Solvency Financial Condition Report (SFCR)

As at 31 December 2023

Contents

Terms used in this document:

FCA: Financial Conduct Authority

LTB The Long Term Business of the Society

ORSA: Own Risk and Solvency Assessment

PRA: Prudential Regulatory Authority

SF Standard Formula

The Board: The Society's Main Board

The Society: The Independent Order of Odd Fellows Manchester Unity Friendly Society Limited

Introduction and Summary

This is the Solvency and Financial Report (SFCR) for the Independent Order of Odd Fellows Manchester Unity Friendly Society Limited (the "Society") and the Fraternal Branches (together the 'Wider Society'), it is based on the financial position as at 31 December 2023.

The report covers the following information as set out in the Solvency II regulations:

- Business and Performance;
- Systems of Governance;
- Risk Profile;
- Valuation for Solvency Purposes; and;
- Capital Management.

The Society's Board has ultimate responsibility for these areas, with the support of various governance and control functions which manage and monitor the business.

The contents of the report are considered to be appropriate for the nature, scale and complexity of the Society's business.

1. Business and performance

The Society is one of the largest and oldest branch based friendly societies in the United Kingdom and undertakes both regulated and discretionary social and benevolent activities.

The Society's Long Term Business (LTB) is made up of regulated with-profits, non-profit and unit linked life and pensions business. There is a very small amount of regulated non-life business (short term medical cover) written via the Guernsey and Jersey Branches.

The social and benevolent business conducted by the Society's Branches is known as its Fraternal business.

As a mutual organisation, the Society does not have any shareholder interests to consider. However, as the LTB Fund ultimately benefits from the availability of support from the Society's Fraternal assets (which form part of the total assets of the Society) the Fraternal business is considered to be a stakeholder with an interest in the running of the LTB Fund.

The financial results of the Society showed:

- Premium income net of investment contracts of £1.50m, an decrease of 4% over the year (2022: £1.57m)
- Funds under management £534m (2022: £536m)
- 362,000 members (2022: 383,000)

The Society generated a surplus of £1.27m (2022: £0.92m deficit)

2. Systems of governance

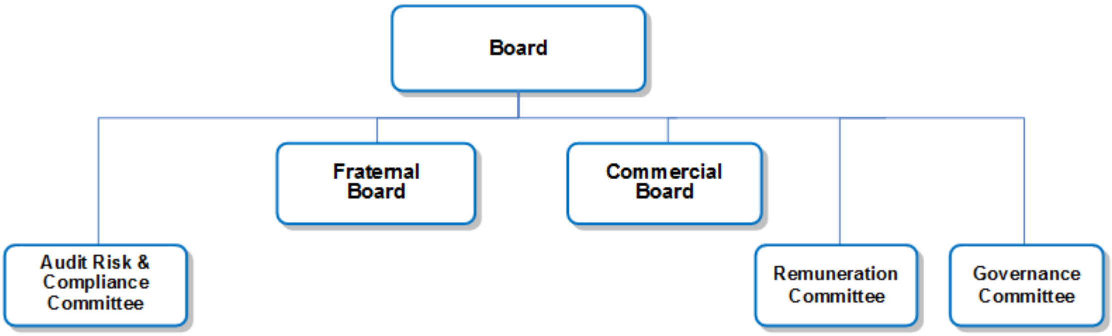
As a mutual, the Society's members can have a say in how the Society operates, which is very important to the Society's culture and ethos. It ensures the Society remains focussed on what really matters – its members and their needs.

The Board believes in responsible, respectful collaboration, and for over 200 years as a friendly society, it has shown that so much more can be achieved by coming together.

The Directors are appointed by resolution, in accordance with the Rules, at the Society's Annual Moveable Conference (AMC), the annual meeting of the Society .

The Society recognises the importance of strong corporate governance and has established a well-defined governance framework, systems of control and committee structure.

Overview of Board and Sub Board/Committee structure:



The Society is a proud member of the Association of Financial Mutuals (AFM), the trade body that represents mutual insurers, friendly societies such as ourselves and other financial mutuals across the UK, and adheres to their corporate governance code.

The Financial Conduct Authority (FCA) and the Prudential Regulation Authority (PRA) regulate the Society, and the Board takes seriously its responsibilities to treat its customers – its members – fairly.

