Homecare (Holdings) Limited

Solvency and Financial Condition Report (“SFCR”)

(for the financial year ended 31 December 2022)

Contents:

Executive Summary

The European Union 2009/138/EC Directive to harmonise prudential regulation for Insurance Companies and Insurance Groups was introduced and adopted in the UK. The regulations require Companies and/or Groups to publish specific information under the reporting regime via a specific report, the Solvency and Financial Condition Report ("SFCR"). This document is prepared and published by Homecare (Holdings) Limited to demonstrate the prudential position of the insurance group of entities referred to as the Homecare Insurance Group ("HIG" or "the Group" or "Companies").

The Homecare Insurance Group (HIG) consists of Homecare (Holdings) Limited ("HHL") and Homecare Insurance Limited ("HIL" or "the Company"), which is the entity in the insurance group which underwrites policies of insurance. The ultimate parent company is CPPGroup Plc.

Both HHL and HIL each have an independent Board of Directors that are separate from CPPGroup Plc and have responsibility for the governance and conduct of the Companies. HHL is a non-trading holding company and therefore most of the prudential risks are within HIL.

HIL applied to the Prudential Regulatory Authority (PRA) for a single SFCR waiver, and this was initially granted in 2017 and renewed on the 21st April 2022. Therefore this SFCR is completed on this basis, incorporating the required information and disclosure for both HIG and the HIL solo entity.

HIL underwrites general insurance, predominantly Identity Protection Product (IPP) and small legacy base of payment card protection policies based in Eire, which fully lapsed in February 2022. The Company has in the past has been subject to regulatory intervention and is still currently operating under a Voluntary Variation of Permissions (VVoP). In 2017 the VVoP restrictions relating to assets were relaxed after a request from HIL. HIL no longer intends to have any of its other regulatory permissions re-instated and will continue with its strategy of managed decline until the HIL Board decides to enter a solvent run-off.

As a result of the VVoP, the Company does not have current permissions to underwrite new retail insurance policies. HIL is therefore continuing to adopt a strategy of managed decline where it ensures that it continues to deliver valuable IPP insurance based policies to its policy holders by renewing existing polices.

The HIL Board and executive management's main focus has therefore been managing the decline of the policy base in line with the policy terms and conditions and ensuring that the features, benefits and servicing remain current and that the policies meet customer expectations

The number of policies and premium income will, as a result, continue to decline due to natural attrition. HIL monitors this closely to ensure the policy base is sustainable and that the level of premium income does not compromise the Company's solvency position. The Company maintains sufficient capital to cover all of its perceived liabilities and risks and maintains the necessary capital levels to ensure it meets its solvency requirements. At 31 December 2022, HHL consolidated and HIL solo had eligible own funds of £2.8m (2021: £13.7m) and £2.8m (2021: £15.4m) respectively to cover minimum capital requirements (MCR) of £2.3m (2021: £2.2m) and £2.3m (2021: £2.6m) respectively. This represents adequate headroom in both instances. These are reviewed on a quarterly basis against internal targets that are assessed and set at least annually taking into consideration the appropriate risks facing the Company as the policy base declines.

During the year the MCR became the most relevant solvency measure rather than Solvency Capital Requirement (SCR) following a balance sheet simplification and capital distribution exercise undertaken in December 2022. The SCR for HHL and HIL solo as at 31 December 2022 were £0.6m (2021: £8.9m) and £0.6m (2021: £10.4m) respectively. This provides adequate headroom in both instances.

HIL's strategy is regularly reviewed by the HIL Board to ensure that it meets the requirements of all its stakeholders. A number of tools exist to calculate and evaluate capital levels, including stress and scenario testing to ensure that the capital levels remain sufficient and within the HIL board's capital targets/risk appetite that support the strategy at the required level of confidence.

As the risk-carrying entity within HIG, risk management is embedded within HIL. This includes considering regular full risk reviews based on HIL's strategy and the HIL Board assessing the risk appetite for the Company for all key risks, thus ensuring that the Company operates within them. This is reflected in all capital planning and the associated capital modelling. Supporting this is a proportionate governance structure and control environment, which includes effective Board oversight, internal CPP Group and external control function monitoring. Operational management, primarily provided by CPP Group outsourced arrangements, is under the direct oversight of the HIL Board. The HIL board ensures that service provision is always maintained and has regular review meetings, along with escalation contacts. Profit in the year contributed £62k (2021: £693k) to HIG own funds.

APPROVAL BY THE ADMINISTRATIVE, MANAGEMENT OR SUPERVISORY BODY (AMSB) OF THE SFCR AND REPORTING TEMPLATES

Approval by the Board of Directors of the Solvency and Financial Condition Report for the year ended 31 December 2022.

The Board certifies that:

1. 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

2. we are satisfied that:

    a. throughout the financial year in question, the insurer has complied in all material respects with the requirements of the PRA rules and Solvency II Regulations as applicable to the insurer; and

    b. 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.

Signed on behalf of the Board of Directors

D Bowling
Director
18th May 2023

A: Business and Performance

A.1 Business and external environment

The HIG is supervised by the Prudential Regulatory Authority (PRA). HIL is regulated and authorised by the PRA and regulated by the Financial Conduct Authority (FCA). The HIG consists of HHL and HIL which are both fully owned subsidiaries of the ultimate parent undertaking CPPGroup Plc which is not regulated or authorised directly by the PRA and/or the FCA. Existing policy holders are primarily in the United Kingdom with a small legacy base of policies in Eire, which fully lapsed in February 2022.

Homecare (Holdings) Limited
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LS1 2AD

Homecare Insurance Limited
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CPPGroup Plc
6 East Parade
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A simplified CPPGroup Plc structure can be found in Appendix 1.

Contact details for the regulators can be found at the relevant websites:

PRA: www.bankofengland.co.uk/pra

FCA: www.fca.org.uk

CBI:www.Centralbank.ie

Both companies' financial year-end is 31 December each year and the companies' auditor is PKF Littlejohn LLP, 3rd Floor, One Park Row, Leeds. LS1 5HN.

A.2 Performance from underwriting activities

The underwriting is solely carried out by HIL and is currently restricted by its VVoP from underwriting any new retail policies. As a result, in line with its strategy of managed decline, HIL has focused on its renewing policy holders.

Existing policy holders are primarily in the United Kingdom, with a small legacy base of policies in Eire (last policy expired February 2022). New premiums in the year relate to renewing policy holders. Compliance with local regulatory requirements in Eire since Brexit continued to be in place. Focus was given to ensure that the policies continued to offer value and the cover was there when the policy holders required it.

The Company underwrote two lines of miscellaneous General Insurance (GI) business, being IPP and Card Protection (last policy expired February 2022). The primary active underwriting is for IPP.

All underwriting is conducted from HIL's outsourced UK office in Leeds. In the year to 31 December 2022 the Company produced an underwriting profit of £62k (2021: £693k). Below is the technical account for the insurance company HIL as per the audited statutory accounts for the year ended 31 December 2022. A decrease in the year, reflects the policy base being in managed decline and a change in the joint manufacturing agreement between HIL and Card Protection Plan Limited (CPPL), another company in the Group. HIL from February 2020, since the IPP product was de-coupled (split between the insurance and assistance features) only provides the Insurance features of IPP.

Post year end, and subsequent to regulatory submissions, the Company received notification from HMRC, that an IPT liability of £210k, which had been in dispute, was no longer payable. This has been considered an adjusting post balance sheet event, and the financial statements and technical account below reflects this adjustment. This includes reducing the IPT liability by £210k, increasing the intercompany payable by £160k CPPL, increasing revenue by £50k and associated corporation tax by £10k.

Summary technical account: year ended 31 December	***2022***	***2021***
	£'000	***£'000***
Gross premiums written	247	539
Change in provision for unearned premiums	14	853
Earned premiums	**261**	**1,392**
Claims paid	(1)	(4)
Change in provision for claims	-	(15)
Claims incurred	**(1)**	**(19)**
Net operating expenses	(198)	(680)
Balance on technical account	**62**	**693**

A.3 Performance from investment activities

The companies hold investments primarily for capital solvency purposes and invest in low risk, highly liquid cash deposits in line with the Group's Prudential Policy. The interest is treated as income but HIL does not rely on this income to settle claims or match its liabilities.

At 31 December 2022 HIG investment portfolio was in cash and deposited in low risk investments.

The investment portfolio comprised of the following deposits:

Investment portfolio: 31 December 2022

	Amount £'000	*% of portfolio*	*Investment return £'000*	*Weighted average return %*
Cash	929	27%	30	1.16%
Short term deposits	2,513	73%	8	0.33%
Total portfolio	**3,442**	**100%**	**38**	**0.75%**

Investment portfolio: 31 December 2021

	Amount £'000	*% of portfolio*	*Investment return £'000*	*Weighted average return %*
Cash	2,637	51%	0	0.01%
Short term deposits	2,505	49%	1	0.03%
Total portfolio	**5,142**	**100%**	**1**	**0.02%**

The portfolio as a whole returned £38k (2021: £1k) interest throughout the year, representing a weighted average return of 0.75% (2021: 0.02%). Increase in returns were primarily due to higher available market rates and a higher balance on cash deposits. The Companies comply with the CPP Group's Treasury Policy as well as HIL's specific Prudential Policy, which specifies a minimum credit rating and a maximum counter-party exposure.

Short term deposits are generally deposited on 30 day terms, with maturity dates staggered to limit liquidity risk.

The investment portfolio has also fallen in recent years due to the continued distribution of surplus capital as the HIG executes its strategy of managed decline. In 2022 the Company received intercompany loan settlement in cash of £9.7m. £11.3m (2021: £nil) was distributed via dividend from HIL to HHL and £11.3m was distributed via dividend from HIG to its sole shareholder, CPP Holdings Limited (CPPH).

As at 31 December 2022 there were no intercompany receivables due to settlement of intercompany loans with other CPP Group companies in Q4 2022. (2021: £9.3m). Intercompany interest accrued or paid during the year was £425k (2021: £352k) applying interest rate 3.75% above LIBOR (2021: 3.75%). Improvement in returns is due to an increase in interest rate.

