short Dated Bond Fund was valued at £9.9m at the start of the year and at £9.0m at the end of the year. SIIL withdrew £0.1m of income from the Short Dated Bond Fund during the year.

Increasing base rates during the year caused unrealised losses to the value of SIIL's holding in the Short Dated Bond Fund. The Money Market fund holding was insulated from the impact of these changes given its risk profile and has appreciated in value during the year.

3. Loan

During November 2021 SIIL provided a £4m Loan to another Group Entity, Union Income Benefits Holdings Ltd ("UIB"). The Loan will mature in November 2025 at which point UIB shall repay the entire loan amount plus interest accrued monthly over the period. Interest being accrued on the loan until maturity is calculated based on the UK base rate each month. Monthly interest accrued has been increasing through the year as UK base rates also increased.

A.1.2 Key Contact and Business Addresses

The authority responsible for regulatory supervision of Stonebridge International Insurance Ltd is:

Prudential Regulation Authority (or PRA)

Address : 20 Moorgate, London, EC2 6DA

Telephone : +44 (0) 20 3461 7000

Financial Conduct Authority (or FCA)

Address : 12 Endeavour Square, London, E20 1JN

Telephone : +44 (0)20 7066 1000

PKF Littlejohn LLP Accountants is the external auditor of Stonebridge International Insurance Ltd and can be contacted as follows:

Address: 15 Westferry Circus, Canary Wharf, London E14 4HD

Telephone: 0207 5162200

Registered Office of the Parent Company – Embignell Ltd:

Address: 14th Floor, 33 Cavendish Square, London, England, W1G 9DQ

Business Address of Stonebridge International Insurance Ltd:

Address: 39/51 Highgate Road, London, NW5 1RT

A.1.3 Solvency II key figures

Subject to specifications of the SII rules and regulations, the Own Funds are the assets of the Company less the liabilities. Under Solvency II, firms must hold regulatory capital, called the Solvency Capital Requirement (SCR) in addition to those liabilities in order to ensure that they will still be in a position, with a probability of at least 99.5%, to meet their obligations to policyholders and beneficiaries over the following 12 months. The minimum level and composition of an insurer's Own Funds is determined by reference to its SCR.

SIIL applies the standard formula in its calculation of the SCR.

In the following table the Solvency II figures for SIIL are presented:

Solvency II key figures of SIIL per 31 December 2022 and 31 December 2021

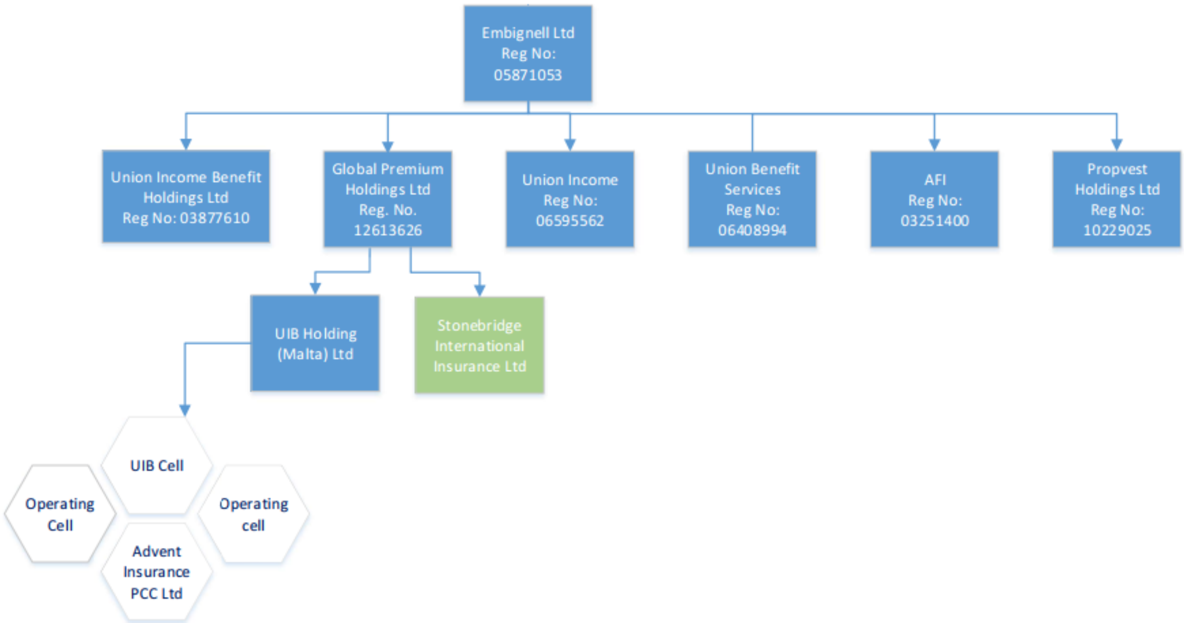
Solvency II key figures

Amount in £000's	**31 December 2022**	31 December 2021
Own Funds	**16,501**	16,445
Net SCR	**6,854**	7,260
Surplus (deficit)	**9,647**	9,185
Solvency II Ratio	**241%**	227%

The Solvency II ratio of 241% is based on the Solvency Capital Ratio (SCR) calculated using the Solvency II Standard Formula. It represents the Own Funds as a ratio of the SCR and is a key performance indicator for the business.

A.1.4 Group structure

From 28 February 2021, SIIL became part of the Embignell Ltd Group. Beneath Embignell Ltd, the Group structure is Global Premium Holdings Ltd which is the direct parent of SIIL. SIIL is regulated to write insurance business in the United Kingdom.



A.1.5 List of Principal subsidiaries, Joint Ventures and associates

SIIL has no subsidiaries or joint ventures.

A.1.6 Material lines of business and Material lines of geographical areas

Material lines of business

Historically SIIL sold a range of protection products including Accidental Death, Hospital Cash Plan, Accident Cash Plan, Dental cover, Drivers Protection and protection business. SIIL sold most of their policies by telesales using customer databases supplied by business partners (usually banks, credit card companies and retailers). There were a limited number of direct mail campaigns and some use of appointed representatives.

Prior to the completion of the acquisition of SIIL by the Embignell Group in 2021, the Prudential Regulatory Authority (PRA) agreed to the removal of the Voluntary Variation of Permissions (VVOP) which allowed SIIL to underwrite new business in the UK. SIIL identified potential new business streams in 2022 with the aim of bringing good quality new business to SIIL's portfolio. A large number of UK policies transferred into SIIL's portfolio from another group entity, UIB Cell. This started in October 2021 and continued until October 2022. A planned Part VII transfer of EU policies from SIIL to UIB Cell executed on 1st November 2022.

The vast majority of the business is Accidental Death and Accident Cash Plan; these policies have the following features:

Accidental Death

- Monthly renewable. Premiums payable monthly
- Payment of Cash Benefit if the insured person suffers accidental death that happens anywhere in the world. For insured customers, the amount payable is dependent on the type of accident. Death must occur within 12 months of the accident. Exclusions and limitations apply.

Accidental Cash Plan

- Monthly renewable. Premiums payable monthly
- Pays out a daily benefit in the event of hospitalisation as direct result of an accident. Broadly, pay-out is based on the number of days hospitalised. Exclusions and limitations apply.

Stonebridge's in-force policies, including riders, as at 31st December 2022 split by product type is shown below:

Type of Product	Number of Policies at 31st December 2022
Accidental Death	206,010
Personal Accident	20,554
Accident Cash Plan	12,735
Income Protection	4,166
Hospitalisation Cash Plan	628
Total	**244,093**

Geographical Markets

Stonebridge only held UK domiciled policies at 31st December 2022.

A.1.7 Major Shareholders

SIIL is entirely owned by Global Premium Holdings, an entity within the Embignell Group.

A.2 Underwriting Performance

This section provides a high-level overview of the underwriting performance of SIIL.

Underwriting performance of SIIL (UKGAAP)

Statutory Results £ 000’s	2022	2022	2021	2021
Net Written Premium	**16,627**		16,994	
Change in the Provision for Unearned Premiums	**(82)**		(91)	
Earned Premiums		**16,709**		16,903
Net Claims Paid	**(2,759)**		(5,286)	
Change in Claims Provision	**1,424**		(273)	
Claims Incurred^		**(1,335)**		(5,559)
Expenses*^		**(9,898)**		(6,800)
Other Income		**(351)**		28
Investment Income		**(702)**		(75)
Net Income		**5,126**		4,497

**Investment expenses included 2022 £21k (2021: £15k)*

^Change in Claims Provision and Expenses includes the impact of reserves transferred to UIB Cell during the Part VII transfer, the net impact of which to the P&L is a £300k loss

Earned Premiums have reduced by £190k as a result of lapsing in SIIL’s portfolio and as a result of Part VII portfolio movements. Claims Incurred have reduced by £4,224k as a result of a combination of the reserve transfer associated with the Part VII and lower than expected claims paid through the year. Expenses have increased by £3,098k due to costs associated with the execution of the Part VII transfer and the eventual transfer of reserves to UIB Cell.

SIIL’s products are categorised under Accident, Sickness and Miscellaneous Loss for reporting purposes and these are the only lines of business that SIIL has exposure to. The products that are in force at 31st December 2022 were all United Kingdom based. Prior to the transfer of all EU policies and residual risks SIIL was earning premiums and incurring claims on UK, German, Spanish & Other EU policies. The split of premiums earned and claims incurred by country is shown below. Net margin is not analysed at a product level.

Underwriting performance of SIIL with a geographical split

Statutory Results £000’s	2022 Premiums Earned	2022 Claims Incurred	2021 Premiums Earned	2021 Claims Incurred
United Kingdom	**9,863**	**203**	7,955	2,631
Germany	**5,959**	**1,190**	7,600	2,625
Spain	**887**	**53**	1,233	408
Other EU Countries	**0**	**(111)**	115	(105)
Total	**16,709**	**1,335**	16,903	5,559

Claims incurred is the sum of claims paid and movements in claims reserves. UK Claims Incurred in 2022 is made up of £1,320k of claims paid and £1,117k of reserve movements.

The Medium Term Plan (MTP) is produced annually and contains details on the expected performance of the business. The projected earnings for SIIL for 2022 and the main variances to that projection are noted in the table below**.**

Underwriting performance of SIIL in quantitative reporting template comparison to plan

Statutory Results £ 000's	**2022 Actual**	**2022 Plan**	**Variance**
Net Written Premium	**16,627**	16,928	(301)
Change in the Provision for Unearned Premiums	**(82)**	76	(158)
Total Premiums Earned	**16,709**	16,852	(143)
Total Claims Incurred+	**(1,335)**	(3,181)	1,845
Total Expenses*	**(9,898)**	(9,452)	(445)
Total Other Income^	**(351)**	424	(775)

**Excludes investment expenses.*

^Includes investment expenses and all expenses and reserve transfers resulting from the Part VII transfer

+*Includes the reserve transfer resulting from the Part VII transfer*

Total Premiums Earned were below budget by 1%. This was due to exchange rate movements and lapsing at a level slightly ahead of the plan's expectations.

Total Claims Incurred were below budget by 58% as a result of fewer claims paid than the budget expected as a result of legacy impacts of the pandemic.

Total Expenses are above budget due to additional expenses resulting from the Part VII transfer.

A.3 Investment Performance

This section provides a high level overview of the investment performance of SIIL.

Investment performance of SIIL

Statutory Results £ 000's	2022	2021
Investment Income	**(681)**	(75)
Investment expenses	**(21)**	(15)
Total	**(702)**	(90)

SIIL holds its excess liquidity in two investment funds managed by Royal London. The first is an Investment Grade Short Dated Bond Fund and the second is a Money Market fund.

An analysis of the investment performance per asset class is noted in the table below,

Investment performance of SIIL per asset class

Statutory Results £ 000's	2022	2021
Royal London Short Dated Fund	**(769)**	(90)
Royal London Money Market Fund	**67**	-

The Royal London funds adhere to Stonebridge's Investment Policy and appetite to risk, further information on which can be found in the Own Risk Solvency Assessment (ORSA).

SIIL invested in the Money Market fund in 2022, the Bond Fund was in place at the start of the year. The investment environment during 2022 was unprecedented. Global unrest and the macroeconomic impact of the end of the pandemic caused the value of the bond fund to fall across the year. Although income increased, this was more than offset by the reduction in the underlying value. SIIL does not need to access the funds held in the Short Dated Bond Fund for daily or short-term use and doesn't intend to sell its holdings in the short term. SIIL is therefore not exposed to any short-term fluctuation in value.

The Money Market fund was insulated from market unrest and SIIL has gained £67k from its investment in the fund during the year. SIIL manages its working capital requirements between its Money Market fund holdings and cash deposits.

SIIL has no placements in securitised investments and therefore no insurers risk management procedures are required.

A.4 Intercompany Loan

In November 2021 SIIL provided a £4m loan to another group entity, UIB. The Loan is due to mature in November 2025.

For the purposes of both the statutory and solvency II accounts, interest is being accrued monthly in line with the loan agreement. All accrued interest will be paid to SIIL upon the maturity of the loan.

SIIL performs scenario analysis as part of its ORSA to ensure that SIIL remained sufficiently capitalised if the loan were to default. In all scenarios SIIL's solvency ratio remained within the tolerance level as determined by SIIL's capital management policy.

There is no indication that the loan is likely to default and sufficient evidence around cashflow has been provided by UIB. SIIL therefore continues to recognise both the loan value and accrued interest on both its statutory and Solvency II balance sheets. The accrued interest recognised by SIIL during the year is:

Statutory Results £ 000's	**2022**	2021
Accrued Intercompany Loan Interest	**251**	28

The Intercompany Loan, including any accrued interest, will be treated in the same way that all other investments are during the SCR charge calculation.

A.5 Performance of other activities

Please note there are no performance of other activities regarding SIIL business.

A.6 Any other information

Please note there is no other material information regarding SIIL business and performance.

B. System of Governance

B.1 General Information on the system of governance

B.1.1 SIIL's corporate governance

The Company has an established governance framework for monitoring and overseeing strategy, conduct of business standards and operations of the business.

As a financial institution, the Company is also required to comply with rules and guidance issued by the PRA and Financial Conduct Authority (FCA), which include high level standards covering Principles for Business and Senior Management Arrangements, Systems and Controls and requirements for the way the firm conducts its business.

Under the SIIL Board's authority, the Company operates the following further governance structure: the Audit Committee, the Risk Committee, the Executive Committee focusing on operational running of the Company and the Underwriting Committee, a sub-committee of the Executive Committee focusing on product performance and product governance. Any Remuneration and Nomination matters are discussed at a Private Session of the Board. SIIL's governance framework was reviewed following the change in control period for effectiveness and appropriateness given SIIL's revised strategy and the policies and controls of its new group.

B.1.1.2 Board, Committees and Sub-Committees

Board

Purpose of the SIIL Board:

For the year ending 31 December 2022, the Board's purpose was to act as the statutory board of SIIL, to have oversight of the entity and to assume overall management responsibilities. Subject to matters reserved to the shareholder, the articles of association of the Company and company law generally, the authority and remit of the Board is unlimited.

The Board was supported by the Audit Committee and Risk Committee. The Executive Committee meet monthly, convening where necessary on matters of day-to-day management of the business. The Underwriting Committee meet quarterly, or more frequently if necessary.