3. Risk profile

The principal risks faced by the Society are influenced by the nature and scale of business currently in-force, the assets held to back the business and the management actions around bonus distribution and investment policy in the future as the business runs off.

The risks to the Society may change over time depending on how the current strategy evolves and the changes to the environment under which the Society operates.

The risk assessment calculates the Solvency Capital Requirements (SCR) using Standard Formula and the risk profile as at 31 December 2023 is shown overleaf:

Standard Formula Risk	31/12/2023	31/12/2022
Market Risk	98.1%	98.1%
Counterparty Default	0.9%	1.2%
Life Underwriting Risk	0.8%	0.5%
Health Underwriting Risk	0.0%	0.0%
Non-Life Underwriting Risk	0.2%	0.2%
	100%	**100%**

As can be seen from the table above the SCR occurs mainly from market risk. This is because the assessment includes the Fraternal assets of the Wider Society.

4. Valuation for solvency purposes

The policies used for valuing assets and liabilities for solvency purposes have remained consistent throughout the reporting period.

The Society has reconciled to the valuation of Technical Provisions between their GAAP basis and the Solvency II basis in the period.

There are no new material classes of assets or liabilities to which the Society is exposed.

5. Capital management

For the purposes of assessing the Society's available funds and capital requirements the Fraternal assets of the Wider Society are included, as Fraternal assets are available to support the Society's capital requirements in extremis.

The capital available at 31 December 2023 is shown in the table below:

	31/12/2023 £000s	31/12/2022 £000s
Own Funds	**352,175**	340,833
Capital requirements	**97,865**	93,371
Excess assets	**254,310**	247,462
Solvency cover ratio	**360%**	365%

The SCR calculation only uses simplification for the calculation of the mortality-catastrophe SCR component. This is applied on materiality grounds.

The Board's objective is to manage the capital position so that there are sufficient Own funds to cover the Solvency Capital Requirement (SCR) and Minimum Capital Requirement (MCR) at all times.

Board Statement

The Board are responsible for preparing the Solvency and Financial Condition Reports ('SFCR') in accordance with applicable law and regulations.

The PRA Rulebook for Solvency II firms in Rule 6.1(2) and Rule 6.2(1) of the reporting Part requires that the Society must have in place a policy of ensuring the ongoing appropriateness of any information disclosed and that the Society must ensure that its SFCR is approved by the Board.

The Directors below certify that:

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

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

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

Approved on behalf of the Board.

Jane Nelson (Mrs)

Chief Executive Officer

04 April 2024

Keith Ashcroft

Finance Director

04 April 2024

A. Business and performance

A.1 Business

The Independent Order of Odd Fellows Manchester Unity Friendly Society Limited (the "Society") is an incorporated Friendly Society founded in 1810.

a) Name and legal form

The Society's registered office address is:

Oddfellows House

184-186 Deansgate

Manchester M3 3WB

The Society is a mutual organisation and, therefore, does not have any shareholder interests to consider.

b) Supervisory authority

The Society is regulated by both the Prudential Regulation Authority (PRA) and the Financial Conduct Authority (FCA). The PRA is the lead supervisor for the purposes of Solvency II regulation. As the Society is a Category 5 firm it is managed through the smaller insurer regime and has no named supervisor.

The contact details for the PRA and the FCA can be found on their respective websites:

www.bankofengland.co.uk/pra

www.fca.org.uk

c) External auditor

The external auditor of the Society is:

PKF Littlejohn LLP

3rd Floor, One Park Row

Leeds

LS1 5HN

d) Material lines of business and geographical areas

The Society's LTB is made up of with-profits, non-profit and unit linked life and pensions business.

Under Solvency II, the Society's LTB obligations are classified as Life (non-health).

The Society's LTB business is transacted in the United Kingdom under the Unity Mutual brand.

In addition, there is an immaterial amount of non-life business based in the branch network in Guernsey and Jersey.

e) Structure of the Society

The Society is one of the largest and oldest branch based friendly societies in the United Kingdom and consists of semi-autonomous Branches spread throughout the UK which are supported by a Central Office based in Manchester.