A.4 Operating/Other expenses

HIL, as the trading entity within the HIG, incurs materially all of the operating and general expenses for the insurance group. These consist of costs directly charged and paid for by HIL and other costs re-charged from other companies in the wider CPP Group for outsourced services received. As HIL's operations are continually scaled down and its policy base diminishes (as it follows its managed decline strategy), most services and costs are now being secured directly from other CPP Group companies. This gives HIL the advantage of a variable cost base which aligns to its reducing policy base and supports its ongoing policy provision and profitability. Operating expenses continue to decline as HIL manages its cost base in line with its strategy. HHLs operating expenses are immaterial year-on-year and pose no risk to HIG solvency.

There are no acquisition costs in the year as HIL's strategy is not to acquire any new policies.

Net operating expenses: year-ended 31 December

	2022	2021
	£'000	*£'000*
Overhead and administration costs	192	447
Claims management	3	230
Investment management	3	3
HIL operating expenses	**198**	**680**
HHL operating expenses	6	5
Total	**204**	**685**

A.5 Overall Business Performance - Results and Dividends

HIL Non-technical account: year-ended 31 December

	2022	2021
	£'000	*£'000*
Balance on technical account	62	693
Interest receivable	425	352
Investment income	38	1
Exceptional items	(16)	-
	509	1,046
Taxation	(91)	(198)
HIL profit after tax	**418**	**848**

HHL Non-technical account: year-ended 31 December

	2022	2021
	£'000	*£'000*
HHL operating expenses	(6)	(5)
HHL exceptional items	(3,254)	-
HHL dividend in specie	1,689	-
HHL taxation	1	(1)
HHL (loss) / profit/ after tax*	**(1,570)**	**(6)**
HIG Consolidated (loss) / profit after tax	**(1,152)**	**842**

** excluding £11.3m inter-Group dividend from HIL 2022*

HIL is the main operating entity within HIG and its profit after tax for the year ended 31 December 2022 was £0.4m (2021: £0.8m). The Financial Statements are presented under Financial Reporting Standard 101, "Reduced Disclosure Framework". Dividends paid in the year to HHL were £11.3m (2021: £Nil).

HHL had a loss after tax (and before £11.3m inter-Group dividend income from HIL) of £1,570k (2021: £6k loss). Loss during the year reflects a total impairment charge of £3.2m against its investment in HIL (2021: £Nil) offset by receipt of dividend in specie of £1.7m (2021: £Nil), eliminating the intercompany loan with HIL.

When combined these aggregate to the HIG total loss of £1.2m (2021: £0.8m). Dividends paid in the year to CPPH were 11.3m (2021: £Nil).

A table of the net assets and total eligible own funds as at 31 December 2022 and prior year are below and all show adequate levels of capital and solvency.

	HIG		HIL	
	2022	**2021**	**2022**	**2021**
	£'000	***£'000***	***£'000***	***£'000***
Ordinary share capital	-	-	-	6,000
Retained Earnings	2,828	13,758	2,835	9,449
Equity in the financial statements	**2,828**	**13,758**	**2,835**	**15,449**
Items not recognised in financial statements:				
Risk margin	(5)	(19)	(5)	(19)
Net unearned premium	(1)	(31)	(1)	(31)
Post year end adjustment	(40)	-	(40)	-
Items not recognised under Solvency II:				
Deferred costs and accrued income	(12)	(13)	(12)	(13)
Solvency II basic own funds	**2,770**	**13,695**	**2,777**	**15,386**

Net unearned premium in 2022 is negative (£1k) (2021: £31k negative). The premium HIL receives for IPP Insurance features is to ensure HIL remains profitable at underwriting profit and costs will be managed to ensure any losses are minimised.

Post year end, and subsequent to regulatory submissions, the Company received notification from HMRC, that an IPT liability of £210k, which had been in dispute, was no longer payable. This has been considered an adjusting post balance sheet event and included in the financial statements but excluded from the above Solvency II basic own funds. This results in reducing the IPT liability by £210k, increasing the intercompany payable by £160k with CPPL, which would have increased solvency II basic owns funds by £40k after deduction of corporation tax by £10k.

	HIG		HIL	
	2022	**2021**	**2022**	***2021***
	£'000	**£'000**	**£'000**	**£'000**
Solvency Capital Requirement	609	8,926	610	10,439
Minimum Capital Requirement	2,325	2,232	2,325	2,610

The risk components, which comprise the HIG and HIL SCRs are as follows:

	HIG		HIL	
	2022	**2021**	**2022**	**2021**
	£'000	***£'000***	**£'000**	**£'000**
Market risk	513	512	513	512
Counterparty risk	143	8,594	144	10,111
Underwriting risk	88	285	88	283
Diversification benefit	(141)	(507)	(141)	(509)
BSCR	**603**	**8,884**	**604**	**10,397**
Operational risk	6	42	6	42
SCR	**609**	**8,926**	**610**	**10,439**

All the prudential risks have seen changes year on year as the business continues to decline and premium levels change. The number of policies on cover continue to decline. There has been a significant decrease in counterparty risk following balance sheet simplification exercise and settlement of intercompany balances. The other decrease relates to underwriting risk where a decrease in premiums is forecast as a consequence of the de-couple relating to the IPP. There is also a fall in market risk due to mix of cash and investments being held.

A.6 Any other information or disclosure

The specific focus of HIG and HIL has been to continue to protect the interests of its policyholders and other stakeholders as it manages the decline of the policy base and ensures that it continues to remain compliant with Solvency II and all other applicable regulations.

HIL applied to the PRA and the FCA to have part of its VVoP restrictions lifted based on the fact that reasons for the variation of permissions relating specifically to asset restrictions had passed. It has now been decided that HIL will not apply to have any further regulatory restrictions lifted and will continue with its strategy of managed decline and then into a solvent run-off.

The HIL Board continues to manage the firm's prudential risks as the business continues to decline. The firm works closely with its service providers to ensure that any conduct risks are assessed and if necessary, they can be taken account of in the prudential requirements. The directors are not aware of any liabilities that would have an impact or pose any risk to HIG's solvency position. This is kept under constant review as the managed decline strategy continues to be applied.

Outsourced and transfer pricing agreements are updated to accurately reflect HIL's requirements and usage of services. This supports the controlling of costs as underwriting premiums and activity continues to decline.

HIL continues to focus on the main features of its IPP to ensure that the features remain relevant and appropriate and to ensure the policy holders continue to receive value. HIL has also focused on its operational and recovery resilience and has now identified its Important Business Services (IBS) and built these into its Operational Resilience Plan (ORP).

With effect from February 2021, the Company has introduced a decoupled contract structure to all IPP policy renewals. Contractual decoupling results in the Company now being responsible for the insurance component of the product only with an associated group company, CPPL taking responsibility for the assistance and servicing elements of the product which includes all associated costs. The new contractual structure has reduced the gross written premium that the Company receives along with an associated reduction in costs.

During Q4 2022, the Company restructured its balance sheet to simplify its position. For HIL this included share capital reduction from £6,000,000 to £1 and reducing its intercompany receivables to NIL (2021: £11.0m) via £9.6m cash settlement from CPPGroup Plc and £1.7m dividend in specie to HIG. HIL during the year paid a £11.3m dividend to HIG. HIG subsequently paid a £11.3m dividend to CPPH.

B: Systems of Governance

B.1 General Governance arrangements

Overview

HIL, and therefore the overall HIG, is classified as a Category 5 firm. A category 5 firm is an Insurer whose size, inter-connectedness, complexity and business type give them almost no capacity individually to cause disruption to the UK financial system by failing or by carrying on their business in an unsafe manner, but where difficulties across a whole sector or subsector may have the potential to generate some disruption. They have no capacity to cause disruption to the interests of a substantial number of policyholders.

The HIL Board is aware of this and ensures that there is an appropriate system of governance in place to manage the risks posed to the firm.

HIL's Board of Directors have responsibility and accountability for the governance of the Company and its strategy along with managing its risk appetite and ensuring that a robust risk framework is in place.

Board of Directors during the year and to the date of signing this report

Homecare Holdings Limited:

Andrew Ferguson (Non-executive Chairman)
David Bowling (Director appointed 07/06/2022) (Gary Sidle resigned 07/06/2022)
Sarah Atherton (Company Secretary)

Homecare Insurance Limited:

Andrew Ferguson (Non-executive Chairman)
David Bowling (Director & Homecare CEO appointed 07/06/2022) (Gary Sidle resigned 07/06/2022)
Sarah Atherton (Company Secretary)

The HIG is committed to high standards of corporate governance to ensure it can carry out its strategy in a risk-based and fully compliant way. To support this, the HIL Board are regularly supported in Board meetings by the CPP Group control functions - namely Legal, Compliance, Risk and Finance.

The HIL Board has a qualified experienced accountant to fulfil the Chief Finance Function (SMF2) role. This will continue to complement the HIL Boards skills and bring the independent financial discipline and financial governance directly and indirectly to HIL and HHL respectively.

The HIL Board also appointed a new Senior Management Function responsible for Compliance (SMF 16) in the year. A full governance model is attached in appendix 4.

Directors Emoluments - HIL

The total emoluments and fees of the Directors in the year were £129k (2021: £210k). The highest paid Director received emoluments of £109k (2021: £181k) for the year ended 2022.
There was one (2021: one) Director accruing benefits under money purchased pension schemes of £7k (2021: £15k). This director left the business during the year.

Directors Emoluments – HHL

In the current and prior year none of the Directors received any remuneration in respect of their services as Directors of the Company; furthermore, the Company has no employees or related costs. No amounts have been recharged to this Company as their services to this Company are considered to be highly immaterial.

System of Governance Details

As part of the governance arrangements for a Solvency II firm, insurance groups and companies are required to have clear and effective governance structures.

The governance map in Appendix 4 sets out the governance structure for HIL and its parent company HHL, taking into account Solvency II and other regulatory directives, rules, regulations and regimes including the Senior Managers and Certification Regime (SMCR). The governance map is proportionate to the strategy, nature and scale of the HIL business and its operating model.

Under the PRA/FCA's Senior Managers and Certification Regime and as an authorised and regulated insurance entity, HIL appoints PRA and FCA approved individuals known as Senior Management Functions (SMF). SMFs attend HIL board meetings as members (e.g. as Directors) or invitees (e.g. significant management functions, control functions or business partners).