The Board will monitor and oversee the matters and responsibilities it has delegated to various boards and committees as set out in its terms of reference.

Committees

Each Committee reports to the Board and Committee outputs and recommendations are discussed in the plenary meetings of the Board. Each of the Committees of the Board has Terms of Reference in which the composition, duties, and internal procedures are defined.

These committees are:

- Audit Committee,
- Risk Committee,
- Executive Committee; and
- Underwriting Committee

Audit Committee

Purpose of the Audit Committee:

The Audit Committee is a Committee of the Board. The prime responsibilities of the Audit Committee are to:-

- Monitor the integrity of the financial statements of SIIL prior to their approval by the Board and to review the financial statements contained within SIIL's Own Risk and Solvency Assessment (ORSA).
- Report to and advise the Board on any aspect on which the Committee is not satisfied in relation to the proposed financial reporting by SIIL.
- Liaise with the Risk Committee on the monitoring and review of SIIL's internal controls.
- To ensure that an appropriate audit plan is in place and to assess the effectiveness of the audit
- Review the external auditors' findings (including those contained in management letters) and management's response to them.
- Review and monitor the external auditors' independence, objectivity, expertise, resources and effectiveness, taking into consideration relevant UK professional and regulatory requirements, including the provision of any non-audit services.
- Advise the Board on the role and selection of the external auditors; audit arrangements generally; and to make recommendations for appointment and the terms of that appointment.
- Develop and agree programmes of internal audit and to review these programmes, to review the annual internal audit plan ensuring it covers the appropriate risk areas and to monitor and ensure that all outstanding audit points and evaluate the effectiveness of SIIL's control systems.
- Review the performance of SIIL's internal auditors annually and advise the Board on to make recommendations for appointment and the terms of that appointment when required.

Risk Committee

Purpose of the Risk Committee:

The Risk Committee is a Committee of the Board. The prime responsibilities of the Risk Committee are to:-

- Satisfy itself on the solvency of the company on a realistic stressed basis– the Risk Committee will recommend to the Board an appropriate timescale for forecasts.
- Review on a regular basis the reinsurance strategy.
- Review and approve specified risk appetite and risk tolerances to the Board.
- Ensure via review, recommendation or approval that there is effective leadership in relation to the following:
    - Risk issues;
    - An appropriate strategy and plan for risk management is in place;
    - The risk culture across the organisation is appropriate for an organisation of the size and nature of the company;
    - The remuneration strategy does not encourage excessive risk taking;
    - Appropriate Governance processes are in place and operating effectively;
    - All material risks have been identified and accurately assessed;
    - Those risks that are outside of SIIL's risk tolerance are identified, escalated and are being actively managed back within tolerance;
    - Mitigation action is timely and appropriate and material risks are being controlled through an effective, efficient and comprehensive control environment;
    - Group policies are appropriate and adhered to; and
    - SIIL is meeting its regulatory responsibilities.

Executive Committee

Purpose of the Executive Committee:

The Executive Committee is a Sub-Committee of the Board and has been delegated the day-to-day Management of SIIL. The Executive Committee meets at least monthly. Not all members of the Board are members of the Executive Committee.

The Executive Committee's role includes making decisions, reports and recommendations to enable SIIL to discharge regulatory and governance obligations in accordance with the applicable regulatory regime, PRA and FCA guidance and best practice and to align SIIL's interests with those of shareholders and promote the long-term success of SIIL Companies.

The Executive Committee has authority to make decisions on behalf of the Board save in respect of any matters which require the approval of the Board. The Executive Committee has authority to delegate matters to individuals or to existing or new committees. The Executive Committee does, with the oversight of the Board, supervise certain committees to which it delegates some of its responsibilities.

Underwriting Committee

Purpose of the Underwriting Committee:

The Underwriting Committee is a Sub-Committee of the Executive Committee and has been delegated to handle all matters relating to new and existing products, product performance and value to customers considerations. Not all members of the Executive Committee are members of the Underwriting Committee.

The Underwriting Committee has authority to make decisions on changes to product pricing and product benefits and to sign off potential new business opportunities for viability against underwriting appetite.

The Underwriting Committee reports any matters of significance to the Board or one of its sub-committees as appropriate.

B.1.2 Remuneration policy

B.1.2.1 Remuneration

All Remuneration within SIIL is overseen by the Board.

In setting remuneration packages for individual employees, SIIL adopts a job evaluation approach. All roles are evaluated according to recognised job evaluation methodology and are then benchmarked against industry data to ensure that total reward (fixed compensation, variable compensation and contractual benefits) is appropriate to the particular role and local market conditions.

B.1.2.2 Fixed and Variable Compensation

Remuneration packages within SIIL is categorised into Fixed and Variable Compensation. Fixed Compensation includes: Basic Salary, Employer Pension Contributions and contractual benefits. Variable Compensation is any type of remuneration that is not fixed. It includes participation in a performance bonus scheme appropriate to the employee's role. Other forms of variable pay such as sign on bonuses, retention bonuses and variable severance pay are only permitted in exceptional circumstances and are subject to strict governance.

Variable Compensation paid to employees is from a bonus pool determined by company metrics. The funding of the pool is determined by performance against financial and non-financial indicators which are agreed by a private session of the Board.

The allocation of individual awards to employees from the bonus pool is determined by personal performance against individual financial and non-financial objectives.

B.1.2.3 Remuneration of members of management body

Director's remuneration as disclosed in statutory accounts

Statutory Results £ 000's Directors' Remuneration	2022	2021
Directors	**495**	409

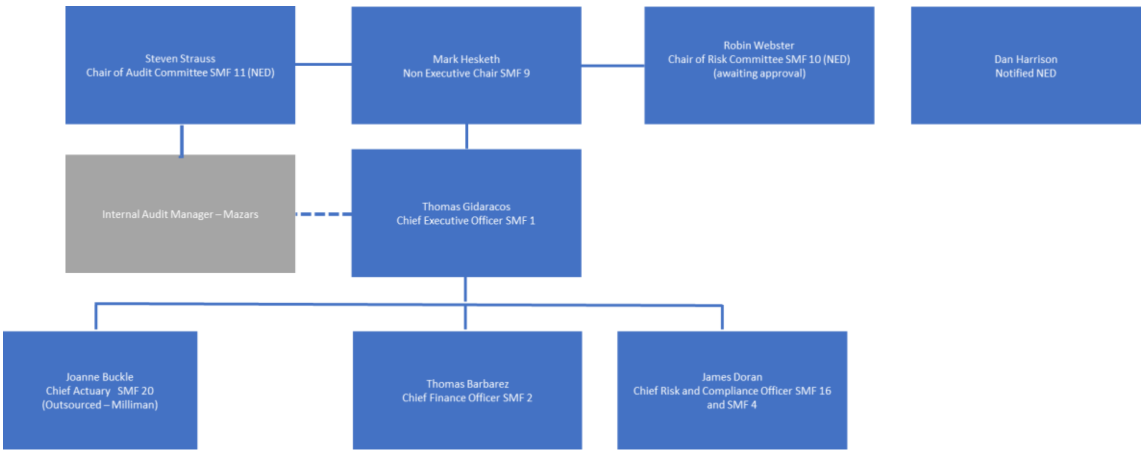
The remuneration of directors up to and including 28 February 2021 is entirely made up of fees to the non-executive directors for services provided to Stonebridge International Insurance Ltd and for services provided to Cornerstone International Holdings Ltd. Prior to the change in control at 1 March 2021, all other directors were employed by other Aegon Group companies and received remuneration from their respective employing company which was not apportioned between their services as directors of the Company and their services as directors of the holding company or of fellow Group undertakings. From 1 March 2021, remuneration for all directors was paid by Union Income Benefit Holdings Ltd and their remuneration charged to SIIL. One director is remunerated for their services to the Group and an apportionment of their total emoluments has been included in the SIIL directors' emoluments figure.

B.1.2.4 Material Changes in the system of governance

During 2022 Alan Harris (14 December), Sharan Lakhan (14 December) and Shona Mountford (14 December) resigned from the SIIL Board. Robin Webster (14 December), Thomas Barbarez (14 December) and Dan Harrison (14 December) were appointed to the SIIL Board. The composition of the Board as at 31 December 2022 is detailed below:

Mark Hesketh	Independent Director
Steven Strauss	Independent Director
Robin Webster	Independent Director
Thomas Gidaracos	Director
Thomas Barbarez	Director
Dan Harrison	Director

The SIIL internal organisation chart as at 31 December 2022 is shown below.



Note: Robin Webster was approved as SMF10 on 20th Feb 2023

B.1.2.5 Other key functions

SIIL has two key outsourced control functions: internal audit and the actuarial function.

- *Internal Audit*

  In line with the requirements, Internal Audit is fully objective and independent from all other functions, reporting directly into the Audit Committee and Board.
- *Actuarial function*

  Actuarial Function holder is the Chief Actuary. This is an outsourced role and the Chief Actuary is a member of the Executive Committee.

Responsible persons for key functions as at 31 December 2022

Responsible Person	SMF Position Held	Function
Mark Hesketh	SMF9 and SMF10	Chair of Governing Body
Steven Strauss	SMF11	Chair of Audit Committee
Thomas Gidaracos	SMF1 and SMF3 (overlap with PRA SMF)	Chief Executive Officer
Thomas Barbarez	SMF2 and SMF3 (overlap with PRA SMF)	Chief Finance Officer
James Doran	SMF4 and SMF16	Chief Risk & Compliance Officer
Joanne Buckle	SMF20	Chief Actuary

B.2 Fit and proper requirements

B.2.1 Requirements

SIIL is committed to a policy of proactive compliance with the PRA and FCA rules. The PRA/FCA expect standards of behaviour and conduct to be adhered to. These standards are expected as a minimum, and represent good business, ethical, and HR practice, and should not present a challenge for senior managers in the organisation.

Apart from ensuring that individuals are made aware of their responsibilities, there are two main areas where SIIL has implemented rigorous processes and procedures:

1. the vetting and verification of individuals, and
2. the maintenance of clear organisational accountabilities: for both individual and group decisions.

B.2.1.1 Vetting and verification of Approved Individuals

Those about to be appointed into a Senior Manager Function (SMF) role go through a SIIL vetting and verification process, prior to the application to the PRA/FCA. This applies whether the individual is an external or an internal appointment and whether the appointment arises as the result of restructure, succession planning or redeployment.

To ensure that SIIL meets its regulatory obligations, it carries out 'due diligence' prior to the application being submitted to the PRA/FCA. In essence this requires SIIL to ensure that all the information provided is factually accurate.

Appointment to an approved role is conditional upon SIIL obtaining satisfactory information from the vetting and verification checks, a Regulatory Reference and PRA/FCA approval being granted. In assessing fitness and propriety, the PRA/FCA (and SIIL under the 'due diligence' process) consider both the relevance and the importance of any matter which comes to their attention which suggests that a person might not be 'fit and proper'.

B.2.1.2 Criminal Record Checks

Approved roles are subject to a check from the Disclosure and Barring Service (DBS) and/or the Scottish Criminal Records Office (SCRO). The information provided includes details of cautions, reprimands or final warnings, as well as convictions. The check must be satisfactory to SIIL and the PRA/FCA for the appointment to be confirmed. Once the SIIL checks have been carried out satisfactorily, all required information is submitted to the PRA/FCA to go through its approval process.

B.2.1.3 Maintenance of clear organisational accountabilities

SIIL has processes in place to ensure the maintenance of clear organisational accountabilities for key decisions. These processes govern both collective and individual decision making. Clear oversight of this is provided by the Management Responsibilities Map.

The collective element is covered by SIIL's high level committee structures, which deal with the corporate governance frameworks of the organisation. Each committee has its own terms of reference which covers its remit, membership and operating/reporting requirements, as well as where each committee derives it's authority and escalation processes where matters breach the extend of authority afford to that Committee.

In addition to this, individual Approved Persons are required to agree and maintain up to date documentation on their role. This includes a job description outlining the main responsibilities of the role. The job description reflects both the PRA/FCA Controlled Function(s) that apply and details of any high level Boards and Committees that the individual sits on, either as Chairperson or member. The significance of this is that the individual's responsibilities for both collective and individual decisions are reflected.

B.2.2 Process for assessment

The FCA and PRA's Senior Managers and Certification Regime (SMCR) came into force on 10 December 2018 for insurers. The regime was implemented to ensure the majority of firms (commencing with insurers) followed the same standards which were implemented for banks following the publication of the final report of the Parliamentary Commission on Banking Standards.

The SMCR seeks to ensure that the senior persons who are running insurers, or who have responsibility for key functions at those firms, behave with integrity, honesty and skill. It replaced both the FCA's approved person regime and the PRA's Senior Insurance Managers Regime.

One of the regulators' key themes is senior management responsibility and accountability. The PRA continues to stress that it is the individual and collective responsibility of senior management to ensure that firms comply with its regulatory obligations.

The objective of SMCR (for insurers) is to enhance the governance structures of Solvency II insurance firms. The regime reaffirms standards of fitness, propriety and conduct for individuals that fall within scope and reflects the regulators' increased focus on greater personal responsibility and accountability.

The scope of the SMCR covers senior insurance managers who are subject to pre-approval by the PRA and/or FCA for a controlled function together with all the other senior individuals (termed "key function holders") who are effectively running the insurer.

SIIL ensures it has appropriate persons identified and approved in line with the SMCR regime.

B.3 Risk management system including the own risk and solvency assessment

B.3.1 Risk management system

B.3.1.1 SIIL's Risk Management Framework

SIIL's approach to the management of risk exposures are as outlined within the Risk Management Framework which guides the business on its approach to risk. The fundamental purpose of the Risk Management Framework is to provide a structured approach to identifying, measuring, and managing risk within SIIL – considering both risk exposures in the here and now, as well as those which may arise in the future. The core components of the framework are outlined in this section.

The dominant policies in force are Accidental Death policies – regular premium generating, general insurance policies. The policies that SIIL has in force and how SIIL operates as a business drives the risk exposures to SIIL. As noted previously in the report, the nature of the products and investment strategy means that SIIL has limited exposure to market risks and a greater emphasis on SIIL's non-market risks such as persistency, expenses and operational risk.

The Risk Management Framework involves:

- Establishing SIIL's risk appetite statement
- Establishing an underwriting appetite
- Maintaining a framework through which risk can be assessed
- Establishing risk tolerances for the level of exposure to a particular risk
- Utilising risk policies to set minimum standards to be met
- Monitoring risk exposure and actively maintaining oversight over the company's overall risk and solvency positions

Risk Strategy & Risk Tolerance:

SIIL has in place risk appetites for the business which articulates its risk objectives and associated limits for the key risks. This is articulated in the form of a risk strategy (the directional and core strategic view of risk) and the risk tolerance (setting out clear limits which are monitored against). Risk strategy and tolerance are reviewed on an annual basis.

Risk Identification

SIIL has identified the key risks to the business and this documented with cross functional input within the Top-Down Risk Register ('TDRR'). The TDRR observes the most significant risks in the business and requires the risk owners to document the controls in place for each risk. The documentation and review of those risks is an ongoing exercise and part of an iterative process, including related actions.

Risk Assessment

The SIIL capital model quantifies the risks to which the business is exposed and capital is held to meet those risks.