The Long Term Business (LTB) administration is managed from the Manchester office, with no regulated life insurance business being carried out by the Branches. There is a very small amount of regulated non-life business (short term medical cover) written via the Guernsey and Jersey Branches.

The Society is a mutual organisation and, therefore, does not have any shareholder interests to consider. However, as the LTB Fund ultimately benefits from the availability of support from the Society's Fraternal assets (which form part of the total assets of the Society on a Solvency II basis) the Fraternal business is considered to be a stakeholder with an interest in the running of the LTB Fund.

i. The Society's Fraternal Business

The social and benevolent business conducted by the Society's Branches is known as its Fraternal business. Administration of this business at national level is carried out by a Central Office (also known as Unity Office) in Manchester where full-time staff provide services to Branches and members alike.

Whilst services and support for members are provided by Unity Office the main point of contact for members is their local Branch.

The Fraternal assets of the Society are used to provide social and benevolent benefits to members as well as discretionary support for dental and optical treatment, as well as contributing to the funding of Unity Office and its supportive functions. The Society provides social activities, care and support and non-contractual benefits to in the region of 41,500 Fraternal members including juniors through the UK-wide network of 99 Branches. As well as caring for members, the Society has a tradition of support for both local and national charities. Each Branch has its own Committee of Management (CoM) but support and guidance for Branches and members are also provided by Unity Office.

The Society's aim is to continue as a Branch based friendly society growing both its numerical strength of members and the coverage of Branches around the UK. Each Branch is separately registered with the Society and is responsible for managing its own assets subject to the Rules and Procedures of the Society.

ii. The Society's Long Term Business (LTB)

As at 31 December 2023 the Society's LTB consisted of approximately 321,000 policies, of which approx. 293,000 were Child Trust Fund (CTF) accounts. The LTB is administered from the Manchester office by a dedicated insurance team. Since 2007, the Society has successfully integrated LTB books from five other friendly societies in line with its strategy of expanding its LTB by proactively seeking transfers of engagements from other friendly societies.

The LTB has assets under management of approximately £346.6m (2022: £352.2m), which sit separately from the Fraternal business of the Society. Under the delegated authority of the Main Board, the Commercial Board is responsible for the strategic direction of the Society's LTB and oversight of operational issues affecting LTB.

f) Significant business events

Economic environment

The financial markets have stabilised in 2023 but the economic environment continues to offer challenges, particularly with regards to new business acquisition.

As a Society, we operated effectively and efficiently throughout the whole of the year and continued to maintain a business as usual approach. Throughout the year the Society continued to monitor its Solvency Capital Requirement (SCR) and ratio which, as at 31 December 2023, stood at 360% (2022: 365%).

Liquidity strategy

As part of the Society's Own Risk and Solvency Assessment (ORSA) it stresses its liquidity needs and considers the Society's ability to respond to a number of individual and combined shocks to its liquidity. As part of that assessment we regularly monitor our investments including our holding of cash and other marketable securities that can be realised quickly. Liquidity requirements are built into our investment management mandates that are approved by the Society's Board.

The Society maintains a balanced portfolio approach to all our areas of business ensuring that no area is left overly exposed to changes in any market movements in any one asset class. This approach includes reviewing the spread of such assets, to maximise long term investment returns whilst ensuring that we are able to continue operating and meet our liabilities as they fall due.

The maturing profile of our assets are matched with our liabilities, and in conjunction with advice from the Society's Actuary we adapt our investment model according to the needs of our insurance book. For our non-insurance activities we are diversified into a number of funds which enable us to spread risk.

Child Trust Fund Maturities

The Society manages over 290,000 Child Trust Fund (CTF) accounts. The CTFs mature on the child's 18th birthday and started to mature from 1 September 2020. During 2023 we managed to maintain a generally high level of service for maturing accountholders, processing their maturities in line with our set service levels.

Overall, a run-off plan was produced in 2019 which showed a gradual increase across the maturity profile of the CTFs over the ten year time span (2020 – 2030). During 2023 this plan was closely monitored and analysis shows that the matured plans are running off in line with our assumptions.