Due to the nature and size of HIL, the HIL Board retains responsibility for oversight of the Company's risk, remuneration and audit activities. HIL therefore does not have individual personnel for any of the following: SMF 10 (Risk); SMF 11 (Audit); or SMF 12 (Remuneration).

However, as a Solvency II Company, HIL is still required to establish these key functions and regulatory guidance indicates that a key function may be performed centrally within a Group with oversight from the approved Director from HIL. Below is how the HIG covers the key control functions. All these services are covered by inter-company agreements which contain appropriate service levels and charges, and these are monitored to ensure the services are operating as required. Monthly meetings are held with the Outsourcer to ensure that the services are provided in-line with the outsourcing agreements and the main Outsourcer provides a report and attends each HIL board meeting to discuss performance and any related matters as necessary.

Audit

HIL does not have an audit function within the Company. The CPP Group Audit function, as part of the wider Group Audit and in agreement with the HIL Board, discuss potential HIL specific audit areas with the HIL Director with allocated responsibility and suggest a possible audit plan based on its risk profile. The HIL Non-Executive Chairman has responsibility for Audit and has responsibility for the oversight of outsourcing audit services as appropriate based on the results of the audit plan and/or other triggers. CPPGroup's Plc Audit Committee fulfil HIG's requirement to have an Audit Committee.

Risk

HIL does not have a risk function within the Company. HIL accesses risk management services from the CPP Group as necessary, which is covered by appropriate outsourcing agreements. The Director with Risk responsibility has primary accountability.

Compliance

HIL does not have a compliance function within the Company. HIL accesses compliance functions from the CPP Group as necessary and the Director with the allocated responsibility is accountable. HIL has a SMF16, who has detailed and specific responsibilities.

Actuarial

HIL does not have an actuarial function within the Company. HIL uses an external professional firm for its actuarial services, along with support from the CPP Group's operational Finance team. HIL's Chief Executive has responsibility for the procurement and performance of the necessary actuarial services.

Operational

HIL has identified other functions and services required to ensure appropriate services are provided and that governance and oversight of HIL's business is in place. The majority of HIL's operational and administrative activities are outsourced as necessary to the CPP Group including: claims handling, policy servicing, compliance and general operational, professional and administrative services. HIL's Chief Executive is responsible for acquiring and the performance of these required services from the CPP Group.

HHL will receive appropriate reports and request any information from the HIL board, review and report to the CPPGroup Plc board.

Please refer to appendix 4 which summarises the Group's governance model.

B.2 Fit and proper requirements

CPP Group follows the SMCR guidance that the HIG and other CPP Group companies comply with, including the Senior Management Function and Certification Regimes. Set procedures and processes are followed to ensure that individuals who perform a Senior Management Function are fit and proper, this is controlled by the CPP Group People team. There is also a specific process and procedures for the recruitment and resignation of Senior Managers, which details the steps to be taken when a Senior Manager joins or leaves the business.

Fitness and propriety checks are undertaken prior to an individual joining the business. In doing so, the following factors are considered as a minimum:

- Honesty, integrity and reputation;
- Competence and capability; and
- Financial soundness.

These checks are augmented by the regulatory appointment process for Senior Managers. This supports responsibilities, skills and any development plan to ensure that all aspects of the position are covered.

Senior Managers are also required to annually declare their ongoing suitability and re-vetting is undertaken by the CPP Groups People team.

As part of the recruitment process for Senior Managers (and potential Senior Managers), the fitness of each individual is assessed on a case-by-case basis. Consideration is given to qualifications, knowledge and relevant experience. The outputs of this assessment drive the individual's Regulatory Training and Development Plan. Training plans are supported by both the People team and Compliance.

Prior to an individual being appointed into an approved person or SMF role, the appropriate Board approval is received. All offers are subject to regulatory approval.

All employees, whether a Senior Manager or not, are recruited in line with the CPP Group People Policies which all Managers are required to follow.

All employees undergo an appointment process and complete a security screening form. Criminal Records Bureau (CRB) and Fraud screening tests are conducted along with standard reference checks. Right to work and professional qualifications are also checked and verified during the vetting process. This ensures that all HIL and CPP Outsourcers employees are fit and proper.

All employees are required to complete a number of relevant mandatory annual e-learning packages and all employees are subject to mandatory selective re-vetting.

B.3 Risk management system

The CPP Group Risk Policy applies to all companies within the CPP Group, including HIL. It describes the Group's preferred approach to managing risk and its attitude to risk management. The HHL and HIL Boards have adopted the CPP Group Risk Framework and associated policies as the Risk framework for HHL and HIL.

Central to the risk management is the ability to identify and measure risks and controls and put in place appropriate actions to manage them. The outsourced CPP Risk Team holds regular meetings with the Chief Executive of HIL to provide independent challenge to the management of HIL's risks.

The HIL CEO works alongside the outsourced Risk Manager to review HIL's material risks. The review also looks at emerging risks. A Risk and Control Self-Assessment (RCSA) is then compiled which:

- Identifies any material risks the firm may face
- Assesses the likelihood and impact of each risk
- Determines whether in appetite or not – which will include mitigating actions as necessary
- Shows the movement within any risk to illustrate whether the risk is increasing or decreasing

The latest RCSA is shared with the HIL board at each scheduled board meeting and any challenge or comment is considered, acted upon and updated accordingly in future risk reviews.

A CPP business incident management process is fully embedded within HIL and has enhanced the internal control environment by providing a mechanism for ensuring that for all business incidents that appropriate remedial and preventative action is taken and that any trends are identified.

The HIL Board appraises the risks relating to its business regularly and are provided with updates on management actions and these are referred to as and when necessary to the HHL and CPPGroup Plc boards.

Own Risk Solvency Assessment (ORSA)
The primary objective of the ORSA is to ensure that the HIG is able to maintain appropriate levels of capital to support its risks on a continuous basis, in line with its business plan and strategy.

The HHL and HIL Boards of Directors work together to produce the HIG ORSA and are clear on the risk assessment process and types of events that could give rise to an impact to HHL/HIL's own funds, including the underlying key risk drivers and assumptions.

The objectives of the ORSA policy and process are to:

- determine the overall solvency needs of HHL/HIL, which includes understanding and calculation of the overall liabilities of the HIG and technical provisions, the regulatory capital and internal capital needs;
- support the embedding of risk management across the HIG; and
- ensure that the HIG holds appropriate levels of capital to support its needs on a continuous basis.

The ORSA is a forward-looking assessment of HIG's risks, which is updated regularly to ensure HIG has sufficient own funds to meet its existing and 'future' liabilities through a combination of risk, capital and solvency projections.

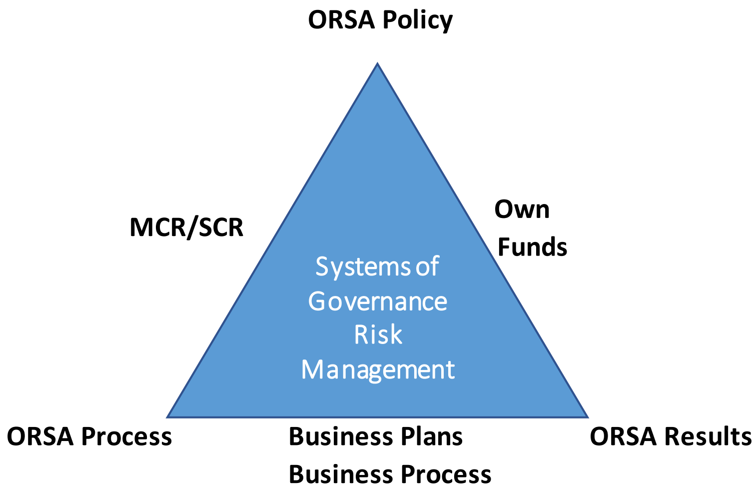
'Future' in this context refers specifically to the term for the forward business plan (specifically for 12 months) and generally for the consideration of risks that could put the HIG in difficulty (on a 1 in 200-year basis) and into a position of insolvency (on a reverse stress-test basis).

The HIG produces a single, annual ORSA report on a Group basis. This means that the ORSA solvency position is calculated on both an individual insurance entity (solo) basis and an aggregate Group basis, the report itself covers both the solo entity and the aggregated Group. The annual ORSA is run as part of the annual financial cycle. The requirement to produce a single HIG ORSA has been approved by the PRA.

In addition, the output of the standard formula calculations used as part of the ORSA, the SCR, MCR and Eligible Own Funds are reviewed on a quarterly basis, as part of the financial review cycle.

An ad-hoc ORSA will be run where it is perceived that the HIG's risk profile will significantly change or has already been impacted. In both cases an ad-hoc ORSA will be run as soon as the change or potential change, or the event that gives rise to the change, is known about. As the business is stable and performing in line with its strategy no ad-hoc ORSA has been required.

The ORSA Process



The ORSA Process coordinates key functions (internal or from the outsourced provider) with the HIL and HHL Boards to ensure the required information, data and calculations are available for analysis, review and reporting. These feed through to the ORSA results ensuring that the stakeholders are able to review and comment on the ORSA inputs and outputs.

The ORSA is reliant on the following processes which need to be conducted before the ORSA report can be produced. The inputs to the ORSA include:

- The ORSA and own funds calculations;
- The SCR calculations based on the Solvency II Standard Formula
- HIL Board decision-making in related risk areas;
- Financial reporting for HIL and HHL;
- Up-to-date reporting on risk areas and appetite;
- Up to date risk analysis and reporting;
- Up-to-date risk assessment.
- Investment policy and reporting;
- Outputs from stress and scenario analysis;
- Current business plans and strategy

The ORSA process, the procedures and results, are owned by the HHL and HIL Boards.

The HIL Board is responsible for understanding the ongoing solvency requirements of the businesses of the HIG in order to make recommendations to the HHL Board, as appropriate. It also includes reviewing ORSA reports before submission to the HHL Board and, in the event of an ad-hoc ORSA to agree the reason and circumstances for its production.

The HIL Board is responsible for overseeing the capital, liquidity and cash flow position of the HIG and recommendations to the HHL Board. It has responsibility for capital oversight within the solo regulated entity HIL and for contributing to and reviewing the results of the ORSA.