Risk Reporting, Monitoring and Response

Risks are monitored and formally reported through the governance structure. This takes various forms including but not limited to Risk Appetite monitoring, Control Attestation, Incident reporting and Compliance Reporting. Mitigating actions are documented as required. Additionally, risks which are currently outside appetite are reported through Executive Committee and Risk Committee, including actions to bring them back into appetite.

Risk Control

The Risk Management Framework is supported and embedded by a strong risk culture throughout SIIL. This is vital to ensuring that adherence to and use of the framework is active on a day-to-day basis.

B.3.1.2 SIIL's risk governance framework

The risk governance framework is aligned to the corporate governance structure outlined earlier in this section.

The SIIL risk management framework operates through a three line of defence model with clear reporting and escalation lines defined. The core 2^{nd} line of defence is the Risk function, which incorporates Operational Risk and Financial Risk oversight. Risk and control activities are defined and embedded within the three lines of defence.

Additionally, SIIL has a Compliance Monitoring Plan which reviews control effectiveness and adherence to internal policies and procedures. Where gaps are identified actions to mitigate these gaps are suggested.

B.3.1.3 Risk Strategy and Tolerance Approach

Risk appetite statements covers the reason for taking a risk, competence to manage the risk and risk preference leading to a clear appetite for each risk. Risk Tolerance statements translate the appetite into a targeted risk profile and are established to assist management in carrying out business strategy within the resources available to the company. This plays an important role across four areas: financial strength; continuity; culture; and risk balance.

The risk universe output from the Top Down Risk Register is used and the Risk Strategy and Risk Tolerance statements frame the appropriate Risk Response of accept, control, transfer or avoid. Risk Monitoring and Reporting covers the Risk Tolerance statements. The tolerance levels will be reviewed at least annually to retest their appropriateness.

Monitoring and managing the level of risk within SIIL against the Risk Tolerance Statements is a key risk management tool. The Risk Tolerance Statements, and the effective management against those, increase the likelihood of SIIL achieving its business objectives and are key to meeting the Solvency II requirements.

B.3.1.4 SIIL's risk reporting approach

SIIL performs regular risk reporting and produces a comprehensive set of risk reports to measure, monitor and manage the risks in the business. The reports are discussed and presented at governance committees for mitigating actions and awareness of any potential new emerging risks to be analysed.

B.3.2 Own Risk and Solvency Assessment

B.3.2.1 ORSA process overview

The ORSA policy outlines the mandatory requirements for completing the SIIL ORSA. The ORSA enabling framework helps link the process between the business strategy and business plan, to the supporting risk framework and risk & capital assessments, to the use of the results in decision making and hence influence on the business strategy.

B.3.2.2 ORSA Governance

The ORSA report is subject to Board level approval at least annually or in the event of a significant change in the risk profile. The last ORSA was approved at the December 2022 Board.

B.3.2.3 Own Solvency Needs & Capital Management

Solvency II became the primary regulatory capital basis applicable to the business as of 1 January 2016 and hence is the primary metric adopted within the ORSA. Solvency II is a risk-based capital regime which has policyholder protection central to its aims.

There is a need to maintain and meet Regulatory Capital requirements and therefore protect policyholder benefits to the regulatory specified levels. In addition, and in line with SIIL Capital

Management Policy, a buffer level of capital is targeted within SIIL. Capital strength is actively considered through Solvency II reporting, required by PRA under its Prudential Sourcebook for Insurers.

The approved Standard Formula (‘SF’) has been used to determine solvency needs. Additional capital in the form of a capital buffer represents the level of target capital which enables the business to withstand plausible events whilst still being able to meet regulatory capital requirements. This is further described in Section E.

The company also uses financial forecasts to cover the medium-term financial outlook of the business, including forecasts of solvency positions and key performance indicators under a variety of management decisions. This is a key element of the MTP and ORSA.

B.3.3 External Credit Assessments Institutions (ECAI)

SIIL does not use credit assessments from ECAI.

B.3.4 Long Term Guarantees

SIIL does not use the Matching Adjustment, Volatility Adjustment or the Transitional Measures. Due to the duration of its liabilities it is not exposed to the extrapolation of the risk free rate.

B.4 Internal control system

B.4.1 SIIL's internal control system

This section provides an overview of the Risk Management Framework and the tools and procedures which enable a robust internal control system. This section is split into three as follows:

1. Risk Management Framework
2. Implementation within SIIL
3. Compliance Function

B.4.2 Risk Management Framework

The Risk Management Framework specifies how risks are identified, measured, monitored and managed within the business. These measures cover financial, customer, operational and regulatory risks ensuring that SIIL protects the interests of SIIL's customers and shareholders under a wide range of severe but plausible risk events. A system of governance is adopted within SIIL which acts to oversee the embedding of the risk framework and the management of risk exposures to its customers and shareholders.

B.4.3 Implementation within SIIL

SIIL has a core objective of seeking to achieve fair outcomes for its customers as illustrated through its risk appetite statements and supporting Risk Framework. The risk appetite for the business is articulated in its Risk Strategy and Risk Tolerance with supporting risk limits for each risk in its Risk Universe, contained within the TDRR. This provides a comprehensive management tool to identify, measure and manage SIIL risk exposures within specified bounds. Further detail of which is included in the section B.3.1 above.

SIIL sets and monitors against risk appetite on the conduct of its business based on the regulatory environment in which SIIL operates, internal expectations for the fair treatment of customers, the exposure to and management of financial crime, how SIIL's people behave and conduct themselves, and the operations in the business.

A formal review of risk and control activities (including administrative and accounting procedures) is undertaken by the accountable executive and control owners on a semi-annual basis. Quarterly control certificates are completed by management across business functions to attest that the appropriate controls in place, that key controls are effective, business polices have been reviewed and to confirm all incidents have been raised.

Risk events ('incidents') can occur and are reported and managed in the business in line with an Incident Management process. This process ensures that all risk events, including significant issues, control failures, breaches or other shortcomings are logged, investigated and remediated.

The Risk Framework is supported by a range of policies which are adopted in the business. These set the processes and bounds within the business to manage risk within the business. A policy compliance exercise is undertaken to test whether policies are embedded in the business and a Compliance Monitoring plan will test adherence to internal policies and procedures. Consideration of actual and potential conflicts of interest is made in alignment with the Conflicts of Interest Policy.

The Risk Framework operates through a three lines of defence model with clear reporting and escalation lines defined. There is a split of activities undertaken within the second line of defence providing coverage of the Risk Management Framework.

1st Line of Defence Internal Control Activities

A number of activities across the 1st line of defence comprise the Internal Control Framework:

- Finance Controls which provide assurance over the reliability, accuracy, timeliness and quality of financial, management, regulatory reporting and the safeguarding of assets.
- A Quality Model is in place within the administration functions to ensure accurate and appropriate processing of customer data. Key elements of our Quality Model include:
  - Licensing of individuals based on assessment of competence
  - Use of standard checklists within the workflow system
  - Risk based checking and sampling of each work activity
- A suite of policies which are regularly reviewed and refreshed through governance are adopted to manage the risks that arise in the running of the business in a consistent manner within SIIL's risk appetite. All employees are required to operate within the policy guidelines.
- Risk and assurance actions are recorded, tracked and monitored and are subject to oversight from the structure of governance committees and boards which regularly review and challenge risk MI as well as monitoring compliance with the risk framework.
- Information Security Compliance checks are performed in compliance with the Group Information Security Policy and minimum standards.
- Business continuity testing is in place and regularly tested in accordance with the Business Continuity Policy and the IT Systems Risk Policy.
- All staff are required to complete mandatory computer based training on a regular basis to ensure they understand all key requirements including legislative, regulatory and the expected Code of Conduct.

The Internal Control Certificate requires management to attest that appropriate controls are in place having considered the following activities as set out in the risk management framework:

- Top-Down Risk Registers (TDRRs) - SIIL has a top-down risk register covering the most significant risks of the area as assessed by the senior leadership team of the function and the accountable executive. The TDRR captures the key controls in place to mitigate the identified risks and assesses the net risk exposure.
- Risk Acceptances – which provide assessment, approval and monitoring of risks accepted through the formal governance process within the SIIL framework.
- Policy compliance – an assessment of performance against policy requirements. The outputs provide management with key data highlighting any compliance gaps which could present risks or weaknesses and allows the appropriate action to be taken.
- Incident management, breaches and loss events - An Incident Management process is embedded with defined responsibilities. This process ensures that all risk events, including significant issues, control failures, breaches or other shortcomings are logged, investigated and remediated. This includes regulatory risk breach reporting.
- Consideration of any issues and actions identified by Risk, Compliance or the Internal Audit Function.
- Consideration of actual and potential conflicts of interest in alignment with the Conflicts of Interest Policy.

2nd Line of Defence Internal Control Activities

The activities undertaken by management within the 1st line of defence are subject to review, challenge and oversight by the Risk Function. This includes monitoring compliance with the risk framework.

Reporting on the internal control framework activities as detailed above is covered in quarterly Risk MI which is provided to the Executive Committee and the Risk Committee.

The Compliance function operates a Regulatory Development Group (RDG) which monitors Regulatory & Legislative Developments and considers the impact to SIIL. The Group meets bimonthly to consider new items and all monitoring actions are recorded, tracked and monitored. Additionally, the RDG has oversight of actions arising from Internal Audits and Compliance Monitoring reviews, tracking these through to completion.

3rd Line of Defence Internal Control Activities

The Internal Audit function provides independent assurance over the internal controls, by undertaking specific and thematic reviews.

B.4.4 SIIL’s Compliance function

The objectives of the Compliance function cover both Solvency II Compliance and broader aspects through the Regulatory Compliance function. The objective is to support the SIIL Board and Risk Committee in ensuring that SIIL acts in line with relevant legal, regulatory requirements and group risk tolerance. It also has oversight of operations systems and controls. In this role, the function promotes and fosters compliance with laws and regulations. Delivered well, strong regulatory compliance enables the organisation to act with integrity and enable optimal service delivery to the Company’s clients.

B.4.4.1 Compliance Risk

‘Compliance risk’ at SIIL is defined as: The risk of impairment to the organisation’s business model, reputation, integrity and financial condition, resulting from failure to comply with laws, regulations and internal company rules and policies. This includes the risk of failure to comply with established good business practices and failing to balance the expectations of key stakeholders such as customers, employees and society as a whole.

B.4.4.2 Compliance Risk Appetite

SIIL aims to be compliant with all applicable laws and regulations, internal company rules and policies governing its operations and established good business practices. SIIL acts to ensure that this requirement is embedded in the culture of its business operations.

B.4.4.3 Tolerance

Where the application of a rule or guidance is open to interpretation, SIIL may make a judgement if it can evidence a reasonable argument for its actions and the interpretation does not result in SIIL taking any unacceptable risks.

In judging the application of a rule or guidance that is open for interpretation, SIIL considers the following to be unacceptable:

- Customer financial loss or loss of rights due to non-compliance with applicable regulatory requirements;
- Implementation of any product, service, process or system that is likely to result in enforcement action by the regulator;

- Implementation of any product, service, process or system that is likely to result in loss of customer or intermediary confidence in the Company's ability to conduct business compliantly; and
- Business practices that do not display integrity and may damage SIIL's reputation.

B.5 Internal audit function

B.5.1 Internal audit function

The Internal Audit team assist the Executive the Board and Risk Committees in protecting the Company's assets, reputation, and sustainability by independently and objectively evaluating the effectiveness of internal controls, risk management and governance processes. The Internal Audit function is the third line of defence.

Audit Services for SIIL are delivered by Mazars LLP, reporting to the Board, Audit Committee and Risk Committee.

The audit function carry out the following activities;

- Prepare and execute a risk based audit plan which is approved by the SIIL Board.
- Identify, and agree with management, opportunities to improve internal controls, risk management and governance processes and verify that such improvements are implemented within a reasonable period of time.
- Assist in the investigation of significant suspected fraudulent activities or conduct special reviews or consulting which may not usually be included in the scope of Internal Audit and notify the Audit and Board Committees of the results of these activities.
- Issue periodic reports to management and the Audit Committee, summarising the progress and results of the annual audit plan.
- Ensure the Audit Committee, Board and wider senior management are kept informed of emerging trends and successful practices in internal auditing.
- Consider the scope of work of the external auditors, regulators, and compliance and risk functions, as appropriate, for the purpose of providing optimal audit coverage to the organisation at a reasonable overall cost.
- Maintain a quality assurance and improvement program that covers all aspects of the internal audit activity.

B.5.2 Independence and Objectivity of the Internal audit function

The Internal Audit function is independent of senior management, which has responsibility for the first and second lines of defence, and is therefore able to provide independent assurance opinions on the effectiveness of the systems of internal control, risk management, and governance.

Internal Audit executes its duties freely and objectively in accordance with the Institute of Internal Auditors' International Standards for the Professional Practices of Internal Audit. Internal Audit's policies also align with professional auditing standards, including the Chartered Institute of Internal Auditors' guidance for Effective Internal Audit in the Financial Services Sector.

Internal Audit avoids any conflict of interest and accesses the expertise and knowledge necessary to undertake work in respect of specialist business functions.

Internal Audit did not execute any operational duties for SIIL and will not review a business area or function in which they have had recent management or operational responsibility or are otherwise conflicted.

To ensure the independence of the auditors and effective governance, Internal Audit had a primary reporting line to the Audit Committee and secondary reporting lines to the Board and Risk Committee.

The Internal Auditor attended all SIIL Audit Committee meetings in 2022, providing quarterly updates to the Board.

Role and purpose of the SIIL Internal Audit Function

Internal Audit Services for SIIL are delivered by Mazars LLP. The Internal Audit Function reports functionally and administratively primarily to the Audit Committee.

The Internal Audit function is the third line of defence and reports primarily to the Audit Committee. The objective of the Internal Audit Function is to systematically evaluate the effectiveness of and provide insight on the SIIL control environment that consists of, not limited to, the combined effectiveness of governance, organisation, policies, procedures and systems. Examples may include strategy, culture, financial performance, compliance, system security, and due diligence engagements. The function also provides consulting services where the nature and scope of the services are agreed with the service requestor. These should fit the nature of the audit function and not interfere or conflict with the independence and objectivity of the audit function. The consulting services intend to add value and improve SIIL's governance, risk management, and control processes without assuming any management responsibility by the internal auditors. Examples include counsel, advice, facilitation, and training. In order to act upon SIIL's purpose, the service provided by the function needs to be aligned with SIIL's Strategy and business objectives.

Opportunities to strengthen the existing management control environment, effectiveness and SIIL's reputation may be identified during all its activities.

Authority

SIIL Internal Audit derives its authority from the SIIL Board, via the Audit Committee, and is authorised to examine the internal controls, risk management and governance processes in all areas of the Company.

Internal Audit is authorised to have full, free and unrestricted access to all SIIL records, functions, physical properties and personnel, including where appropriate outsourced operations, within a reasonable period of time making the request. Local laws and regulations will apply regarding the attainment of any records required.

Escalation

To ensure the appropriate influence, authority, independent position and direct access to the appropriate parts of the organisation, Internal Audit can escalate to the Chair of the Audit Committee, Chair of the SIIL Board or to the SIIL Chief Executive Officer.

Committees

The Internal Audit Function shall meet periodically with the Audit Committee to report activities since the previous meeting, significant audit findings, future activities relating to regular audits and special projects, acts of fraud, theft or misconduct, and other matters believed to be of sufficient magnitude and importance.

B.5.3 Internal Audit 2023 plan

The proposed risk-based internal audit plan for 2023 has been reviewed by the Audit Committee and confirmed to consist of the following reviews:

Risk & Compliance (Embeddedness and Effectiveness) (Q1)
Consumer Duty Implementation (Q2)
Cyber (Q3)
Distributor and Delegated Authority Oversight (Q4)

B.5.4 Internal Audit Persons

None of the Internal Audit staff performed any other control functions including the compliance, risk management and actuarial functions.

B.6 Actuarial function

The SIIL actuarial function is delivered through an outsourcing arrangement with an actuarial consulting provider. The overall accountability for the function rests with the Chief Actuary. The SIIL Chief Actuary is responsible for providing information and assurance as required for the Board. Within SIIL the objective of the Actuarial function is to assist the effective discharge of their responsibilities by:

- Ensuring appropriate methodology and best estimate assumptions for the valuation of the firm's liabilities and related items, including procedures that ensure timely review and appropriate level of granularity on an ongoing basis;
- Ensuring that insurance liabilities and related items are valued and reported properly, including choice of valuation approach, reflection of uncertainty and management discretion, model set-up and other relevant components of valuation;
- Furnishing senior management with actuarial analysis and advice at least concerning:
  - appropriateness of data, assumptions and methodologies used to determine technical provisions and related items including items that are deemed to require future attention;
  - the adequacy of the reinsurance arrangements.
  - impact of strategic or management decisions on liabilities.
- Supporting management in the execution of an effective underwriting policy, also covering pricing and product development, by providing expert opinions; and
- Ensuring compliance with regulatory actuarial (reporting) requirements, including local actuarial sign-off on adequacy of reserves.

B.7 Outsourcing

Outsourcing arrangements and material suppliers impact operational risk as a result of potential changes to and reduced control over the related people, processes and systems. SIIL followed Its own outsourcer management policies and procedures during the year. The is to ensure that arrangements entered into by SIIL which can result in material risk (i.e., risk classification severe and significant) are subject to appropriate due diligence approval and on-going monitoring and governance. All material risks arising from these activities should be appropriately managed to ensure that SIIL is able to meet both its financial and service obligations.

External outsourcing arrangements are arrangements of any form between an organisation and a supplier, by which the supplier performs a function or an activity, whether directly or by sub-outsourcing, which could otherwise be performed by the organisation itself.

B.7.1 Intra-group outsourcing arrangements

Embignell Group

Staff were jointly employed by Union Income Benefit Holdings Ltd, Stonebridge International Insurance Ltd (SIIL), Global Premium Holdings Ltd (GPH) and Union Benefit Services Ltd (UBS) throughout the year. These are all entities within the Embignell Group. Union Income Benefit Holdings Ltd (UIB) is the lead employer and recharges the costs of salaries to SIIL in the proportion of the SIIL work carried out by each staff member.

UIB provides IT, HR, Legal and Payroll support and these costs were recharged through 2022.

UIB also provide customer service and claims handling services to SIIL customers via a delegated authority agreement for a large portion of SIIL's portfolio. UIB staff act as the first point of contact for relevant SIIL customer phone calls, emails and post. UIB staff handle and process customer policy claims for the same SIIL customers that they provide customer service. UIB conduct their own quality assurance, reporting to SIIL monthly via a performance report.

B.7.2 External outsourcing arrangements

SIIL significantly outsources its operations in the business whilst retaining all Management as internal roles. The most significant outsourcing arrangements are:

Comdata U.K.

Comdata U.K. provide customer service to SIIL customers for the remainder of the portfolio. Comdata U.K. act as the first point of contact for relevant SIIL customer phone calls, emails, faxes and post. Comdata U.K. also work collaboratively with the relevant adjudicating bodies in the UK to ensure a fair outcome when handling customer complaints. Comdata U.K. also provide a quality assurance service which ensures processing work is to a high standard. This includes the QA of claims cases processed by Gielisch (GCM).

Gielisch

Gielisch (GCM) handle and process customer policy claims for the remaining SIIL customers across its portfolio. GCM also enhance the quality model by providing an additional layer of oversight to the quality checks performed.

SSP

SSP Ltd host and maintain the policy administration system for some of the portfolio while ensuring a high level of data security and system availability is achieved. In addition to this, SSP play a key part in making information available as required for many business critical processes.

The risks to the outsourcers include but are not limited to the failure of the outsourcer and need for replacement – potentially at short notice, reducing standards including poor customer conduct issues and fraud. All outsourcers are required to comply with the approved Outsourcing policy that is adopted by SIIL, compliance with this policy supports the effectiveness of the outsourcing governance framework, the outsourcing strategy and budgets set by SIIL.

SIIL recognises it cannot outsource its regulatory responsibilities and remains liable for the fair treatment of customers and to ensure that FCA principles and consumer outcomes are honoured. To achieve this oversight, monitoring and reporting of these Outsource Service Providers (OSPs) is given the highest priority. Additionally, SIIL takes fair value to the end customer into consideration when deciding whether to outsource key processes to OSPs.

B.7.3 The rationale for outsourcing and evidence that appropriate oversight and safeguards are in place

The customer service function and claims functions for a material portion of the insurance portfolio are outsourced to Comdata U.K. and GCM respectively. These two companies have vast experience of the SIIL business, products and processes.

SSP own the policy administration platform that SIIL use to store and maintain policy information for a large number of customers. SSP are experts in their field within the global insurance industry and also have vast knowledge of the SIIL business.

Comdata U.K., GCM and SSP all participate in regular monthly performance reviews to ensure an appropriate service is delivered and business objectives are being met. In addition, SIIL chairs formal quarterly meetings to review measures and controls in relation to risk, compliance and contracts.

Critical outsourcers are subject to annual health checks validating the financial health of the companies and ensuring the security controls in place are appropriate and fit for purpose.

Regular monthly meetings as well as daily MI / daily contact ensures the outsourced services are being provided satisfactorily, SIIL can quickly react as required. The business maintains a register on all SIIL's outsourcers in line with the PRA's guidance on outsourcers and third parties.

B.8 Any other information

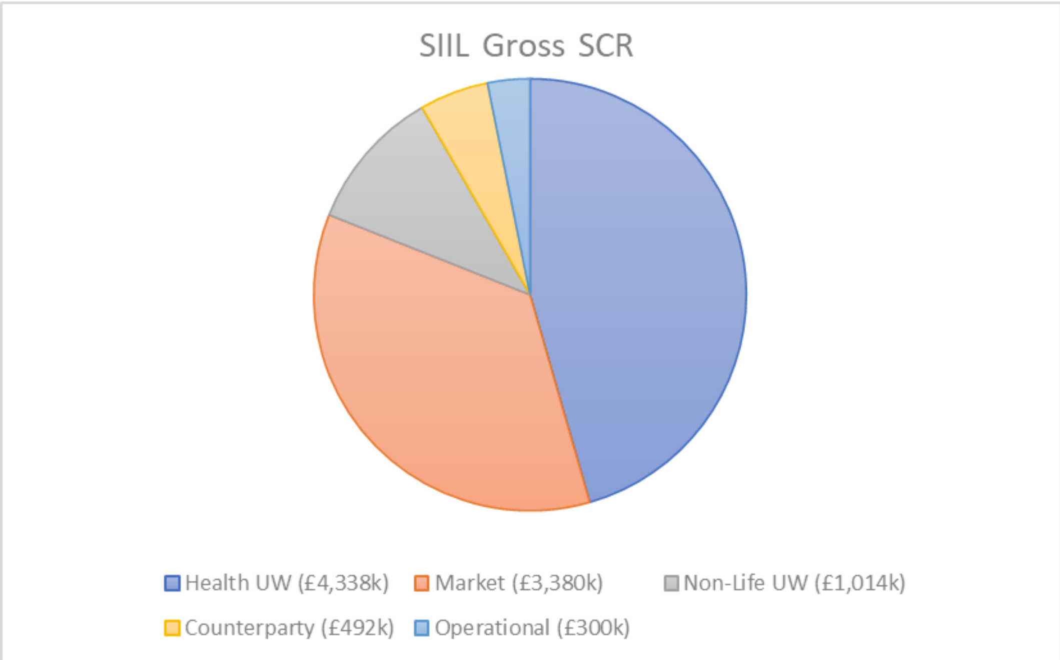
All material information regarding the Systems of Governance for SIIL is covered earlier in this section. The Systems of Governance described are fully embedded in the business. To ensure the Systems of Governance are operating effectively, a regular cycle of Board effectiveness and Terms of Reference compliance is undertaken.

C. Risk Profile

General

The Company is exposed to the following material market related risks: Counterparty risk, Concentration risk, Spread Risk and Liquidity risk. Due to the types of investments that SIIL holds, the risk of externally market driven events is usually low. The main other risks that the Company is exposed to relate to Underwriting risk, and Operational risk which includes legal and compliance risks. Underwriting risk includes the risk of writing business that is outside SIIL's risk appetite and the risk that SIIL is inadequately reserved for its insurance portfolio. SIIL's Underwriting Risk is split between Health Underwriting Risk and Non-Life Underwriting Risk representing to the different lines of business either currently held, or expected to be held, in SIIL's insurance portfolio over the coming 12 months.

Exposure to these risks is monitored by the Board, and appropriate sub-committees of the Board (in particular the Risk Committee) and Executive Committee. The capital held to cover the risks are further disclosed in Section E, however a chart of the Solvency Capital Requirement "SCR" outlining the key risks exposures is noted below:-



SIIL Undiversified SCR as at 31st December 2022

Off-balance positions and Special Purpose Vehicles

There are no off-balance sheet positions for SIIL. SIIL does not utilise Special Purpose Vehicles.

Prudent Person principle

The prudent person principle is in scope of SIIL's System of Governance. There are a suite of risk policies in place to ensure that the assets held are appropriate to the nature of the liabilities without taking on excessive risks.

SIIL only invests in assets that SIIL can properly identify, measure, manage, control and report. Assets held to cover Technical Provisions are invested in a manner appropriate to the nature and duration of the corresponding general insurance liabilities. The overall aim is aligned to Article 132 of the Solvency II Directive to only make investments for SIIL's clients that a "prudent person" would make.

This section discusses each risk category, per the Delegated Acts Article 95, in turn as follows:

- Underwriting Risk (C.1)
- Market Risk (C.2)
- Credit Risk (C.3)
- Liquidity Risk (C.4)
- Operational Risk (C.5)
- Other material risks (C.6)

Collateral

SIIL does not have any collateral arrangements.

Securities Lending or Borrowing

SIIL does not have any securities lending or borrowing transactions.

Annuities

SIIL does not sell annuities. There are no guarantees to include hedging arrangements in respect of any variable annuity business.

Loan Portfolio

Other than the Intercompany Loan discussed in Section A.1, SIIL does not have a loan portfolio.

Investments

A listing of SIIL's assets has been included in Section C 3.1 in this document. These assets are invested in accordance with the prudent person principle as noted in the risk profile and also with the low risk business strategy. SIIL has no qualifying infrastructure investments.

There is no risk from intra-group positions. The intercompany loan defaulting, as an unlikely but worst case scenario, is modelled each quarter end to confirm that the Company has sufficient capital should this become a risk. Additionally, the Group position is monitored for financial health. Outstanding balance amounts at the end of the reporting period are net debtors of £309k, this mostly relates to accrued intercompany loan income.

There are no other material risks to the capital position of SIIL. Full analysis of any material risk exposures can be found in the ORSA.

C.1 Underwriting risk

C.1.1 Underwriting risk description

Underwriting risk is the risk of making losses on the activity of insurance either in assessing the risks it insures or in quantifying claims that might occur.

The risk under any one insurance contract is the possibility that the insured event occurs and the size of the resulting claim. By the very nature of an insurance contract, this risk is random and therefore unpredictable.

The principal risk faced by Stonebridge is that the actual claims and benefit payments exceed the carrying amount of the insurance liabilities. This could occur because the frequency or severity of claims are greater than estimated. Insurance events are random, and the actual number and amount of claims and benefits will vary year to year from the level established using estimation techniques.

Underwriting Risk is split into two parts: Health & Non-Life to represent the different lines of business written by SIIL. Health Underwriting risk at 31 December 2022 comprises 46% (2021: 56%) of the total SCR. Non-Life Underwriting Risk at 31 December 2022 comprises 11% (2021: 0%) of the total SCR. The key components of underwriting risk are:

- Premium Risk - Results from fluctuations in the timing, frequency and severity of insured events
- Reserve Risk - Results from fluctuations in the timing and amount of claim settlements
- Catastrophe Risk - The risk from extreme or irregular events that are not sufficiently captured by the capital requirements for premium and reserve risk
- Lapse Risk - The risk from the discontinuance of insurance policies (where this would result in a reduction of future premiums).

Future lapse risk only exists on insurance contracts of more than one month in length. The risk to the Solvency II capital position comes from a lack of future premiums in cases where contracts are not renewed. There is a small portion of the portfolio where contracts are 12 months in length at the reporting date with the expectation to write more annual contracts on new business arrangements in 2023. These contracts carry a lapse risk which will add to the Capital Requirement, however this is currently low whilst the number of annual contracts is low.

C.1.2 Underwriting Risk Monitoring and Control

Stonebridge monitors and controls underwriting risks via various methods, including:

- Stonebridge acquired re-insurance cover for the entire of 2022 . This offered Risk Mitigation to Stonebridge against larger claims. The policy has not yet been used, however there could still be claims relating to 2022 that have not yet been reported. Stonebridge has again taken out re-insurance to cover 2023.
- Monthly performance reporting highlights performance of key underwriting metrics Reviewing relevant risks, including Reserve Risk, in the Risk Register at least quarterly
- Quarterly reporting and monthly estimations of claims reserves are submitted to the Board and Executive Committee
- The ORSA includes stress and scenario testing which is used to assess the risks under stressed conditions
- Lapse/Non-Renewal monitoring is conducted monthly
- Expense management processes are in place to limit Expense Risk

C.1.3 Risk Sensitivity

SIIL undertakes a range of stress and scenario testing to determine both the potential losses that could arise because of underwriting experience and also any additional impacts on solvency coverage levels that could arise, for example as a result of changes in SCR.

In preparing the ORSA consideration was given to the key following scenarios: -

1) Claims Utilisation Increase
2) Claims Handling Cost Increase
3) Loss of Key Staff
4) Worsening of Macroeconomic Conditions
5) Unexpectedly High Growth
6) Loan default

In all instances SIIL was able to maintain a suitable solvency position once the impacts to Underwriting Risk (and all other risks) was factored in.

C.2 Market risk

C.2.1 Market risk description

Market risk is the risk that assets or liabilities for the company are adversely impacted by market movements including instrument defaults, credit risk movements (covered below in separate section) or market volatility increases/decreases.

As noted in sections A.3 and A.4 SIIL currently holds significant investment in two Royal London funds and has an Intercompany Loan issued to another group entity.

Market risk at 31 December 2022 comprises 35% (2021: 38%) of the total SCR. The key components of market risk are:

Spread Risk
Arises from the sensitivity of the value of assets, liabilities and financial instruments to changes in the level or in the volatility of credit spreads over the risk free interest rate term structure.

Concentration Risk
Is the risk arising from the accumulation of exposures with the same counterparty. It applies to equities, bonds and property and is dependent on rating and type.