The ORSA and any supporting assessments indicate whether, under all necessary and applicable scenarios and stress tests, the company is adequately capitalised and as a result the board are comfortable to opine that there are no capital add ons required.

The solvency requirements are determined by using the Solvency II standard formula as approved by the PRA. This clearly shows HIL's and HIG's Solvency Capital Requirements (SCR) and the Minimum Capital Requirements (MCR).

HIL also completes an Assessment of Own Risk from its Risk Framework and Risk Register. Capital is then allocated per risk and correlated. This provides an assessment of capital required by each prudential risk category that can be directly compared to the Standard Formula SCR. This validates the Standard Formula model as being appropriate for the firm's solvency management and any variances between the two methodologies can be reviewed by the Boards and the Regulator.

The major risks are then stressed individually and collectively to ensure that there is sufficient capital to cover at appropriate stress levels. Reverse stress testing is also undertaken to understand the situations which could cause the Company solvency issues and ensure that these are remote and sufficiently mitigated against.

Finally, the ORSA includes scenario testing based on the HIL strategy of managed decline. The scenarios test that HIL specifically has sufficient capital to manage a planned or an event driven accelerated run-off to closure of the firm.

The 2022 ORSA shows that the capital required under the Standard Formula and the Assessment of Own Risk are comparable in total and any variances in individual risks are explainable and understood. All reasonable stress tests and scenarios can be covered by the level of capital carried by the Companies. The next scheduled ORSA is due to be completed mid-2023.

The HIL Business model is considered to be stable and there is no reason to suggest why the risk profile of HIG would have changed. The 2023 ORSA will re-validate the capital requirements and risk maps.

B.4 Internal control

The HIG operates a traditional three lines of defence model whereby each function has clearly defined responsibilities and accountabilities.

1st Line – Business Management and Executive ensure that the business is operating within the HIG's Risk tolerances and is responsible for the identification, management and monitoring of risk.

2nd Line – Being made up of all the internally outsourced Control Functions: Risk, Compliance, Information Security and Legal. These provide framework, guidance, support and challenge.

3rd Line – The outsourced Internal Audit function provide risk based independent testing of the design and operation of the compliance and outsourced operations.

This model supports the overall control by the HIL and HHL Boards. The Boards meet to review performance, policies, reports, and to agree the RCSA framework under which the companies operate approximately every three months.

The independent outsourced control functions provide support and challenge to the Board on the overall prudential and conduct performance of the Company and the future outlook, from both a risk and performance perspective. The Non-Executive Chairman provides independent challenge on all reports and performance management information.

CPP Group adopted policies, as well as any specific policies detail what the control objectives of the firm are and how these are to be achieved where relevant to the HIG.

Finally, monthly controls are in place to monitor financial and operational performance via pre-determined Key Performance Indicators (KPIs) and Management Information (MI). This includes detailed financial reviews of performance, solvency and forecasts. There are also monthly Supplier/Outsourcing meetings to review operational matters e.g. service levels and developments at our key suppliers and outsources (mainly CPP Group outsourcers).

B.5 Internal audit function

The internal audit function for the HIG Group and specifically HIL is under the responsibility of the HIL and HHL Non-Executive Chairman (no SMF11 audit). This ensures that there is independent oversight of the internal audit function to ensure the effectiveness of the internal control system and other areas of governance.

The CPP Group, of which both the supervised companies of the HIG are subsidiaries, has an internal audit function which forms part of the Insurance Group's control framework. The Group Internal Audit function is led by the Group Head of Internal Audit who is an experienced Internal Audit practitioner. Group Internal Audit reports directly to the CPP Group Audit Committee (which is the designated Solvency II Audit Committee).

Group Internal Audit agree a risk-based audit plan, for the CPP Group, with the Group Audit Committee meeting at least annually and all reports are circulated and actioned as necessary within the Group. HIG are informed on key findings and any audit findings specifically relevant to HIG.

CPP Group Internal Audit will provide support to the HIG to put together a specific HIL risk-based audit plan on an annual basis, which is then agreed by the HIL and HHL Boards.

Both HIL and HHL can independently use the audit services of outsourced professional Solvency II audit practitioners, as well as engaging CPP Group Internal Audit to carry out specific HIG audits as and when required by HIL.

B.6 Actuarial function

The actuarial services are provided by a firm of professional external Actuaries (Barnett Waddingham) and overseen by CPP Group management.

The primary objective of the Homecare Group Actuarial Function (internal and external) is to assist the Board of HIL to protect the assets and sustainability of the HIG by providing assurance on the underwriting and reinsurance policies, adequacy of technical provisions and the appropriateness and accuracy of all solvency calculations.

To discharge its responsibilities and thereby achieve its objectives, the Actuarial Function carries out the following core activities:

- co-ordinate the calculation of technical provisions;
- ensure the appropriateness of the methodologies and underlying models used, as well as the assumptions made in the calculation of technical provisions;
- assess the sufficiency and quality of the data used in the calculation of technical provisions;
- compare best estimates against experience – as appropriate;
- inform the administrative, management or supervisory body of the reliability and adequacy of the calculation of technical provisions;
- oversee the calculation of technical provisions;
- express an opinion on the overall underwriting policy – as applicable;
- express an opinion on the adequacy of reinsurance arrangements - as applicable;
- contribute to the effective implementation of the risk-management system, in particular with respect to the risk modelling underlying the calculation of the capital requirements.

The Actuarial Function will prepare an annual Actuarial Function Report, for consideration and approval by the HIL Board, which will take into account all relevant activities, findings and recommendations of the Actuarial Function with reference to the HIG and their exposure to risk.

The outsourced actuaries contribute and support the ORSA preparation and provide an independent validation report for the HIL Board of Directors. The external actuaries also support the quarterly and annual SCR and MCR by preparing and reviewing the calculations and assumptions, whilst at the same time providing specific guidance on the actuarial models and calculations.

B.7 Outsourcing

As a result of its strategy of managed decline that has been in place for many years, HIL utilises an outsourced service model to provide nearly all key functions of the business.

The Company leverage the capabilities and skills of the wider CPP Group where appropriate along with utilising specialist external resource as needed.

The firm ensures that all outsourced contracts are robust and provide effective services in line with HIL’s needs with all contracts ultimately approved by the HIL Board and being subject to regular review.

All outsourced services are actively managed by the HIL Board, with all of HIL's functions and insurance activities managed by Senior Manager Functions (SMFs).

Below is a summary of HIL's Outsourced Insurance Activities:

HIL – Outsourcing Arrangements (NB: All the service providers of outsourced functions or activities are located in the United Kingdom).

Outsourced Provider	Service Outsourced	Internal/External	Responsible Director/SMF
Card Protection Plan Limited (CPPGroup Company)	Customer Service – including Service Calls and Operational Support Claims Handling Complaints Handling	Internal	HIL CEO (SMF1)
	Product Support /Procurement Services Fulfilment Services		
CPPGroup Services Limited (CPPGroup Company)	**Actuarial** (Controlled Function) - Also use professional actuarial services of Barnett Waddingham	Internal/External	HIL CEO (SMF1)
	Underwriting (if applicable) Legal Data Governance **Risk** **Compliance** (Controlled Function)	Internal	HIL CEO (SMF1) HIL SMF16
	Finance & Tax	Internal	HIL (SMF2)
	Internal Audit (Controlled Function) – Also has access to external SII Audit services.	Internal/External	HIL Chairman (SMF9)

C. Risk Management

C.1 Underwriting risk

HIL's underwriting risk arises from two sources - reserve risk and premium risk, as no catastrophe risks have been identified.

Reserve Risk is the risk of loss or adverse change in value of insurance liabilities, resulting from fluctuations in the timing, frequency and severity of the amount of claim settlements.

Premium Risk is the risk of loss or adverse change in value of insurance liabilities, resulting from fluctuations in the timing, frequency and severity of insured events.

HIL uses historic claims data to predict future claims reserves, but as the policies HIL underwrites are of a short-term basis and have little claims exposure following the ending of the policy. Claims reserves are low and pose little risk. The uncertainty over premium risk was assessed as part of the successful Undertaking Specific Parameters (USP) application made by the HIG with regards to an USP for premium risk. This demonstrated a stable claims profile over a number of years, making claims and reserves predictable. The primary/only product that HIL now underwrites is IPP, which is an assistance-based identity protection product that contains underwriting features, so any exposure is deemed to be low risk and HIL only covers the Insurance features

HIL's underwritten insurance policies are annual products, meaning HIL has the ability to adjust premiums or withdraw the policies at renewal to ensure that any remaining policyholders continue to be protected and that HIL maintains its required solvency levels.

No Catastrophe Risk has been identified due to the nature of HIL's underwriting policy and current policy base.

Risk sensitivity, as determined in the stress testing carried for the last ORSA, was low from an Operating perspective and was £0.2 (2021: £0.1m).

HIL does not consider that it is exposed to any potentially aggregated concentration of underwriting risk.

C.2 Market risk

HIL's market risk is related to internal financial market risks and HIL focuses its Treasury operations on bank deposits and there is no activity in derivatives. HIL currently does not hold any derivatives and has no plans to do so. HIL does not currently hold any portfolio of traded investments and thus is not subject to movements in equity, bond, gilt or other tradable security prices.

HIL has minimal balance sheet exposure to the Euro: £ exchange rate due to the closure of the Irish Card book and small cash holding of euros as at 31 December 2022 of €175 (2021: €9.5k overdrawn).

HIL's financial assets are low risk and as such are invested in accordance with the prudent person principle described in Article 132 of the SII Directive (see C.3).

Based on HIL's investment portfolio in short term assets of £2.5m (2021: £2.5m) is exposed to a concentration risk of £0.5m (2021: £0.5m).

C.3 Credit risk

Credit Risk relates to the risk of counterparty default. HIL and HHL aim to achieve a flat or reducing trend in amounts outstanding and to avoid any material losses through counterparty default. This risk is managed by carrying out regular financial reviews on existing counterparties. Management reviews the balances held with counterparties and investments which seek to reduce credit risk.