Interest Rate Risk
Arises because of the impact of interest yield curves on future payments to be made for claims and receipts from investments. SIIL's exposure to interest rates arises from the investment portfolio and the settlement of future claims.

Currency Risk
Arises from fluctuations in exchange rates causing revaluations of Stonebridge's current or future assets or liabilities. SIIL has minimal currency risk exposure at the reporting date following the Part VII transfer of all European insurance policies and their risks to UIB Cell.

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction and subsequently revalued at a reporting period (annual) average rate. Assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. All differences are taken directly to the reserves.

C.2.2 Market Risk Monitoring and Control

The short-term, high quality liquid investments holdings are a consequence of the investment assets being prudently invested, considering the liquidity requirements of the business and the nature and timing of the insurance liabilities. Security of the investments is considered and all funds are of a high credit quality. SIIL's investment policy requires 95% of its investments to be investment grade (excluding intercompany loan arrangements). Financial instruments are considered to be of investment grade if they are either part of an investment grade rated fund or if they are rated at least BBB individually.

Before entering into any investment, due diligence was performed on the underlying fund holdings and enquiries were made on the availability of data on these holdings on a look through basis so that SIIL was satisfied that it was possible to properly identify, measure, monitor, manage, control and report on these assets and be able to perform the required solvency capital calculations.

Before entering into any loan arrangements, due diligence was performed on the recipient to confirm suitability to make repayment. Stress testing of Solvency II and statutory financials in the event of a defaulting scenario was also performed. The effect of a loan default is monitored throughout the loan term.

Market risk is assessed and monitored by the Board as part of its oversight of the investment portfolio. The committee ensures that the exposure is within the risk appetite level and is in accordance with the investment process. The investment process is reviewed at least annually to ensure that the mitigating guidelines in place are still appropriate for the Society and the risk environment in which it operates. Market risk is also identified, assessed and monitored through the RiskRegister where key market risks are recorded.

Stonebridge does not have any exposure to Equity Risk or Property Risk.

C.2.3 Risk Mitigation

The investment strategy is derived and managed consistently with risk appetite and within the boundaries set out in Stonebridge's Capital Management policy.

Investment performance is monitored monthly and reporting provided to The Board and relevant Sub-Committees at least quarterly.

C.3 Counterparty Default Risk

C.3.1 Counterparty Default Risk description

Counterparty Default risk is the risk that the counterparty to a financial instrument will fail to discharge an obligation and cause SIIL to incur a financial loss. An indication of SIIL's exposure to counterparty default risk is the quality of the investments and counterparties with which it transacts. SIIL manages counterparty default risk exposure by individual counterparty, sector and asset class, including cash positions.

SIIL holds assets in cash and in low volatility/low return funds which seeks to reduce losses in downward market conditions in exchange for lower return potential.

SIIL also holds a reinsurance policy aimed at mitigating the risk of large claims.

Cash assets

All cash assets are held in rated banks providing day to day operational funds to run the business and meet policyholder claims. There is a counterparty risk to the banks in the event of significant counterparty failure.

Bank Placements at Year End

The cash values of the bank placements at the end of 2022 are:

Bank Account Exposures	Barclays Bank £ 000's	La Caixa Bank £ 000's
31 December 2022 Balance	**2,162**	**290**

The cash values of the bank placements at the end of 2021 were:

Bank Account Exposures	Barclays Bank £ 000's	La Caixa Bank £ 000's
31 December 2021 Balance	**5,390**	**275**

Royal London Short Dated Fund

At the end of 2022 SIIL's investments in the Royal London Short Dated Fund were valued at £9.0m. This fund is an Investment Grade Corporate Bond fund that offers modest returns for a relatively low investment risk. Investment in the fund is consistent with SIIL's investment strategy. SIIL withdrew £0.1m in quarterly dividend income during the year.

Royal London Money Market Fund

At the end of 2022 SIIL's investments in the Royal London Money Market Fund were valued at £5.1m. This fund also offers modest returns over and above that of a bank account for an extremely low investment risk. SIIL invested £5.0m in the fund during 2022 and has so far made no withdrawals.

At 31 December 2022 Counterparty Default Risk accounted for 5% of the total SCR charge (2021: 6%).

C.3.2 Counterparty Default Risk Monitoring and Control

Counterparty default risk is monitored in monthly financial reporting where exposures to each financial institutions are recorded. The Board reviews monitors this risk exposure through quarterly capital reporting.

C.3.3 Counterparty Default Risk Mitigation

If the Board's risk appetite to Counterparty Default risk is exceeded then the Board will instruct management to diversify its exposure to counterparties.

C.4 Liquidity risk

C.4.1 Liquidity risk description

The definition of "liquidity risk" is where SIIL is unable to realise investments and other assets to settle its financial obligations when they fall due. This will arise where SIIL cannot meet policyholder claim pay outs or operational expense obligations due to a lack of accessible funds with which to make the payments.

SIIL generates liquidity in Sterling as it receives regular premiums in the period which are used to fund future claims and expenses. Furthermore, SIIL hold sufficient cash assets which can be readily realised. Cash assets and can be drawn immediately with limited barriers to execution. Funds from the Royal London Funds can be drawn with 2 days' notice.

Following the Part VII transfer virtually all of SIIL's liabilities fall due in GBP. Any non-GBP liabilities are settled in GBP at the exchange rate in force at the time of payment.

SIIL does employ a strategic mismatch in the duration of its assets versus liabilities (because of the short tail nature of the liabilities) to earn additional return. This is managed through the preparation and review of regular cash flow forecasts. Also, as mentioned above all of SIIL's assets remain highly liquid.

Liquidity is assessed against a defined risk appetite ensuring SIIL can meet all payments due even in the event of stressed conditions. The current position is that SIIL is well within its risk appetite and liquidity risk exposure deemed to be low.

C.4.2 Liquidity Risk Monitoring and Control

All Cash and Investment assets are monitored for changes in their availability. Any significant lengthening to availability is assessed to determine the impact on Stonebridge's ability to settle its financial obligations.

The nature of Stonebridge's investment holdings mean it is highly unlikely that any impact would be significant.

C.4.3 Liquidity Risk Mitigation

Liquidity is managed through holding highly liquid assets, regular cash flow forecasting and reporting as endorsed by the business strategy. This is within risk-appetite and is monitored by management.

C.4.4 Future Premiums

An unearned premium reserve is held under UKGAAP to cover periods of time bound by existing contracts that are after the reporting date. Under Solvency II a cashflow approach is taken and the claims expected to occur in these same periods of time is held in a Premiums Provision. The Premiums Provision insures that SIIL hold sufficient liquidity to settle these claims as they fall due.

C.5 Operational risk

C.5.1 Operational risk description

SIIL Operational Risk is all risks relating to the operational running of the business including meeting regulatory and legal & compliance requirements, servicing SIIL customers, and processing claims. For SIIL, a significant amount of the operations of the business are outsourced to preferred suppliers – in particular Comdata U.K. who perform customer service to SIIL customers across the UK , SSP who provide and support the policy administration system, and GCM who service customer claims.

SIIL's management maintains a well-controlled environment and sound policies and practices to control these risks and keep operational risk at appropriate levels. Notwithstanding these control measures, however, operational risk is part of the business environment in which SIIL operates, and is inherent in SIIL's size and complexity.

SIIL's risk management activities cannot anticipate every economic and financial outcome, or the specifics and timing of such outcomes. Furthermore, if the contractual arrangements put in place with any third-party service providers are terminated, including contractual arrangements with providers of information technology, administrative or investment management services, SIIL may not be able to find an alternative provider on a timely basis or on equivalent terms. SIIL may incur losses from time to time due to these types of risks.

At 31 December 2022 Operational Risk accounted for 3% of the total SCR (2021: 6%).

C.5.2 Operational risk Monitoring and Control

Operational risk is measured and monitored on an on-going basis in line with the Risk Framework. The primary tools are the use of Risk Registers (which document the key risks and related controls in the business), Risk Management Information, and Risk Appetite assessments.

Business Risk

An overview of key business risks is directly monitored as these risks are directly related to SIIL's strategy. These risks are reported to Management and the Board through Risk Appetite reporting and CRO reporting. Key business risks include:

- Growth
- Overall business strategy and products in the medium to long term
- Customer communications to ensure that SIIL continues to provide clear and accurate policyholder information
- Claims ratios, persistency levels and expense levels as outlined in earlier sections

SIIL remains within risk appetite for business risk.

Processing Risk

Processing risk covers operational processes in the business focused on the servicing of customers, as well as financial reporting and accounting processes. Controls are identified by key process and risk owners and these are documented in the risk register for SIIL and monitored by Management and the Board. Key processing risks include:

- Management and oversight of outsourcers to administer policies and claims. Service level agreements are in place and are monitored, combined with regular reporting of key metrics.
- Implementation of Solvency II for SIIL. Inaccuracies in (financial) models could have a significant adverse effect on SIIL's business. Reliance on various (financial) models to measure risk, price products and establish key results, is critical to SIIL's operations.
- Billing processes with distribution partners are subject to controls to reduce the risk of incorrect billing or issues arising in the billing process.

SIIL remains within risk appetite for processing risk.

On a quarterly basis, management complete a Control Statement to attest to compliance with internal control and policy requirements. A formal review of risk and control activities is undertaken by accountable executive and control function holders on a semi-annual basis. This framework supports compliance with senior manager arrangements as set out by the UK regulators, the PRA and FCA.

Legal, Compliance & Conduct Risk

Legal, compliance and conduct risk is the risk that losses occur due to non-voluntary legal liabilities, inadequate legal documentation, inadequate patenting of brands and intellectual property, and the risk of impairment to the organisation's business model, reputation, integrity and financial condition, resulting from failure to comply with laws, regulations and internal company rules and policies, as well as late identification of significant legal and regulatory developments, possibly resulting in an inability to influence the final outcome.

Legal, Compliance & Conduct Risk is within tolerance as existing exposures are monitored.

Systems & Business Disruption Risk

Systems and Business Disruption risk is the risk that losses occur due to systems related failures arising from inadequate or failed controls over technology maintenance and development, information security or business continuity and disaster recover planning. Disaster recovery plans are in place, aligned to Group policies, in the event of a major business disturbance across the Group infrastructure. All key outsourcers have recovery plans in place which are subject to annual testing and sign off from SIIL management.

Systems & Business Disruption risk is within tolerance as existing exposures are monitored. A particular focus is on the oversight to ensure critical outsourcers business continuity and disaster recovery plans remain appropriate and information security standards continue to meet SIIL's risk appetite.

C.5.3 Operational Risk Mitigation

A range of risk mitigation techniques are employed to ensure Operational Risk remains within Operational risk appetite. Generally, this is achieved through day-to-day management of processes and people, controls and risk appetite monitoring. Where incidents arise, corrective action is taken in line with the incident management process.

Material risk mitigation techniques include outsourcer and supplier oversight, compliance monitoring programme, and disaster recovery processes.

C.6 Other material risk

SIIL monitors emerging risks, including the financial risk from the impact of climate change and has a plan in place that is monitored by the Risk Committee. A climate change champion was nominated during the year.

There are no other material risks to the capital position of SIIL, full analysis of the material risk exposures can be found in the ORSA.

SIIL has no risk exposure from the pledging of collateral or off-balance sheet events.

SIIL has no risk exposure to securities lending or borrowing and any repurchase or reverse repurchase agreements which includes liquidity swap.

There are no guarantees to include hedging arrangements in respect of any variable annuity business.

SIIL has no qualifying infrastructure investments.

Other than the Intercompany Loan and an Intercompany Debtor, there are no other risks from intra-group positions at 31 December 2022.

C.7 Any other information

There is no further material information regarding the risk profile for SIIL.

D. Valuation for Solvency Purposes

In this chapter the Statutory balance sheet is reconciled to the Solvency II balance sheet for full years 2022 and 2021, the comparative year. First the approach used for the reconciliation of the UKGAAP Statutory balance sheet to the Solvency II balance sheet is discussed. Followed by a reconciliation by balance sheet item between the Statutory and Solvency II, this also includes a discussion of the differences in measurement and presentation between Statutory and Solvency II and the resulting reconciliation differences.

Total balance sheet reconciliation overview

The table below shows the total Statutory to Solvency II reconciliation.

Statutory to Solvency II Reconciliation

Balance Sheet as at	31 December 2022			31 December 2021		
(£000s)	Statutory Results	Adjustments	Solvency II Results	Statutory Results	Adjustments	Solvency II Results
Assets						
Deferred acquisition costs	**286**	**(286)**	**-**	65	(65)	-
Deferred tax assets	**78**	**(9)**	**69**	95	(95)	-
Investments (other than assets held for index-linked and unit-linked contracts)	**14,083**	**-**	**14,083**	12,773	(2,854)	9,919
Intercompany Loan	**4,000**	**280**	**4,280**	4,000	29	4,029
Insurance and intermediaries receivables	**1,220**	**(677)**	**543**	214	-	214
Other assets	**660**	**(337)**	**323**	1,038	(29)	1,009
Cash and cash equivalents	**2,452**	**-**	**2,452**	5,665	2,854	8,519
Total assets	**22,778**	**(1,029)**	**21,750**	23,850	(160)	23,690
Liabilities						
Technical provisions – health not similar to life techniques	**4,576**	**(1,068)**	**3,508**	5,523	(778)	4,745
Deferred Tax Liabilities	**-**	**-**	**-**	-	40	40
Payables (trade, not insurance)	**1,387**	**-**	**1,387**	1,250	-	1,250
Other Liabilities	**354**		**354**	1,210	-	1,210
Total liabilities	**6,316**	**(1,068)**	**5,249**	7,982	(738)	7,245
Excess of assets over liabilities	**16,462**	**39**	**16,501**	15,868	577	16,445

In the next sections, the reconciliation for each balance sheet item is discussed. The statutory valuation basis is fully disclosed in the statutory accounts. All amounts disclosed in this section are in £000s.

Cash based assets have no judgements or assumptions applied to value the assets. There have been no changes to the recognition or valuation in the year 2022.

D.1 Assets

D.1.1 Deferred acquisition costs

Deferred acquisition costs (DAC)

Balance Sheet as at	31 December 2022			31 December 2021		
(£000s)	Statutory Results	Adjustments	Solvency II Results	Statutory Results	Adjustments	Solvency II Results
Deferred acquisition costs	**286**	**(286)**	**-**	65	(65)	-

Statutory Treatment:

Commission costs are deferred and amortised over the contractual life of the policy for all 12 month contracts. Commissions for one month contracts are expensed in full in the same month as payment.

Reconciliation difference: Revaluation Adjustments

Deferred acquisition costs are not recognised under Solvency II as they have no resale value and for this reason they are eliminated (i.e. revalued to nil with corresponding adjustment of reducing equity/own funds) as one of the reconciliation steps.

Solvency II Treatment:

Solvency II regulation does not recognise deferred acquisition costs. Under Solvency II, these are captured under insurance liabilities, which for Solvency II embody all the acquisition costs and servicing costs within the contract boundaries defined. For the valuation of the insurance liabilities, the principles of accrual-based accounting and the matching principle are not applied.