In 2022, HIL and HHL restructured its balances sheet to simplify its position, which resulted in reducing the intercompany receivable to £nil (2021: £9.3m) via cash settlement. The counter-party risk in the Composite Account Scheme (CAS) account was £0.1m (2021: £0.1m). Overall, following the balance sheet restructure there was a significant decrease of £8.4m (2021: £32k) in the counter-party risk.

There is no material risk sensitivity in the ORSA for the impact of any credit default risk as all is allowed for at near to full provision levels.

C.4 Liquidity risk

Liquidity risk refers to the possibility of the main trading entity HIL having insufficient cash available to settle claims and other liabilities as they fall due. HIL closely monitors and controls cash flow and has access to cash-flow forecasts to manage likely cash requirements. HIL holds cash on short deposit, with a maximum maturity of one month (in line with its own Prudential and CPP Group

Treasury policies). Investments are staggered, with differing maturity dates to ensure funds are sufficiently liquid.

HIL does not have a large dependency on any single trade debtor. Therefore, any concentration risk is much reduced.

For insurance product services, the expected loss included in future premiums, as calculated in the technical provision is £6k (2021: £48k loss).

C.5 Operational Risk

Operational Risk is the risk of loss arising from inadequate or failed internal processes, people or systems, or operational disruption caused by external events. Due to HIL's business model, operational activity and therefore risk mainly to the provision of operational services from the wider CPP Group entities (outsourced).

HIL fully outsources its operations and other services to Group companies, being CPPL for operational/administrative activity and CPP Group Services Limited (CPPGSL) for additional/other administration and support activities.

The key material operational risk that the business continued to actively manage over the period is:

- Outsourcing risk: the risk of failure, non-performance, ineffective management and/or oversight of HIL's outsourcing partners CPPL and CPPGSL. This includes failures in operational execution and standards but also failures that expose HIL and its customers to data breaches, information security risk or inadequate quality of MI and oversight. Regular monitoring and oversight and the annual review of outsource agreements ensure this risk is regularly assessed against appetite. The intra-company outsourcing arrangements are governed by HIL. Regular meetings are held to review performance against contractual obligations and for escalation of any issues for resolution.

This level of operational risk is aligned to and commensurate with the HIG's strategy of managed decline and as a result the HIL Board regularly monitors and manages these risks as part of its operations and governance.

C.6 Other material risk

Conduct Risk – this risk relates predominantly to HIL's ability to demonstrate the ongoing suitability and value of its products. Working closely with its outsourced providers, HIL has delivered on a strategy to enhance customer value and engagement over the last two years and although there is active ongoing monitoring of this area it has not been a material risk in the year and improve its service delivery.

Strategic / Change Risk – During 2022 the CPP Group indicated its intention to move away from its legacy businesses in the UK and Europe which includes HIL. This risk relates predominately to the process of clarifying the strategic direction of HIL (which has been ongoing throughout the year) and considering any emerging risks that this change in direction may bring in the future.

Information Security Risk: HIL outsources its information security oversight to the CPP Group. CPP Group IT have continued to support the CPP Group and HIL to prevent issues and have PCI and ISO standards of resilience.

Risk mitigation practices

All material risks which HIL is exposed to are identified and recorded in the HIL risk register. The risks are assessed regular basis and the actions to manage the risks are monitored. The risks are reported to the HIL Board on a regular basis including risks deemed to be outside of appetite.

The following list outlines the actions/techniques used for mitigating risks:

- Risk limitation – the most common strategy where actions are taken in order to limit or treat the severity or probability of the risk in order to limit exposure.

- Risk Avoidance – actions are taken to avoid or terminate any exposure to the risk.

- Risk transfer – actions are taken to transfer the risk to someone else. HIL outsources its operational activities to CPPL and its administrative activities to CPPGSL. However, HIL recognises that it cannot transfer responsibility or accountability and therefore manages any risks transferred to its outsourcing relationships in line with its outsourcing agreements and service levels that are in place.

- Risk acceptance – risk acceptance does not reduce the effect of the risk, instead a decision is taken to accept or tolerate the risk and its potential impact: Where this is the case HIL has considered all viable mitigation techniques and the risk remains at an acceptable level with sufficient capital to cover any adverse impacts.

The HIG and HIL specifically do not have any significant individual material risk exposure or any material risk concentrations. All of HIL's renewing underwriting policies are based on high volume, low premium underwriting. The policy base is now also mature and no new policies have been written since November 2012, which reduces the likelihood of any new material risks developing.

Risk sensitivities

Any risk sensitivities are reviewed regularly as part of the on-going risk management framework and specifically in the ORSA. As the policy base is in managed decline, many operational and underwriting risks are reducing proportionally. The identified specific risks that were seen as having the potential to be more volatile and would have the most impact on the HIG are stressed in the HIG ORSA to ensure that capital levels are adequate.

The stress tests are combined to assess against the capital held by HIG. The stress tests are either Operational or Group based risks. The highest stressed risks as a result of the HIG's strategy of managed decline would be as a result of data breaches which when stressed are assessed to be £0.7m (2021: £0.9m). Group risk associated with HHL being an obligor to the CPP Group borrowing facility was assessed to be £Nil. (2021: £2.0m).

C.7 Any other disclosures

As HIG and HIL operate a strategy of managed decline, the run-off scenarios take a higher prominence. HIL models' scenarios to ensure it has sufficient capital and the capability to be able to manage likely run-off scenarios, ensuring that it has sufficient capital and high level operating plans. This supports any ongoing business resilience and recovery plans.

The possibility of a forced run-off is less likely now that the CPP Group business is stable, related outsourcing agreements are in place and HIL has already run-off certain lines of business (HIL now only underwrites renewing UK IPP). The HIL Board still review and complete stressed and run off scenarios to ensure that contingency plans are in place and are appropriate.

D: Regulatory Balance Sheet

D.1 Assets

The following table analyses the financial assets of HIG and HIL as at 31 December 2021.

HIL	**2022**		**2021**	
	Assets per FRS 101	**Assets per Solvency II**	**Assets per FRS 101**	**Assets per Solvency II**
	£'000	***£'000***	***£'000***	***£'000***
Investments	2,513	2,513	2,505	2,505
Cash & cash equivalents	932	822	2,633	2,542
Receivables and loans & mortgages	12	110	11,005	11,093
Total assets	**3,457**	**3,445**	**16,143**	**16,140**

HIG	**2022**		**2021**	
	Assets per FRS 101	**Assets per Solvency II**	**Assets per FRS 101**	**Assets per Solvency II**
	£'000	***£'000***	***£'000***	***£'000***
Investments	2,513	2,513	2,505	2,505
Cash & cash equivalents	929	822	2,637	2,542
Receivables and loans & mortgages	13	108	9,315	9,407
Total assets	**3,455**	**3,443**	**14,457**	**14,454**

Investments

The Company held £2,513k (2021: £2,505k) cash on short term deposit fully redeemable on pre-defined terms with highly rated counterparties at a pre-defined date. The financial investments of the Company are held at nominal value which is deemed to be equal to their fair value and amortised cost.

HHL holds no additional financial investments.

Cash

The HIG held £822k (2021: £2,637k), of which £107k (2021: £104k) was held in the Composite Account Scheme (CAS account) of cash and cash equivalents as at the reporting date. For the purposes of Solvency II reporting, £107k (2021: £104k) held in bank accounts is subject to a Group offset arrangement and classified as inter-company receivables where members of the wider Group have secured borrowings against those balances. These amounts are instead recognised within receivables and loans & mortgages and have no impact on the total eligible own fund calculations. Refer to E2 where disclosure of the treatment for SCR purposes can be found.

HIL held £932k (2021: £2,633k) of cash and cash equivalents, of which £109k (2021: 100k) is subject to the Group offset arrangement.

Receivables and loans & mortgages

Receivables and loans & mortgages comprise inter-company receivables, accrued income, insurance receivables and deferred costs, all of which are carried at fair value. The Solvency II position differs from the statutory position as it recognises cash subject to the Group offset arrangement as an inter-company receivable (see Cash). Prepayments and deferred costs are excluded from the Company's total assets under Solvency II and therefore has no effect on cash flow.

D.2 Technical provisions

The following table analyses the technical provisions and risk margin as at 31 December 2022. HHL does not undertake any underwriting activities and as a result the technical provisions for HIG and HIL are the same.

HIG	**2022**		**2021**	
	Technical Provisions per FRS 101	**Technical Provisions per Solvency II**	**Technical Provisions Per FRS 101**	**Technical Provisions per Solvency II**
	£'000	***£'000***	***£'000***	***£'000***
Technical provisions				
-Assistance product services	83	84	97	128
-Risk Margin	-	5	-	19
Total Technical provisions	**83**	**89**	**97**	**147**

HIL	**2022**		**2021**	
	Technical Provisions per FRS 101	**Technical Provisions per Solvency II**	**Technical Provisions Per FRS 101**	**Technical Provisions per Solvency II**
	£'000	***£'000***	***£'000***	***£'000***
Technical provisions				
-IPP services	83	84	97	128
-Risk Margin	-	5	-	19
Total Technical provisions	**83**	**89**	**97**	**147**

Technical provision for IPP services was £83k (2021: £97k). The lower provision is driven by declining IPP book. For the purposes of Solvency II reporting technical provisions were £84k (2021: £128k). The decrease is due to lower variable costs as a result of the declining IPP book.

The difference in the evaluation of technical provisions between Solvency II and the financial statements are principally a result of the following:

- Setting provisions for unexpired risks in Solvency II premium provisions as the expected cost of meeting claims, rather than at 100% of unearned premium, as reported in the financial statements.
- Solvency II technical provisions have decreased during the year as the overall cost base has decreased.
- The addition of the Solvency II Technical Provisions Risk Margin.

No transitional measures are used in the calculation of HIL's technical provisions and neither are the matching and volatility adjustments. HIL has no active reinsurance arrangements and does not use special purpose vehicles.

HIL has made no material changes in the methodology used in setting technical provisions over the reporting periods. HIG and HIL operate a strategy of managed decline.

The uncertainty associated with technical provisions is low for claims due to the low level, value and predictable number of claims. Provisions for claims expenses depends on the cost base of the business. HIL manages this uncertainty by comprehensive in period claims expense forecasting and this helps reduce any uncertainty.