D.1.2 Deferred tax assets

Deferred tax assets

Balance Sheet as of	31 December 2022			31 December 2021		
(£000s)	Statutory Results	Adjustments	Solvency II Results	Statutory Results	Adjustments	Solvency II Results
Deferred Tax Assets	**78**	**(9)**	**69**	95	(95)	-

Statutory Treatment:

Deferred tax assets are recognised for the estimated future tax effects of temporary differences between the carrying value of an item and its tax value, with the exception of differences arising from the initial recognition of goodwill and of assets and liabilities that do not impact taxable or accounting profits. A tax asset is recognised for tax loss carry forwards to the extent that it is probable at the reporting date that future taxable profits will be available against which the unused tax losses and unused tax credits can be utilised (IAS 12.5). IAS 12 prescribes the accounting treatment for income taxes. Current tax liabilities or assets for the current and prior periods shall be measured at the amount expected to be paid to or recovered from the taxation authorities, using the tax rates that have been enacted or substantively enacted by the end of the reporting period (IAS 12.46). Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates/laws that have been enacted or substantively enacted by the end of the reporting period (IAS 12.47).

Statutory to Solvency II reconciliation adjustments:

Considering the requirements outlined above - Statutory to Solvency II reconciliation of deferred tax items should comprise of DTA and DTL adjustments reflecting the tax impact of all the individual revaluations processed for other components of the Balance Sheet. In these cases, where the sum of all above adjustments results in a DTA or DTL changing their sign to negative - effectively becoming DTL and DTA respectively – additional reclassification is required to move the new balance to the correct – opposite – side of the Balance Sheet.

Reconciliation difference: Valuation Adjustments

The difference between the balance sheet valuation of the deferred tax assets according to Statutory or Solvency II is purely driven by the differences in the valuation of the relevant balance sheet elements between the Statutory balance sheet and Solvency II balance sheet. Where tax bases do not change, revaluation adjustments related to DTA balances must then be equal to the revaluation adjustments for other balance sheet elements multiplied by applicable tax rates.

Solvency II Treatment:

The methodology for the calculation of deferred taxes follows the provisions of IAS 12. Deferred tax assets and liabilities are recognised for Solvency II purposes, on the basis of the temporary differences between the carrying amounts of the assets and liabilities in the solvency balance sheet for Solvency II and the tax balance sheet values according to local tax regulations of the insurance company. Deferred tax accrual is calculated at the corporate tax rate. Tax losses carried forward are recognised as deferred tax assets if their future benefit is likely according to the forecast. Solvency II guidelines do not require discounting of deferred tax assets and liabilities, in line with the Statutory approach.

In the Spring Budget 2021, the Government announced their intention to increase the corporation tax from 19% to 25% from 1 April 2023. This increase has since been substantively enacted.

D.1.3 Investments (other than assets held for index- and unit-linked contracts)

Investments (other than assets held for index and unit-linked contracts)

Balance Sheet as at	31 December 2022			31 December 2021		
(£000s)	Statutory Results	Adjustments	Solvency II Results	Statutory Results	Adjustments	Solvency II Results
Investments (other than assets held for index- and unit-linked contracts)	**14,083**	**-**	**14,083**	12,773	(2,854)	9,919

Statutory Treatment:

The investments are valued at fair value using market prices these prices are readily available on actively traded markets. No significant judgments or estimates are used in the valuation of these investments.

Reconciliation difference: Reclassification/Valuation Adjustments

There is no reclassification adjustment required for Solvency II in 2022. In 2021 the balance in the Kames Fund was treated as Cash under Solvency II as its risk profile best matched that of a current account.

Solvency II Treatment:

A look-through approach is used for investment funds under Solvency II. Look-through data provided by the fund manager drives the classification of the assets and liabilities within the fund.

D.1.4 Intercompany Loan

Intercompany Loan

Balance Sheet as at	31 December 2022			31 December 2021		
(£000s)	Statutory Results	Adjustments	Solvency II Results	Statutory Results	Adjustments	Solvency II Results
Intercompany Loan	**4,000**	**280**	**4,280**	4,000	29	4,029

Statutory Treatment:

Intercompany Loans are valued at fair value. The accrued interest relating to the loan is shown as a debtor under UKGAAP.

Reconciliation difference: Reclassification Adjustments:

As the accrued loan income is included during the calculation of the Concentration and Spread risks, it is reclassified under Solvency II.

Solvency II Treatment:

Solvency II requires that Fair Value be applied to Loans, inclusive of any accrued interest.

D.1.5 Insurance and intermediaries receivables

Insurance and intermediaries receivables

Balance Sheet As At	31 December 2022			31 December 2021		
(£000s)	Statutory Results	Adjustments	Solvency II Results	Statutory Results	Adjustments	Solvency II Results
Insurance and intermediaries receivables	**1,220**	**(677)**	**543**	214	-	214

Statutory Treatment:

'Insurance and intermediaries receivables' are valued at amortised cost.

Statutory to Solvency II reconciliation adjustments:

Insurance receivables relating to premiums not yet due on annual insurance contracts are considered within the Premium Provision under Solvency II.

Solvency II Treatment:

Any receivables not considered within the Premium Provision are held at Fair Value under Solvency II.

D.1.6 Any other Assets

Any other Assets

Balance Sheet as at	31 December 2022			31 December 2021		
(£000s)	Statutory Results	Adjustments	Solvency II Results	Statutory Results	Adjustments	Solvency II Results
Other Assets	**660**	**(337)**	**323**	1,038	(29)	1,009

Statutory Treatment:

Any other assets are initially recognised at Fair Value and are subsequently measured at amortised cost. There are no differences between fair value and amortised cost.

Reconciliation difference: Reclassification/Valuation Adjustments

Prepayments have no resale value and therefore carry no value under Solvency II. Accrued interest relating to the intercompany loan is treated elsewhere in the Solvency II calculation and is therefore removed.

Solvency II Treatment:

Solvency II requires that any other assets are held at Fair Value. There were no assets valued using alternative valuation methods.

D.1.7 Cash and cash equivalents

Cash and cash equivalents

Balance Sheet as at	31 December 2022			31 December 2021		
(£000s)	Statutory Results	Adjustments	Solvency II Results	Statutory Results	Adjustments	Solvency II Results
Cash and Cash Equivalent	**2,452**	**-**	**2,452**	5,665	2,854	8,519

Statutory Treatment:

Cash comprises cash at banks and in-hand. Cash equivalents are short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known cash amounts, are subject to insignificant risks of changes in value and are held for the purpose of meeting short-term cash requirements.

Reconciliation difference: Reclassification/Valuation Adjustments

There are no reclassification or valuation adjustments required for Solvency II in 2022. In 2021 the balance in the Kames Fund was treated as Cash under Solvency II as its risk profile best matched that of a current account.

Solvency II Treatment:

The Fair Value approach is prescribed, with the exception that the amount should not be less than the amount payable on demand.

D.2 Technical provisions

SIIL's principal activity is the transaction and servicing of accident and health related general insurance products.

No amounts were recoverable from reinsurance or special purpose vehicles during 2021 and 2022

The transitional provisions on technical provisions, the matching adjustment and the volatility adjustment are not used by SIIL.

D.2.1 Technical provisions – Health not similar to Life Techniques – Non -Life

Technical provisions – Health not similar to Life techniques – Non-Life

Balance Sheet as at	31 December 2022			31 December 2021		
(£000s)	Statutory Results	Adjustments	Solvency II Results	Statutory Results	Adjustments	Solvency II Results
Technical provisions	**4,576**	**(1,068)**	**3,508**	5,523	(778)	4,745
Best Estimate	**4,576**	**(1,209)**	**3,367**	5,523	(974)	4,549
Risk Margin	**-**	**141**	**141**	-	196	196

Statutory Treatment:

The insurance liability generally includes reserves for unearned premiums, unexpired risk, and outstanding claims and benefits. No catastrophe reserves are included in the measurement of the liability.

The reserve for unearned premiums includes premiums related to periods of risk coverage for periods beyond the balance sheet date. Generally, the reserve is released over the coverage period of the premium and is recognised as premium income.

The liability for outstanding claims and benefits is established for claims that have not been settled and any related cash flows, such as claims handling costs. It includes claims that have been incurred, but have not been reported to SIIL. The liability is calculated at the reporting date using statistical methods based on empirical data and current assumptions. Liabilities for claims subject to periodic payment are calculated using actuarial methods consistent with those applied to general insurance contracts.

Reconciliation difference: Reclassification/Valuation Adjustments

This Risk Margin of £141k is not a concept under the Statutory Accounting basis. The difference in best estimate is £1,209k. The Unearned Premium Reserve is valued at £932k under the Statutory Accounting basis but -£60k under Solvency II, a difference of -£992k. The difference is that Solvency II subtracts the expected claims and other expense payments due on the current Statutory Reserve and any contract periods bound at the reporting date from future bound premiums due. The Claims Reserve is valued at £3,643k under the Statutory Accounting basis but £3,426k under Solvency II, a difference of -£217k. This is mostly due to an allocation for Events Not Yet in the Data under Solvency II.

Solvency II Treatment:

The majority of the Stonebridge's technical provisions relates to incurred but not settled claims for which reserves are set equal to the Statutory reserves described above with an additional allowance for expenses as Solvency II requires the inclusion of indirect overhead expenses (e.g. salaries to general managers, auditing costs, office rent, buying new IT systems, etc.). The run off period and current risk free values make discounting under Solvency II immaterial so no adjustment is currently made to discount cashflows.

The unearned premium reserve under Solvency II is calculated as the value of expected future claims and expenses expected to be paid on the premiums related to the period of risk coverage beyond the balance sheet date. Therefore, an expected loss ratio is applied to the unearned premium to reflect this.

Under Solvency II SIIL are required to hold a Risk Margin which is the market consistent value of the variability around best estimate assumptions for non-hedgeable risk. In other words, this is a cost that you would expect to pay to transfer the risk of the uncertainty of your future cashflows to another market participant.

The most significant assumption for SIIL in calculating the SII Claims Provision is the development of incurred but not settled claims. The assumptions around the development of claims payment are set using a combination of Basic Chain Ladder (BCL), Bornhuetter Ferguson (B-F), and Expected Loss Ratio (ELR) methodology. For the claims incurred in the most recent accident quarters, greater reliance has been placed on the ELR and/or the B-F method, with judgement applied on a product segment level depending upon the variability of claims experience for each respective segment.

The data used for Solvency II calculations is fully compliant with requirements for full year 2022 reporting.

Significant judgements contained within the claims reserving have been approved by the Board and these can be found in the Claim Reserves monthly reporting document.

D.3 Other liabilities

D.3.1 Deferred tax liabilities

Deferred tax liabilities (DTL)

Balance Sheet as at	31 December 2022			31 December 2021		
(£000s)	Statutory Results	Adjustments	Solvency II Results	Statutory Results	Adjustments	Solvency II Results
Deferred tax liabilities	-	-	-	-	40	40

Statutory Treatment:

Refer Note D.1.2

Reconciliation difference: Reclassification/Valuation Adjustments

The difference between the balance sheet valuation of the deferred tax liability according to Statutory or Solvency II is purely driven by the differences in the valuation of the relevant balance sheet elements between the Statutory balance sheet and Solvency II balance sheet. Where tax bases do not change, revaluation adjustments related to DTL balances must then be equal to the revaluation adjustments for other balance sheet elements multiplied by applicable tax rates.

Solvency II Treatment:

Refer Note D.1.2

D.3.2 Payables (trade, not insurance)

Payables (trade, not insurance)

Balance Sheet as at	31 December 2022			31 December 2021		
(£000s)	Statutory Results	Adjustments	Solvency II Results	Statutory Results	Adjustments	Solvency II Results
Payables (trade, not insurance)	**1,387**	-	**1,387**	1,250	-	1,250

Statutory Treatment:

Considered 'financial liabilities' to be valued at amortised cost or Fair Value. If at Fair Value, then the discount rates should also include the Own Credit Spread (OCS). There are no differences between fair value and amortised cost.

Reconciliation difference: Reclassification/Valuation Adjustments

There are no reclassification or valuation adjustments required for Solvency II.

Solvency II Treatment:

Fair Value approach is prescribed, excluding the effect of changes in OCS since initial recognition. There were no liabilities valued using alternative valuation methods.

D.3.3 Any Other Liabilities

Any Other Liabilities

Balance Sheet as at	31 December 2022			31 December 2021		
(£000s)	Statutory Results	Adjustments	Solvency II Results	Statutory Results	Adjustments	Solvency II Results
Other Liabilities	**354**	**-**	**354**	1,210	-	1,210

Statutory Treatment:

Any other liabilities are initially recognised at Fair Value and are subsequently measured at amortised cost. There are no differences between fair value and amortised cost.

Reconciliation difference: Reclassification/Valuation Adjustments

There are no reclassification or valuation adjustments required for Solvency II.

Solvency II Treatment:

Solvency II requires that any other liabilities are held at Fair Value. There were no liabilities valued using alternative valuation methods.

D.3.4 Off-balance sheet liabilities

There are no material or otherwise off-balance sheet liabilities in the reporting period.

D.4. Alternative methods of valuation

SIIL do not apply alternative methods of valuation for both assets and liabilities.

D.5. Other material information

All material information for the valuation of solvency purposes has been detailed in the earlier sections.

D.6 Any other information not contained in the SFCR.

There is no further information that is not contained within the SFCR regarding the Solvency II valuation of assets, technical provisions and other liabilities.

E. Capital Management

E.1 General

The Capital Management Policy ('CMP') supports SIIL's financial strategy to adequately protect the interests of customers, return capital to SIIL's shareholders and execute strategic priorities.

E.1.1 Capital Management Policy

The CMP is intended to ensure transparency and accountability with respect to capital management within SIIL. The CMP provides trigger levels for management action or management response such as initiation of a capital plan. These trigger levels are calculated as part of the process of updating the ORSA report.

As noted in the ORSA report, a limit has been set for SIIL using capital coverage ratios. The Capital Management Zones for SIIL have been set by using the ratio of own funds to the standard capital requirement in line with the requirements of the Capital Management policy. This was assessed by management and signed off by the Board as part of the process outlined in Section B in regards to ORSA.

Capital Management Zones are set to allow time for management actions to be taken if an adverse scenario occurs and therefore minimise the likelihood of a breach of the SCR.

The capital management policy is reviewed at least annually by the Board in conjunction with the ORSA. The current position against the capital and risk tolerance policy is subject to regular monitoring by management.

A full formal Budgeting and Medium Term Planning process is undertaken each year involving a detailed review of SIIL's business plan including detailed projections of the expected level of Own Funds, SCR and earnings over the projection period. This takes into account the company's best estimate of future investment conditions, expenses and business experience such as persistency and claim rates.

Details of the Capital Management Policy and how it is applied for SIIL are set out in the ORSA.

E.1.2 Managing dividends and executing of strategic priorities

Any dividend paid by SIIL will be appropriate given the current capital position and future projections of the capital position. Any dividend paid will comply with SIIL's capital management policy such that SIIL's capital is not expected to drop below the target range.

E.1.3 Monitoring capital positions

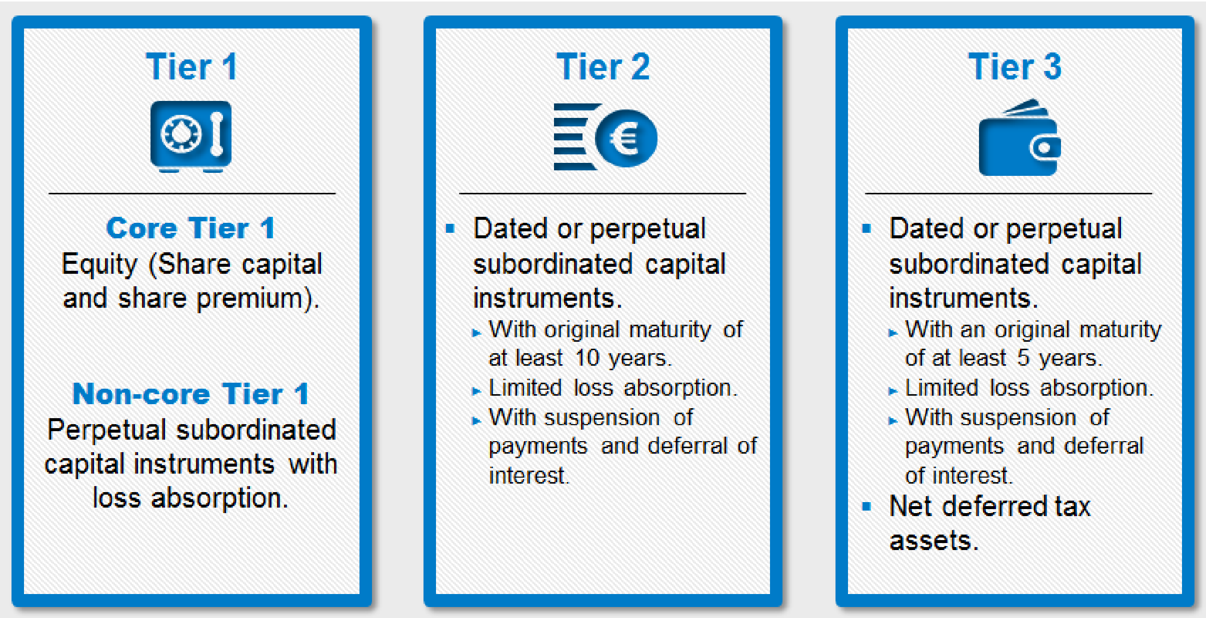
Management monitor the capital position on a quarterly basis from a full valuation perspective and against the estimated capital position throughout the period. Management also monitor the estimated position on a monthly basis. Key drivers that are monitored are the claims loss ratio and level of lapses in respect to ongoing premiums and investment portfolio performance. This is monitored through the Executive Committee to ensure experience is aligned to expectations.

E.2 Own Funds

E.2.1 Tiering of Own Funds

The Own Funds are divided into three Tiers. The general characteristics of these tiers are visualised in the figure below.

Figure 1 Overview of general characteristics of the three Tiers of Own funds



Restrictions apply to the eligibility of Tier 2 and Tier 3 capital, as well as the eligibility of Non-core Tier 1. The total of Tier 2 and Tier 3 Own Funds may not exceed 50% of the SCR whilst Tier 3 Own Funds is limited to 15% of SCR. Non-core Tier 1 may not exceed 20% of Tier 1 Own Funds.

In regard to SIIL, all own funds qualify as Tier 1 as it relates to either share capital of £7,500k or it is retained earnings.

Ordinary share capital

Ordinary share capital comprises of 7,500k ordinary shares of £1 par. The amount presented here aligns with data published in SIIL statutory accounts for the year 2022.

Reconciliation reserve

Reconciliation reserve is calculated as follows:

Key differences between Statutory Equity and Solvency II **£ 000's**	**2022**	2021
Excess of Assets over Liabilities	**16,501**	16,445
Share Capital	**(7,500)**	(7,500)
Deferred Taxes	**69**	-
Reconciliation Reserve	**9,070**	8,945

Total available own funds to meet the SCR

This amount £16,501k (2021: £16,445k) reconciles with the total available own funds.

Total available own funds to meet the Minimum Capital Requirement (MCR)

The total available funds to meet the MCR as at 31 December 2022 is £16,501k (2021: £16,445k).

The MCR is derived from a proportion of the best estimate liability and written premiums for 12 months.

Eligible Own Funds of SIIL at 31 December 2022 is also £16,501k (2021: £16,445k).

The expected development of own funds is included in the ORSA where a base case of normal anticipated results have been provided along with stressed results for potential risks facing SIIL. Management have no current plans at this time or in the immediate future to repay, redeem or issue share capital.

E.2.2 Difference between Solvency Own Funds and Statutory Shareholders Equity

The main differences between the Solvency Own Funds and statutory equity as reported in SIIL's statutory accounts are related to the Solvency II expense overhead reserve and the difference in the valuation of the insurance liabilities, recognition of deferred acquisition costs and the resulting tax impact of these valuation differences.

Key differences between Statutory Equity and Solvency II

£ 000's	2022	2021
Statutory Accounts Net Assets	**16,462**	15,868
Deferred Acquisition Costs	**(286)**	(65)
Technical Provision	**1,067**	778
Deferred Taxes	**(9)**	(135)
Insurance and Intermediary Receivables	**(677)**	-
Prepayments	**(57)**	
Excess of Assets over Liabilities	**16,501**	16,445

E.2.3 Transitional arrangements

There are no transitional arrangements in place for SIIL and therefore no plans to replace any basic own funds items.

E.2.4 Ancillary own funds

The year-end 2022 solvency position of SIIL did not include any ancillary own funds as defined by article 89(1) of Directive 2009/138/EC.

E.2.5 Description of items deducted from Own Funds

There were no items deducted from own funds for SIIL.

E.3 Solvency Capital Requirement and Minimum Capital Requirement

E.3.1 SCR

This section outlines the period to 31 December 2022 Solvency Capital Requirement based on the Standard Formula Model ('SF') for SIIL.

Solvency II key figures

£000's	31 December 2022	31 December 2021
Own Funds	**16,501**	16,445
Net SCR	**6,854**	7,260
Solvency Ratio	**241%**	227%

SCR based on Standard Formula

At 31 December 2022, SIIL's SCR was £6,854k (2021: £7,260k).

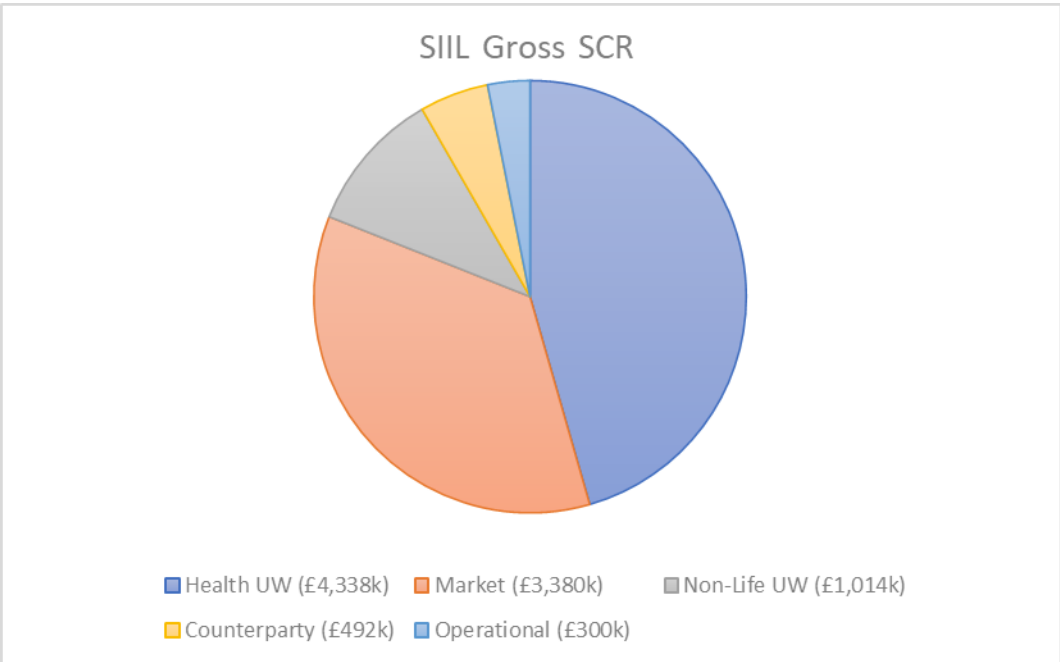
In the implementation of the Solvency II Directive, the UK has made use of the Member State option provided for in article 51(2) of the Solvency II Directive relating to capital add-on disclosure.

The composition of the Standard Formula SCR is shown in the chart below.

E.3.2 SCR split by risk module

The chart below shows the breakdown of the SF SCR components:

	2022	2021
Gross SCR	**9,524**	9,252
Net SCR	**6,854**	7,260
Diversification	**(2,670)**	(1,992)



Standard Formula SCR composition SIIL at 31 December 2022

As shown by the chart on the previous page, the main risk categories contributing to SIIL SCR are Health Underwriting risk, Concentration Risk and Spread Risk.

The main change in the gross SCR in the year was driven by Investment into the Royal London Short Dated Fund which due to its composition reduced the Counterparty Risk charge but increased the Concentration and Spread Risk charges.

E.3.3 Simplified Calculations

SIIL does not apply simplified calculations for calculating the Standard Formula SCR.

E.3.4 Undertaking- specific parameters (Article 104(7) of Directive 2009/138/EC)

SIIL does not apply SIIL-specific parameters as defined in article 104(7) of the Directive 2009/138/EC for calculating the Standard Formula SCR.

E.3.5 Article 51(2) of Directive 2009/138/EC

The UK does not make use of the option provided for in the third subparagraph of article 51(2) of Directive 2009/138/EC.

E.3.6 Minimum Capital Requirement

The Minimum Capital Requirement ("MCR") of SIIL at 31 December 2022 was £3,445k (2021: £2,101k), a rise of 64% during 2022 . The MCR is calculated in accordance with a prescribed formula subject to a defined floor and cap based on the SCR. The rise between 2021 and 2022 is as a result of SIIL's utilisation of its Miscellaneous Financial Loss insurance license which triggers a higher defined MCR floor.

E.4 Use of the duration-based equity risk sum-module

SIIL does not use the duration-based equity risk sub-module set out in article 304 of Directive 2009/138/EC in the calculation of the SCR.

E.5 Non-compliance with capital requirements

There have not been any instances during 2022 where the estimated SIIL Solvency II ratio was below the SCR, nor the MCR level. To ensure that SIIL maintains adequate solvency levels, actual and expected capital positions are monitored against capitalisation zones that are defined in Capital Management Policy. Several activities as referred to in section E.1.1 are performed to monitor and assess the future development of SIIL's solvency position such as the annual Budget Medium Term Planning (MTP) process and regular, periodic management reporting. Decisions to return capital to shareholders are based on solvency assessments that look into the impact of the decision on the current and future projected solvency position.

Any solvency position is subject to risks and SIIL therefore constantly monitors such risks. These are quantified to determine the impact of such risks on the current and the projected solvency position. The Capital Management Policy provides actions that need to be performed as soon as the identified risks could cause the projected solvency ratio to fall within a particular capitalisation zone.

Within the ORSA there are detailed projection of SIIL's earnings over the business planning period to include the Capital position. These forward-looking projections provide assurance that there are no foreseeable risks for non-compliance with the MCR and SCR.

E.6 Any other information

There have been no changes to information previously submitted in any application to use undertaking specific parameters in the standard formula SCR or a matching adjustment in the calculation of technical provisions.

There is no further information available in respect of capital management.

F. Audit Report

SIIL has received exemption from the regulator from having its SFCR and quantitative reporting templates audited.

SIIL's board will provide sign off in the following section that the SFCR has been prepared in accordance with all Solvency II regulations.

G. Approval by the Board of the Solvency and Financial Condition Report and Reporting Templates

Stonebridge International Insurance Limited

Approval by the Board of Directors of the Solvency and Financial Condition Report

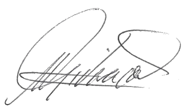
Financial year ended 31 December 2022

We certify that:

a. The Solvency and Financial Condition Report (SFCR) has been properly prepared in all material respects in accordance with the PRA rules and Solvency II regulations; and

b. We are satisfied that:

    i. Throughout the financial year in question, the insurer has complied in all material respects with the requirements of the PRA rules and the Solvency II regulations as applicable to the insurer; and
    ii. It is reasonable to believe that, at the date of the publication of the SFCR the insurer has continued to comply, and will continue to comply in the future.



Thomas Gidaracos

Director and Chief Executive

5th April 2023

H. Quantitative Reporting Template

Stonebridge International Insurance Ltd

Solvency and Financial Condition Report

Disclosures

31 December

2022

(Monetary amounts in GBP thousands)

General information

Undertaking name	Stonebridge International Insurance Ltd
Undertaking identification code	2138006PPB8GBYSGJC74
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 2022
Currency used for reporting	GBP
Accounting standards	Local GAAP
Method of Calculation of the SCR	Standard formula
Matching adjustment	No use of matching adjustment
Volatility adjustment	No use of volatility adjustment
Transitional measure on the risk-free interest rate	No use of transitional measure on the risk-free interest rate
Transitional measure on technical provisions	No use of transitional measure on technical provisions

List of reported templates

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

S.02.01.02

Balance sheet

		Solvency II value
	Assets	C0010
R0030	Intangible assets	
R0040	Deferred tax assets	69
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)	14,083
R0080	*Property (other than for own use)*	0
R0090	*Holdings in related undertakings, including participations*	0
R0100	*Equities*	0
R0110	*Equities - listed*	
R0120	*Equities - unlisted*	
R0130	*Bonds*	0
R0140	*Government Bonds*	0
R0150	*Corporate Bonds*	0
R0160	*Structured notes*	0
R0170	*Collateralised securities*	0
R0180	*Collective Investments Undertakings*	14,083
R0190	*Derivatives*	
R0200	*Deposits other than cash equivalents*	0
R0210	*Other investments*	0
R0220	Assets held for index-linked and unit-linked contracts	
R0230	Loans and mortgages	4,280
R0240	*Loans on policies*	0
R0250	*Loans and mortgages to individuals*	
R0260	*Other loans and mortgages*	4,280
R0270	Reinsurance recoverables from:	0
R0280	*Non-life and health similar to non-life*	0
R0290	*Non-life excluding health*	0
R0300	*Health similar to non-life*	0
R0310	*Life and health similar to life, excluding index-linked and unit-linked*	0
R0320	*Health similar to life*	
R0330	*Life excluding health and index-linked and unit-linked*	
R0340	*Life index-linked and unit-linked*	
R0350	Deposits to cedants	0
R0360	Insurance and intermediaries receivables	543
R0370	Reinsurance receivables	
R0380	Receivables (trade, not insurance)	
R0390	Own shares (held directly)	
R0400	Amounts due in respect of own fund items or initial fund called up but not yet paid in	0
R0410	Cash and cash equivalents	2,451
R0420	Any other assets, not elsewhere shown	323
R0500	**Total assets**	21,750