Technical provisions

Technical provisions represent management's best estimate of the Company's claims, unearned premiums and expenses measured at fair value. The best estimate of such liabilities comprises the following three components:

1. Claims outstanding

The outstanding claims provision is based on an estimate of total costs of settling and handling claims received, plus an estimate for the cost of claims incurred but not reported at the balance sheet date, based on historic trends. For 2022 this was based on 11% (2021: 11%).

2. Unearned premium

The provision for unearned premium within the financial statements represents that part of written gross premiums that are estimated to be earned in subsequent periods.

Under Solvency II, provisions for unexpired risks are not set at the value of the unearned premium. Instead HIL's premium provisions are based on the expected cost of future claims payments for these premiums.

3. Expenses

Included within the technical provision for Solvency II purposes is an estimated provision relating to expense and overhead costs associated with servicing the IPP policies. This amount is based on profitability forecast data which is reviewed in year, and which is not reported within the financial statements.

Risk margin

The risk margin is the estimated cost of capital of the Group's and Company's SCR at the prescribed rate of 6% (2021: 6%). As the technical provisions as a whole are equivalent to the amount required to take over and meet the insurance obligations, the HIG's inter-company receivables are excluded when calculating the risk margin.

D.3 Other liabilities

The following table analyses the HIG's and HIL's other liabilities as at 31 December 2022.

HIG	**2022**		**2021**	
	Other Liabilities per FRS 101	**Other Liabilities per Solvency II**	**Other Liabilities per FRS 101**	**Other Liabilities per Solvency II**
	£'000	***£'000***	***£'000***	***£'000***
Insurance creditors	-	-	-	-
Other creditors	544	584	602	602
Total Technical provisions	**544**	**584**	**602**	**602**

HIL	**2022**		**2021**	
	Other liabilities per FRS 101	**Other liabilities per Solvency II**	**Other liabilities per FRS 101**	**Other liabilities per Solvency II**
	£'000	***£'000***	***£'000***	***£'000***
Insurance creditors	-	-	-	-
Other creditors	539	579	597	597
Total other liabilities	**539**	**579**	**597**	**597**

Other liabilities, comprising inter-company creditors, tax and sundry accruals are recognised at amortised cost and materially equal to fair value.

Post year end, and subsequent to regulatory submissions, the Company received notification from HMRC, that an IPT liability of £210k, which had been in dispute, was no longer payable. This has been considered an adjusting post balance sheet event and adjusted for in the financial statements. This results in a reduction of liabilities per FRS 101 by £40k after deduction of corporation tax by £10k.

D.4 Alternative Method of Valuation

HIL has no assets or liabilities for which alternative methods, as described in article 10 of the Commissions Delegated Regulations 2015/35, are used in their valuation.

E: Capital management

E.1 Own funds

The HIG's own funds comprise of accumulated retained earnings. HIL's own funds comprise of fully paid-up share capital and accumulated retained earnings. The Budget outlook is for two years which is considered sufficient with HILs strategy of managed decline. Annual capital management plans are considered and approved by the boards along with capital solvency targets.

The following table reconciles the differences between the equity balance per the annual financial statements and the excess of assets over liabilities as calculated for the purposes of Solvency II.

	HIG		HIL	
	2022	**2021**	**2022**	**2021**
	£'000	***£'000***	***£'000***	***£'000***
Assets (D.1)	3,455	14,457	3,457	16,143
Technical provision (D.2)	(83)	(97)	(83)	(97)
Other Liabilities (D.3)	(544)	(602)	(539)	(597)
Equity in the financial statements	**2,828**	**13,758**	**2,835**	**15,449**
Items not recognised in financial statements:				
Risk margin	(5)	(19)	(5)	(19)
Net unearned premium	(1)	(31)	(1)	(31)
Post year end adj.	(40)	-	(40)	-
Items not recognised under Solvency II:				
Deferred costs and accrued income	(12)	(136)	(12)	(13)
Solvency II basic own funds	**2,770**	**13,695**	**2,777**	**15,386**

The eligible amount of own funds to cover the SCR and the MCR is £2,770k (2021: £13,695k) for the consolidated Group and £2,777k (2021: £15,386k) for HIL. These funds entirely comprise Tier 1 capital and there are no items deducted, or restrictions affecting the availability and transferability of own funds. For HHL and HIL these have reduced in the year mainly due inter-co settlements during the year, £11.3m (2021: £nil) dividends being declared and paid respectively and profits earned in the year. HIL also declared a £1.7m (2021: £nil) dividend in specie eliminating the £1.7m intercompany loan with HHL.

Management's objective is to, at all times, maintain sufficient own funds to meet the lower of SCR or MCR with appropriate headroom. The HHL and HIL Boards have previously determined a minimum capital target of 100% for fixed inter-company receivables and >125% of all other SCR risks and this target is kept under review. However, following the balance sheet simplification and dividend distributions during the year, the most appropriate solvency measure for HHL and HHL has become the SII MCR rather than SCR, which for Q4 2022 for HHL and HIL was 119%. Post year end, and subsequent to regulatory submissions, the Company received notification from HMRC, that an IPT liability of £210k, which had been in dispute, was no longer payable. This has been considered an adjusting post balance sheet event and excluded from the above SCR/MCR calculations. This results in reducing the IPT liability by £210k, increasing the intercompany payable by £160k with CPPL, and would have increased solvency II basic owns funds by £40k after deduction of corporation tax by

£10k. Adjusting for this HHL and HIL Q4 MCR ratio would have been 121%, so marginally lower than the previously set capital target of 125%.

The Board are in the process of reviewing the current capital target of 125% and what should be an appropriate target following the simplification of the balance sheet, continued reduction in risks the company faces as the IPP book declines and the Q4 2022 increase in MCR floor to €2.7m (previously €2.5m). Subsequent to the year end the Board have reassessed their risk exposure and have accordingly reduced their target MCR ratio to 115%.

E.2 Solvency capital requirement and minimum capital requirement

The amount of the Group's and Company's SCR and MCR is detailed in the table below:

	HIG		**HIL**	
	2022	**2021**	**2022**	**2021**
	£'000	***£'000***	***£'000***	***£'000***
SCR	609	8,926	610	10,439
MCR	2,325	2,231	2,325	2,610
Linear MCR	40	90	40	90
MCR CAP	274	4,016	274	4,698
MCR Floor	152	2,231	152	2,610
Combined MCR	152	2,231	152	2,610
Absolute Floor of the MCR	2,325	2,112	2,325	2,112

The risk components which comprise the Group's and Company's SCR are as follows:

	HIG		**HIL**	
	2022	**2021**	**2022**	**2021**
	£'000	***£'000***	**£'000**	**£'000**
Market risk	513	512	513	512
Counterparty risk	143	8,594	144	10,111
Underwriting risk	88	285	88	283
Diversification benefit	(141)	(507)	(141)	(509)
BSCR	**603**	**8,884**	**604**	**10,397**
Operational risk	6	42	6	42
SCR	**609**	**8,926**	**610**	**10,439**
MCR%	**119%**	**614%**	**119%**	**590%**
SCR%	**455%**	**153%**	**455%**	**147%**

Simplifications were not used in the calculations of HIL and HIG's SCR's.

The Company has been granted the use of Undertaking Specific Parameters ("USPs"). As a result of this, the standard deviation of premium risk for Miscellaneous is reduced to 6%, based on actual Actuarial modelling using historic claims data to calculate a more accurate standard deviation. This replaces the default standard formula standard deviation of 13%.

The standard inputs into the MCR calculation are the SCR; the technical provisions (excluding risk margin); and net written premiums over the previous 12 months.

The investments held in HIL/HHL are subject to withdrawal restrictions that prevent the group from accessing them on demand, hence inclusion of such balances within the market risk sub-module is most appropriate.

Included in counterparty risk are intercompany balances and CAS account balances, these are both type 2 exposures and are Group risks recoverable over 90 days, therefore attracting a higher capital requirement. The CAS account are subject to an intra-group offset arrangement, whereby amounts are not immediately repayable directly by Barclays until a corresponding amount is deposited by another group party into the CAS accounts, and any asset to the group thereby restricted to the contributions of other group parties. These exposures have been treated consistently with other intercompany balances held by the group.

There have been no breaches to the SCR and MCR over the reporting period. MCR has increased in the year to £2,325 (2021: £2,231) due to the Q4 2022 increase in MCR Floor to €2.7m (2021: €2.5m). SCR has decreased in the year to £609k (2021: £8,926k) due to decrease in counterparty risk and settlement of intercompany receivables to £nil (2021: £9.3m) and underwriting risk where premiums are forecast to decrease due to the de-coupling of the IPP and a declining policy base (see A.6 above).

E.3 Use of the duration-based equity risk sub-module in the calculation of the Solvency Capital Requirement

The duration based equity risk was not used in the calculation of HIL and HIG's SCRs.

E.4 Differences between the standard formula and any internal model used

The standard formula, as set out in Articles 100 to 110 in the Solvency II Directive, is used to calculate the SCR.

E.5 Non-compliance with Minimum Capital Requirements and non-compliance with the Solvency Capital Requirements

There was no breach of the SCR or MCR during the reporting period, nor is there expected to be for the foreseeable future.