S.02.01.02

Balance sheet

		Solvency II value
	Liabilities	C0010
R0510	Technical provisions - non-life	3,508
R0520	*Technical provisions - non-life (excluding health)*	0
R0530	*TP calculated as a whole*	0
R0540	*Best Estimate*	0
R0550	*Risk margin*	0
R0560	*Technical provisions - health (similar to non-life)*	3,508
R0570	*TP calculated as a whole*	0
R0580	*Best Estimate*	3,367
R0590	*Risk margin*	141
R0600	Technical provisions - life (excluding index-linked and unit-linked)	0
R0610	*Technical provisions - health (similar to life)*	0
R0620	*TP calculated as a whole*	
R0630	*Best Estimate*	
R0640	*Risk margin*	
R0650	*Technical provisions - life (excluding health and index-linked and unit-linked)*	0
R0660	*TP calculated as a whole*	
R0670	*Best Estimate*	
R0680	*Risk margin*	
R0690	Technical provisions - index-linked and unit-linked	0
R0700	*TP calculated as a whole*	
R0710	*Best Estimate*	
R0720	*Risk margin*	
R0740	Contingent liabilities	
R0750	Provisions other than technical provisions	
R0760	Pension benefit obligations	
R0770	Deposits from reinsurers	
R0780	Deferred tax liabilities	
R0790	Derivatives	
R0800	Debts owed to credit institutions	
R0810	Financial liabilities other than debts owed to credit institutions	
R0820	Insurance & intermediaries payables	
R0830	Reinsurance payables	
R0840	Payables (trade, not insurance)	1,387
R0850	Subordinated liabilities	0
R0860	*Subordinated liabilities not in BOF*	
R0870	*Subordinated liabilities in BOF*	0
R0880	Any other liabilities, not elsewhere shown	354
R0900	**Total liabilities**	5,249
R1000	**Excess of assets over liabilities**	16,501

S.05.01.02

Premiums, claims and expenses by line of business

Non-life

		Line of Business for: non-life insurance and reinsurance obligations (direct business and accepted proportional reinsurance)												Line of business for: accepted non-proportional reinsurance				Total
		Medical expense insurance	Income protection insurance	Workers' compensation insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance	Legal expenses insurance	Assistance	Misc. financial loss	Health	Casualty	Marine, aviation and transport	Property	
		C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0120	C0130	C0140	C0150	C0160	C0200
	Premiums written																	
R0110	Gross - Direct Business		16,712															16,712
R0120	Gross - Proportional reinsurance accepted																	0
R0130	Gross - Non-proportional reinsurance accepted																	0
R0140	Reinsurers' share		85															85
R0200	Net		16,627										0					16,627
	Premiums earned																	
R0210	Gross - Direct Business		16,794															16,794
R0220	Gross - Proportional reinsurance accepted																	0
R0230	Gross - Non-proportional reinsurance accepted																	0
R0240	Reinsurers' share		85															85
R0300	Net		16,710										0					16,710
	Claims incurred																	
R0310	Gross - Direct Business		1,336															1,336
R0320	Gross - Proportional reinsurance accepted																	0
R0330	Gross - Non-proportional reinsurance accepted																	0
R0340	Reinsurers' share																	0
R0400	Net		1,336										0					1,336
	Changes in other technical provisions																	
R0410	Gross - Direct Business																	0
R0420	Gross - Proportional reinsurance accepted																	0
R0430	Gross - Non-proportional reinsurance accepted																	0
R0440	Reinsurers' share																	0
R0500	Net		0										0					0
R0550	**Expenses incurred**		9,918										0					9,918
R1200	**Other expenses**																	0
R1300	**Total expenses**																	9,918

S.05.02.01

Premiums, claims and expenses by country

Non-life

		C0010	C0020	C0030	C0040	C0050	C0060	C0070
		Home Country	Top 5 countries (by amount of gross premiums written) - non-life obligations			Top 5 countries (by amount of gross premiums written) - non-life obligations		Total Top 5 and home country
R0010			DE					
		C0080	C0090	C0100	C0110	C0120	C0130	C0140
	Premiums written							
R0110	Gross - Direct Business	9,900	5,928					15,828
R0120	Gross - Proportional reinsurance accepted							0
R0130	Gross - Non-proportional reinsurance accepted							0
R0140	Reinsurers' share	67	14					81
R0200	Net	9,833	5,914					15,747
	Premiums earned							
R0210	Gross - Direct Business	9,933	5,971					15,904
R0220	Gross - Proportional reinsurance accepted							0
R0230	Gross - Non-proportional reinsurance accepted							0
R0240	Reinsurers' share	67	14					81
R0300	Net	9,866	5,957					15,823
	Claims incurred							
R0310	Gross - Direct Business	203	1,190					1,393
R0320	Gross - Proportional reinsurance accepted							0
R0330	Gross - Non-proportional reinsurance accepted							0
R0340	Reinsurers' share							0
R0400	Net	203	1,190					1,393
	Changes in other technical provisions							
R0410	Gross - Direct Business	0						0
R0420	Gross - Proportional reinsurance accepted							0
R0430	Gross - Non-proportional reinsurance accepted							0
R0440	Reinsurers' share							0
R0500	Net	0	0					0
R0550	**Expenses incurred**	8,418	1,124					9,543
R1200	**Other expenses**							0
R1300	**Total expenses**							9,543

S.17.01.02

Non-Life Technical Provisions

		Direct business and accepted proportional reinsurance												Accepted non-proportional reinsurance				
		Medical expense insurance	Income protection insurance	Workers' compensation insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance	Legal expenses insurance	Assistance	Miscellaneous financial loss	Non-proportional health reinsurance	Non-proportional casualty reinsurance	Non-proportional marine, aviation and transport reinsurance	Non-proportional property reinsurance	Total Non-Life obligation
		C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0120	C0130	C0140	C0150	C0160	C0170	C0180
R0010	**Technical provisions calculated as a whole**		0										0					0
R0050	Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP calculated as a whole																	0
	Technical provisions calculated as a sum of BE and RM																	
	Best estimate																	
	Premium provisions																	
R0060	Gross		-60										0					-60
R0140	Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default		0															0
R0150	**Net Best Estimate of Premium Provisions**		-60										0					-60
	Claims provisions																	
R0160	Gross		3,427										0					3,427
R0240	Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default		0															0
R0250	**Net Best Estimate of Claims Provisions**		3,427										0					3,427
R0260	**Total best estimate - gross**		3,367										0					3,367
R0270	**Total best estimate - net**		3,367										0					3,367
R0280	**Risk margin**		141										0					141
	Amount of the transitional on Technical Provisions																	
R0290	Technical Provisions calculated as a whole		0															0
R0300	Best estimate		0															0
R0310	Risk margin		0															0
R0320	**Technical provisions - total**		3,508										0					3,508
R0330	**Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total**		0										0					0
R0340	**Technical provisions minus recoverables from reinsurance/SPV and Finite Re - total**		3,508										0					3,508

S.19.01.21

Non-Life insurance claims

Total Non-life business

Z0020	Accident year / underwriting year	Accident Year

Gross Claims Paid (non-cumulative)

(absolute amount)

		C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0170	C0180
	Year	Development year											In Current year	Sum of years (cumulative)
		0	1	2	3	4	5	6	7	8	9	10 & +		
R0100	Prior											0	0	0
R0160	2013	481	577	109	67	9	23	2	0	0	0		0	1,267
R0170	2014	461	1,128	68	30	8	16	0	0	0			0	1,711
R0180	2015	879	875	239	56	25	0	0	65				65	2,140
R0190	2016	483	1,440	306	3	18	0	0					0	2,251
R0200	2017	1,334	1,592	474	55	130	0						0	3,584
R0210	2018	519	985	244	130	0							0	1,877
R0220	2019	763	2,005	787	30								30	3,585
R0230	2020	434	1,035	208									208	1,677
R0240	2021	145	828										828	974
R0250	2022	188											188	188
R0260												Total	1,320	19,255

Gross Undiscounted Best Estimate Claims Provisions

(absolute amount)

		C0200	C0210	C0220	C0230	C0240	C0250	C0260	C0270	C0280	C0290	C0300	C0360
	Year	Development year											Year end (discounted data)
		0	1	2	3	4	5	6	7	8	9	10 & +	
R0100	Prior											0	0
R0160	2013	0	0	0	18	114	26	0	0	0	0		0
R0170	2014	0	0	76	107	38	7	0	0	0			0
R0180	2015	0	197	186	35	15	0	0	0				0
R0190	2016	1,363	436	78	39	4	0	0					0
R0200	2017	1,987	306	124	18	15	0						0
R0210	2018	1,980	330	54	17	1							1
R0220	2019	1,914	431	142	10								10
R0230	2020	2,061	671	520									520
R0240	2021	1,997	496										496
R0250	2022	2,401											2,401
R0260												Total	3,427

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	Total	Tier 1 unrestricted	Tier 1 restricted	Tier 2	Tier 3
		C0010	C0020	C0030	C0040	C0050
R0010	Ordinary share capital (gross of own shares)	7,500	7,500		0	
R0030	Share premium account related to ordinary share capital	0	0		0	
R0040	Initial funds, members' contributions or the equivalent basic own-fund item for mutual and mutual-type undertakings	0	0		0	
R0050	Subordinated mutual member accounts	0		0	0	0
R0070	Surplus funds	0	0			
R0090	Preference shares	0		0	0	0
R0110	Share premium account related to preference shares	0		0	0	0
R0130	Reconciliation reserve	9,001	9,001			
R0140	Subordinated liabilities	0		0	0	0
R0160	An amount equal to the value of net deferred tax assets	0				0
R0180	Other own fund items approved by the supervisory authority as basic own funds not specified above	0	0	0	0	0
R0220	**Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds**	0				
R0230	**Deductions for participations in financial and credit institutions**	0				
R0290	**Total basic own funds after deductions**	16,501	16,501	0	0	0
	Ancillary own funds					
R0300	Unpaid and uncalled ordinary share capital callable on demand	0				
R0310	Unpaid and uncalled initial funds, members' contributions or the equivalent basic own fund item for mutual and mutual - type undertakings, callable on demand	0				
R0320	Unpaid and uncalled preference shares callable on demand	0				
R0330	A legally binding commitment to subscribe and pay for subordinated liabilities on demand	0				
R0340	Letters of credit and guarantees under Article 96(2) of the Directive 2009/138/EC	0				
R0350	Letters of credit and guarantees other than under Article 96(2) of the Directive 2009/138/EC	0				
R0360	Supplementary members calls under first subparagraph of Article 96(3) of the Directive 2009/138/EC	0				
R0370	Supplementary members calls - other than under first subparagraph of Article 96(3) of the Directive 2009/138/EC	0				
R0390	Other ancillary own funds	0				
R0400	**Total ancillary own funds**	0			0	0
	Available and eligible own funds					
R0500	Total available own funds to meet the SCR	16,501	16,501	0	0	0
R0510	Total available own funds to meet the MCR	16,501	16,501	0	0	
R0540	Total eligible own funds to meet the SCR	16,501	16,501	0	0	0
R0550	Total eligible own funds to meet the MCR	16,501	16,501	0	0	
R0580	**SCR**	6,854				
R0600	**MCR**	3,445				
R0620	**Ratio of Eligible own funds to SCR**	240.75%				
R0640	**Ratio of Eligible own funds to MCR**	479.03%				

	Reconcilliation reserve	C0060
R0700	Excess of assets over liabilities	16,501
R0710	Own shares (held directly and indirectly)	0
R0720	Foreseeable dividends, distributions and charges	
R0730	Other basic own fund items	7,500
R0740	Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	0
R0760	**Reconciliation reserve**	9,001
	Expected profits	
R0770	Expected profits included in future premiums (EPIFP) - Life business	
R0780	Expected profits included in future premiums (EPIFP) - Non- life business	
R0790	**Total Expected profits included in future premiums (EPIFP)**	0

S.25.01.21

Solvency Capital Requirement - for undertakings on Standard Formula

		Gross solvency capital requirement	USP	Simplifications
		C0110	C0090	C0120
R0010	Market risk	3,380		
R0020	Counterparty default risk	492		
R0030	Life underwriting risk	0		
R0040	Health underwriting risk	4,337		
R0050	Non-life underwriting risk	1,014		
R0060	Diversification	-2,670		
R0070	Intangible asset risk	0		
R0100	**Basic Solvency Capital Requirement**	6,554		

	Calculation of Solvency Capital Requirement	C0100
R0130	Operational risk	300
R0140	Loss-absorbing capacity of technical provisions	0
R0150	Loss-absorbing capacity of deferred taxes	
R0160	Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC	0
R0200	**Solvency Capital Requirement excluding capital add-on**	6,854
R0210	Capital add-ons already set	0
R0220	**Solvency capital requirement**	6,854
	Other information on SCR	
R0400	Capital requirement for duration-based equity risk sub-module	0
R0410	Total amount of Notional Solvency Capital Requirements for remaining part	0
R0420	Total amount of Notional Solvency Capital Requirements for ring fenced funds	0
R0430	Total amount of Notional Solvency Capital Requirements for matching adjustment portfolios	0
R0440	Diversification effects due to RFF nSCR aggregation for article 304	0

USP Key

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

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

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

	Approach to tax rate	C0109
R0590	Approach based on average tax rate	0

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

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	C0010
R0010	MCR_{NL} Result	1,270

		Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance) written premiums in the last 12 months
		C0020	C0030
R0020	Medical expense insurance and proportional reinsurance	0	
R0030	Income protection insurance and proportional reinsurance	3,367	9,748
R0040	Workers' compensation insurance and proportional reinsurance	0	
R0050	Motor vehicle liability insurance and proportional reinsurance	0	
R0060	Other motor insurance and proportional reinsurance	0	
R0070	Marine, aviation and transport insurance and proportional reinsurance	0	
R0080	Fire and other damage to property insurance and proportional reinsurance	0	
R0090	General liability insurance and proportional reinsurance	0	
R0100	Credit and suretyship insurance and proportional reinsurance	0	
R0110	Legal expenses insurance and proportional reinsurance	0	
R0120	Assistance and proportional reinsurance	0	
R0130	Miscellaneous financial loss insurance and proportional reinsurance	0	
R0140	Non-proportional health reinsurance	0	
R0150	Non-proportional casualty reinsurance	0	
R0160	Non-proportional marine, aviation and transport reinsurance	0	
R0170	Non-proportional property reinsurance	0	

	Linear formula component for life insurance and reinsurance obligations	C0040
R0200	MCR_{L} Result	0

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

	Overall MCR calculation	C0070
R0300	Linear MCR	1,270
R0310	SCR	6,854
R0320	MCR cap	3,084
R0330	MCR floor	1,713
R0340	Combined MCR	1,713
R0350	Absolute floor of the MCR	3,445
R0400	**Minimum Capital Requirement**	3,445

2022 SFCR QRTS - Stonebridge (002)

Final Audit Report 2023-04-05

Created:	2023-04-05
By:	Joanna Naish (joanna.naish@stonebridge.co.uk)
Status:	Signed
Transaction ID:	CBJCHBCAABAAb4wXPIq53KTCOn7Yxzbe5HiucrteQcLF

"2022 SFCR QRTS - Stonebridge (002)" History

Document created by Joanna Naish (joanna.naish@stonebridge.co.uk)
2023-04-05 - 6:33:52 AM GMT

Document emailed to Thomas Gidaracos (thomas.gidaracos@stonebridge.co.uk) for signature
2023-04-05 - 6:34:50 AM GMT

Email viewed by Thomas Gidaracos (thomas.gidaracos@stonebridge.co.uk)
2023-04-05 - 8:13:17 AM GMT

Document e-signed by Thomas Gidaracos (thomas.gidaracos@stonebridge.co.uk)
Signature Date: 2023-04-05 - 8:13:49 AM GMT - Time Source: server

Agreement completed.
2023-04-05 - 8:13:49 AM GMT