Appendix 1: Simplified CPPGroup Plc organisation structure

CPPGroup Plc
No: 7151159
(Previously Cranberry 1 Plc)

CPP Worldwide holdings Ltd
No: 7154018
(Previously Cranberry 22 Ltd)

CPP Holdings Ltd
No: 1659493
(Previously CPP Group Plc / CPP Group Ltd)

Homecare (Holdings) Ltd
No: 3341261

Homecare Insurance Ltd
No: 2793290

Appendix 2: HIL solo Solvency II Templates

S.02.01.02

	Solvency II value
Assets	C0010
Investments (other than assets held for index-linked and unit-linked contracts)	2,513,367
Property (other than for own use)	0
Holdings in related undertakings, including participations	0
Equities	0
Equities - listed	0
Equities - unlisted	0
Bonds	0
Government Bonds	0
Corporate Bonds	0
Structured notes	0
Collateralised securities	0
Collective Investments Undertakings	0
Derivatives	
Deposits other than cash equivalents	2,513,367
Other investments	0
Assets held for index-linked and unit-linked contracts	0
Amount to be included in TR0220 that is not derived from S(E).06.02	
Deposits to cedants	0
Insurance and intermediaries receivables	221
Reinsurance receivables	
Receivables (trade, not insurance)	109,230
Own shares (held directly)	
Amounts due in respect of own fund items or initial fund called up but not yet paid in	0
Cash and cash equivalents	822,104
Any other assets, not elsewhere shown	
Total assets	3,444,921

	Solvency II value
Liabilities	C0010
Technical provisions – non-life	89,066
Technical provisions – non-life (excluding health)	89,066
Technical provisions calculated as a whole	0
Best Estimate	83,635
Risk margin	5,430
Technical provisions - health (similar to non-life)	0
Technical provisions calculated as a whole	0
Best Estimate	0
Risk margin	0
Financial liabilities other than debts owed to credit institutions	123,930
Insurance & intermediaries payables	189
Reinsurance payables	
Payables (trade, not insurance)	326,425
Subordinated liabilities	0
Subordinated liabilities not in Basic Own Funds	
Subordinated liabilities in Basic Own Funds	0
Any other liabilities, not elsewhere shown	128,755
Total liabilities	668,365
Excess of assets over liabilities	2,776,557

S.05.01.02

		Line of Business for: non-life insurance and reinsurance obligations (direct business and accepted proportional reinsurance)
		Miscellaneous financial loss
		C0120
Premiums written		
Gross - Direct Business	**R0110**	247,373
Net	**R0200**	247,373
Premiums earned		
Gross - Direct Business	**R0210**	261,650
Net	**R0300**	261,650
Claims incurred		
Gross - Direct Business	**R0310**	935
Net	**R0400**	935
Changes in other technical provisions		
Gross - Direct Business	**R0410**	0
Net	**R0500**	0
Expenses incurred	**R0550**	198,008
Administrative expenses		
Gross - Direct Business	**R0610**	18,276
Net	**R0700**	18,276
Investment management expenses		
Gross - Direct Business	**R0710**	2,559
Net	**R0800**	2,559
Claims management expenses		
Gross - Direct Business	**R0810**	3,034
Net	**R0900**	3,034
Acquisition expenses		
Gross - Direct Business	**R0910**	0
Net	**R1000**	0
Overhead expenses		
Gross - Direct Business	**R1010**	174,139
Net	**R1100**	174,139
Other expenses	**R1200**	
Total expenses	**R1300**	198,008

S.17.01.02

		Direct business and accepted proportional reinsurance
		Miscellaneous financial loss
		C0130
Technical provisions calculated as a whole	**R0010**	0
Direct business	**R0020**	
Technical provisions calculated as a sum of BE and RM		
Best estimate		
Premium provisions		
Gross - Total	**R0060**	66,985
Gross - direct business	**R0070**	66,985
Total recoverable from reinsurance/SPV and Finite Re before the adjustment for expected losses due to counterparty	**R0100**	0
Net Best Estimate of Premium Provisions	**R0150**	66,985
Claims provisions		
Gross - Total	**R0160**	16,650
Gross - direct business	**R0170**	16,650
Total recoverable from reinsurance/SPV and Finite Re before the adjustment for expected losses due to counterparty	**R0200**	0
Net Best Estimate of Claims Provisions	**R0250**	16,650
Total Best estimate - gross	**R0260**	83,635
Total Best estimate - net	**R0270**	83,635
Risk margin	**R0280**	5,430
Amount of the transitional on Technical Provisions		
Technical provisions - total		
Technical provisions - total	**R0320**	89,066
Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterpar	**R0330**	0
Technical provisions minus recoverables from reinsurance/SPV and Finite Re- total	**R0340**	89,066

S.19.01.21

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

Development year

Year	0	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15 & +	In Current year	Sum of years (cumulative)
	C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0120	C0130	C0140	C0150	C0160	C0170	C0180
Prior																0	0	0
N-14	9,836,370	1,493,852	0	0	0	0	0	0	0	0	0	0	0	0	0		0	11,330,222
N-13	6,349,062	1,579,276	0	0	0	0	0	0	0	0	0	0	0	0			0	7,928,338
N-12	12,550,447	2,833,435	0	0	0	0	0	0	0	0	0	0	0				0	15,383,882
N-11	22,991,131	2,653,430	0	0	0	0	0	0	0	0	0	0					0	25,644,561
N-10	35,676,373	3,613,858	0	0	0	0	0	0	0	0	0						0	39,290,231
N-9	18,801,579	1,374,072	0	0	0	0	0	0	0	0							0	20,175,651
N-8	3,127,817	428,348	0	0	0	0	-18,287	0	0								0	3,537,878
N-7	585,933	193,241	0	0	0	0	0	0									0	779,174
N-6	291,273	5,875	0	0	0	0	0										0	297,148
N-5	187,931	22,158	0	0	0	0											0	210,089
N-4	145,820	100	0	0	0												0	145,920
N-3	75,862	0	0	0													0	75,862
N-2	8,892	0	0														0	8,892
N-1	3,704	0															0	3,704
N	935																935	935
Total																	935	124,812,487

Reinsurance Recoveries received (non-cumulative)
(absolute amount)

Development year

Year	0	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15 & +	In Current year	Sum of years (cumulative)
	C0600	C0610	C0620	C0630	C0640	C0650	C0660	C0670	C0680	C0690	C0700	C0710	C0720	C0730	C0740	C0750	C0760	C0770
Prior																0	0	0
N-14	3,807,487	0	0	0	0	0	0	0	0	0	0	0	0	0	0		0	3,807,487
N-13	2,563,899	190,878	0	0	0	0	0	0	0	0	0	0	0	0			0	2,754,777
N-12	3,468,126	607,103	0	0	0	0	0	0	0	0	0	0	0				0	4,075,229
N-11	4,811,071	1,280,280	0	0	0	0	0	0	0	0	0	0					0	6,091,351
N-10	6,206,920	1,432,472	0	0	0	0	0	0	0	0	0						0	7,639,392
N-9	4,764,828	730,581	0	0	0	0	0	0	0	0							0	5,495,409
N-8	840,795	7,761	0	0	0	0	0	0	0								0	848,556
N-7	-4,322	4,322	0	0	0	0	0	0									0	0
N-6	0	0	0	0	0	0	0										0	0
N-5	0	0	0	0	0	0											0	0
N-4	0	0	0	0	0												0	0
N-3	0	0	0	0													0	0
N-2	0	0	0														0	0
N-1	0	0															0	0
N	0																0	0
Total																	0	30,712,201

S.23.01.01

	Total	Tier 1 - unrestricted
	C0010	C0020
Basic own funds before deduction for participations in other financial sector as foreseen in article 68 of		
Ordinary share capital (gross of own shares)	1	1
Share premium account related to ordinary share capital	0	0
Iinitial funds, members' contributions or the equivalent basic own - fund item for mutual and mutual-type undertakings	0	0
Subordinated mutual member accounts	0	
Surplus funds	0	0
Preference shares	0	
Share premium account related to preference shares	0	
Reconciliation reserve	2,776,556	2,776,556
Subordinated liabilities	0	
An amount equal to the value of net deferred tax assets	0	
Other own fund items approved by the supervisory authority as basic own funds not specified above	0	0
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds		
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		
Deductions		
Deductions for participations in financial and credit institutions	0	
Total basic own funds after deductions	2,776,557	2,776,557
Ancillary own funds		
Unpaid and uncalled ordinary share capital callable on demand	0	
Unpaid and uncalled initial funds, members' contributions or the equivalent basic own fund item for mutual and mutual - type undertakings, callable on demand	0	
Unpaid and uncalled preference shares callable on demand	0	
A legally binding commitment to subscribe and pay for subordinated liabilities on demand	0	
Letters of credit and guarantees under Article 96(2) of the Directive 2009/138/EC	0	
Letters of credit and guarantees other than under Article 96(2) of the Directive 2009/138/EC	0	
Supplementary members calls under first subparagraph of Article 96(3) of the Directive 2009/138/EC	0	
Supplementary members calls - other than under first subparagraph of Article 96(3) of the Directive 2009/138/EC	0	
Other ancillary own funds	0	
Total ancillary own funds	0	
Available and eligible own funds		
Total available own funds to meet the SCR	2,776,557	2,776,557
Total available own funds to meet the MCR	2,776,557	2,776,557
Total eligible own funds to meet the SCR	2,776,557	2,776,557
Total eligible own funds to meet the MCR	2,776,557	2,776,557
SCR	609,988	
MCR	2,325,105	
Ratio of Eligible own funds to SCR	4.5518	
Ratio of Eligible own funds to MCR	1.1942	

Reconciliation reserve	C0060	
Excess of assets over liabilities	2,776,557	
Own shares (held directly and indirectly)		
Foreseeable dividends, distributions and charges		
Other basic own fund items	1	
Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds		
Reconciliation reserve	2,776,556	
Expected profits		
Expected profits included in future premiums (EPIFP) - Life business		
Expected profits included in future premiums (EPIFP) - Non- life business		
Total Expected profits included in future premiums (EPIFP)	0	

S.25.01.21

		Net solvency capital requirement	Gross solvency capital requirement	Allocation from adjustments due to RFF and Matching adjustments portfolios
		C0030	C0040	C0050
Market risk	**R0010**	513,181	513,181	0
Counterparty default risk	**R0020**	144,373	144,373	0
Life underwriting risk	**R0030**			0
Health underwriting risk	**R0040**			0
Non-life underwriting risk	**R0050**	88,204	88,204	0
Diversification	**R0060**	-142,111	-142,111	
Intangible asset risk	**R0070**	0	0	
Basic Solvency Capital Requirement	**R0100**	603,647	603,647	

		C0100
Calculation of Solvency Capital Requirement		
Adjustment due to RFF/MAP nSCR aggregation	**R0120**	
Operational risk	**R0130**	6,341
Loss-absorbing capacity of technical provisions	**R0140**	0
Loss-absorbing capacity of deferred taxes	**R0150**	0
Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC	**R0160**	0
Solvency Capital Requirement excluding capital add-on	**R0200**	609,988
Capital add-on already set	**R0210**	0
Solvency capital requirement	**R0220**	609,988
Other information on SCR		
Capital requirement for duration-based equity risk sub-module	**R0400**	0
Total amount of Notional Solvency Capital Requirements for remaining part	**R0410**	
Total amount of Notional Solvency Capital Requirements for ring fenced funds	**R0420**	
Total amount of Notional Solvency Capital Requirements for matching adjustment portfolios	**R0430**	
Diversification effects due to RFF nSCR aggregation for article 304	**R0440**	
Method used to calculate the adjustment due to RFF/MAP nSCR aggregation	**R0450**	4 - No adjustment
Net future discretionary benefits	**R0460**	

S.28.01.01

MCRNL Result	39,600

	Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance) written premiums in the last 12 months
	C0020	C0030
Miscellaneous financial loss insurance and proportional reinsurance	83,635	197,081

Overall MCR calculation	C0070
Linear MCR	39,600
SCR	609,988
MCR cap	274,495
MCR floor	152,497
Combined MCR	152,497
Absolute floor of the MCR	2,325,105

	C0070
Minimum Capital Requirement	2,325,105

Appendix 3: HIG Solvency II Templates

S.02.01.02

	Solvency II value
Assets	C0010
Goodwill	
Deferred acquisition costs	
Intangible assets	
Deferred tax assets	
Pension benefit surplus	
Property, plant & equipment held for own use	0
Investments (other than assets held for index-linked and unit-linked contracts)	2,513,367
Property (other than for own use)	0
Holdings in related undertakings, including participations	0
Equities	0
Equities - listed	0
Equities - unlisted	0
Bonds	0
Government Bonds	0
Corporate Bonds	0
Structured notes	0
Collateralised securities	0
Collective Investments Undertakings	0
Derivatives	
Deposits other than cash equivalents	2,513,367
Other investments	0
Assets held for index-linked and unit-linked contracts	0
Amount to be included in TR0220 that is not derived from S(E).06.02	
Deposits to cedants	0
Insurance and intermediaries receivables	221
Reinsurance receivables	
Receivables (trade, not insurance)	107,023
Own shares (held directly)	
Amounts due in respect of own fund items or initial fund called up but not yet paid in	0
Cash and cash equivalents	822,104
Any other assets, not elsewhere shown	
Total assets	3,442,714

	Solvency II value
Liabilities	C0010
Technical provisions – non-life	89,066
Technical provisions – non-life (excluding health)	89,066
Technical provisions calculated as a whole	
Best Estimate	83,635
Risk margin	5,430
Technical provisions - health (similar to non-life)	0
Technical provisions calculated as a whole	
Best Estimate	
Risk margin	
Financial liabilities other than debts owed to credit institutions	123,369
Insurance & intermediaries payables	189
Reinsurance payables	
Payables (trade, not insurance)	326,425
Subordinated liabilities	0
Subordinated liabilities not in Basic Own Funds	
Subordinated liabilities in Basic Own Funds	0
Any other liabilities, not elsewhere shown	134,145
Total liabilities	673,194
Excess of assets over liabilities	2,769,520

S.05.01.02

		Line of Business for: non-life insurance and reinsurance obligations (direct business and accepted proportional reinsurance)
		Miscellaneous financial loss
		C0120
Premiums written		
Gross - Direct Business	**R0110**	197,081
Net	**R0200**	197,081
Premiums earned		
Gross - Direct Business	**R0210**	211,358
Net	**R0300**	211,358
Claims incurred		
Gross - Direct Business	**R0310**	935
Net	**R0400**	935
Changes in other technical provisions		
Gross - Direct Business	**R0410**	0
Net	**R0500**	0
Expenses incurred	**R0550**	3,458,362
Administrative expenses		
Gross - Direct Business	**R0610**	18,276
Net	**R0700**	18,276
Investment management expenses		
Gross - Direct Business	**R0710**	3,256,893
Net	**R0800**	3,256,893
Claims management expenses		
Gross - Direct Business	**R0810**	3,034
Net	**R0900**	3,034
Acquisition expenses		
Gross - Direct Business	**R0910**	0
Net	**R1000**	0
Overhead expenses		
Gross - Direct Business	**R1010**	180,159
Net	**R1100**	180,159
Other expenses	**R1200**	
Total expenses	**R1300**	

S.23.01.22

	Total
	C0010
Basic own funds before deduction for participations in other financial sector	
Ordinary share capital (gross of own shares)	0
Non-available called but not paid in ordinary share capital at group level	0
Share premium account related to ordinary share capital	0
Iinitial funds, members' contributions or the equivalent basic own - fund item for mutual and mutual-type undertakings	0
Non-available preference shares at group level	0
Share premium account related to preference shares	0
Non-available share premium account related to preference shares at group level	0
Reconciliation reserve	2,770
Subordinated liabilities	0
Non-available subordinated liabilities at group level	0
An amount equal to the value of net deferred tax assets	0
The amount equal to the value of net deferred tax assets not available at the group level	0
Other items approved by supervisory authority as basic own funds not specified above	0
Non available own funds related to other own funds items approved by supervisory authority	0
Minority interests (if not reported as part of a specific own fund item)	0
Non-available minority interests at group level	0
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds	
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds	0
Deductions	
Deductions for participations in other financial undertakings, including non-regulated undertakings carrying out financial a	0
whereof deducted according to art 228 of the Directive 2009/138/EC	0
Deductions for participations where there is non-availability of information (Article 229)	0
Deduction for participations included by using D&A when a combination of methods is used	0
Total of non-available own fund items	0
Total deductions	0
Total basic own funds after deductions	2,770
Own funds of other financial sectors	
Credit institutions, investment firms, financial institutions, alternative investment fund managers, UCITS management companies – total	0
Institutions for occupational retirement provision	0
Non regulated entities carrying out financial activities	0
Total own funds of other financial sectors	0
Own funds when using the D&A, exclusively or in combination of method 1	
Own funds aggregated when using the D&A and combination of method	0
Own funds aggregated when using the D&A and a combination of method net of IGT	0
Total available own funds to meet the consolidated group SCR (excluding own funds from other financial sector and from the undertakings included via D&A)	2,770
Total available own funds to meet the minimum consolidated group SCR	2,770
Total eligible own funds to meet the consolidated group SCR (excluding own funds from other financial sector and	2,770
Total eligible own funds to meet the minimum consolidated group SCR	2,770
Consolidated Group SCR	
Minimum consolidated Group SCR	2,325
Ratio of Eligible own funds to the consolidated Group SCR (excluding other financial sectors and the undertakings included via D&A)	
Ratio of Eligible own funds to Minimum Consolidated Group SCR	1.1911
Total eligible own funds to meet the group SCR (including own funds from other financial sector and from the undertakings included via D&A)	2,770
SCR for entities included with D&A method	
Group SCR	609
Ratio of Eligible own funds to group SCR including other financial sectors and the undertakings included via D&A	4.5478

	C0060
Reconciliation reserve	
Excess of assets over liabilities	2,770
Own shares (held directly and indirectly)	0
Forseeable dividends, distributions and charges	0
Other basic own fund items	0
Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	0
Other non available own funds	0
Reconciliation reserve before deduction for participations	2,770
Expected profits	
Expected profits included in future premiums (EPIFP) - Life business	0
Expected profits included in future premiums (EPIFP) - Non- life business	0
Total Expected profits included in future premiums (EPIFP)	0

S.25.01.22

	Net solvency capital requirement	Gross solvency capital requirement	Allocation from adjustments due to RFF and Matching adjustments portfolios
	C0030	C0040	C0050
Market risk	513,181	513,181	0
Counterparty default risk	142,452	142,452	0
Life underwriting risk			0
Health underwriting risk			0
Non-life underwriting risk	88,204	88,204	0
Diversification	-141,196	-141,196	
Intangible asset risk	0	0	
Basic Solvency Capital Requirement	602,641	602,641	

Calculation of Solvency Capital Requirement	C0100
Adjustment due to RFF/MAP nSCR aggregation	
Operational risk	6,341
Loss-absorbing capacity of technical provisions	0
Loss-absorbing capacity of deferred taxes	0
Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC	0
Solvency Capital Requirement excluding capital add-on	608,982
Capital add-ons already set	0
Solvency capital requirement for undertakings under consolidated method	608,982
Other information on SCR	
Capital requirement for duration-based equity risk sub-module	0
Total amount of Notional Solvency Capital Requirements for remaining part	
Total amount of Notional Solvency Capital Requirements for ring fenced funds	
Total amount of Notional Solvency Capital Requirements for matching adjustment portfolios	
Diversification effects due to RFF nSCR aggregation for article 304	
Method used to calculate the adjustment due to RFF/MAP nSCR aggregation	4 - No adjustment
Net future discretionary benefits	
Minimum consolidated group solvency capital requirement	2,325,105
Information on other entities	
Capital requirement for other financial sectors (Non-insurance capital requirements)	0
Capital requirement for other financial sectors (Non-insurance capital requirements) - Credit institutions, investment firms and financial institutions, alternative investment funds managers, UCITS management companies	
Capital requirement for other financial sectors (Non-insurance capital requirements) - Institutions for occupational retirement provisions	
Capital requirement for other financial sectors (Non-insurance capital requirements) - Capital requirement for non--regulated entities carrying out financial activities	
Capital requirement for non-controlled participation requirements	
Capital requirement for residual undertakings	
Overall SCR	
SCR for undertakings included via D and A	
Solvency capital requirement	608,982

S.32.01.22

Country	Identification code of the undertaking	Type of code of the ID of the undertaking	Legal name of the undertaking	Type of undertaking	Legal form	Category (mutual/non mutual)	Supervisory Authority	% capital share	% used for the establishment of consolidated accounts	% voting rights	Other criteria	Level of influence	Proportional share used for group solvency calculation	YES/NO	Date of decision if art. 214 is applied	Method used and under method 1, treatment of the undertaking
C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0180	C0190	C0200	C0210	C0220	C0230	C0240	C0250	C0260
GB	213800XHNSW33J9X2Y53	LEI	Homecare (Holdings) Limited	5	Company limited by shares	2	Prudential Regulation Authority	1.0000	1.0000	1.0000		1	1.0000	1		1
GB	213800F8JEMKECKP4509	LEI	Homecare Insurance Limited	2	Company limited by shares	2	Prudential Regulation Authority	1.0000	1.0000	1.0000		1	1.0000	1		1

Appendix 4: Group's governance model