However, given the ongoing maturities, it is expected that the business will continue to be impacted by:

- Workload: expectation of increased customer contacts is expected. However, investments in online portals for customers with self-service options is expected to reduce the impact to the admin team. Customer behaviour and contact volumes will be closely monitored to react to demand.
- A reduction in the assets under management: The business continues to target maturing policy holders in an attempt to retain customers in other suitable products with some levels of success. The trend still remains that the majority of policy holders withdraw funds at maturity.
- Cashflow: As the CTF is a unit linked contract units are being sold to generate sufficient capital to pay out the maturities. This process is working well.
- A reduction in the funds will have an impact in the income from the annual management charge and this is being monitored closely.

Regulation

During 2023, the FCA introduced new regulation called Consumer Duty which requires firms to ensure they deliver better outcomes for customers and put their interests first at every stage, from product design through to communications and customer support. As a mutual organisation, customer's interests are central to the Society's culture and through regular ongoing reviews and assessments, we will continue to identify and implement improvements to the customer experience.

During 2022 and early 2023, the Society focused on its open products, paying particular attention to whether they offer fair value and also identifying and implementing a range of improvements to the customer journey, including enhancements to our customer service offering and also the way in which we communicate. Work is also well underway to also review its closed products prior to the deadline of 31 July 2024.

Monitoring is an essential tool to assess the outcomes customers experience and identify whether improvements are needed. Management information required to evidence the outcomes customers receive has been identified and development is underway to address any gaps. This also includes evidencing whether the outcomes customers in vulnerable circumstances receive are as good as the outcomes of other customers. Furthermore, during 2024, the Society will look to strengthen the support it offers to customers who may be vulnerable, including providing additional training to members of staff around identification and help, including signposting where appropriate.

Systems Development

Investment has been made throughout LTB systems to improve operational efficiencies and drive a customer focussed approach. System automation will move the operation away from manual processes and reporting and enable us to concentrate on providing an improved tailored service our customer base. LTB continues to review improvements in systems in line with business demands and consumer duty regulations.

Transfers of Engagements

The Society's Business Plan outlined that inward transfers of engagements was a key strategy of the Society. The Society has a track record of successful transfers of engagement and any future activity isn't expected to significantly disrupt the Society's Operations.

Climate Change Risk Strategy

The Society recognises its role in terms of reducing its impact on climate change. The Society is aware that this is a journey and continues to evolve its governance, strategy, risk management and target setting as it takes a strategic approach to assessing climate related risks and identifying opportunities.

The Society continuiously considers how best to address the material risks it is exposed to from climate change. The Society is exposed to both direct and indirect risks from climate change. Direct exposure results from its own activities and energy consumed carrying out those activities. Indirect risk arises from the Society's property portfolio and investments.

A number of measures have been implemented to mitigate these risks, including adopting a steady approach of pragmatic solutions to reduce its carbon emissions, working with its Investment Managers to monitor the ESG performance of its investment portfolio and implementing a strategy to raise the energy performance of its property portfolio in line with the UK Governments changes to current Energy Performance Certificate (EPC) requirements to raise the energy performance of new and existing rented properties, both commercial and residential, incrementally over the next few years.

The Society has commissioned carbon emission assessments on an annual basis since 2021. The purpose of the assessment is to measure and monitor the greenhouse gas emissions from our operations and develop a strategy to reduce and/or offset these. Our first assessment, which reported a total of 93.51 tonnes served as a baseline for comparing further reporting of emissions. The Society saw a slight increase in emissions for 2022 to 100.89, due to members of staff returning to the office following the covid lockdowns. Following this assessment, the Society implemented measures to reduce its emissions, including upgrading its lighting system to automatic motion sensor LEDs to reduce its electricity consumption and switching to a renewable energy tariff. The most recent assessment for 2023 has shown a reduction in the total emissions consumed to 89.41 tonnes, mainly due to changing to renewable energy, which has had the effect of reducing its total emissions (from 106.38). Other initiatives implemented also includes offsetting its emissions through funding a range of climate change solutions. Since 2021, the Society has supported a variety of projects including reforestation, safe water, solar and wind power, achieving Carbon Neutral status.

The Society will take further steps to continue to evolve its climate change risk strategy throughout 2024. The Society will strive to take a proportionate and risk based approach that is appropriate to its exposure to climate change risk and complexity of the Society's business model and strategy.

The Board retains ultimate responsibility for climate related financial risks and opportunities. The Board, in turn, has assigned responsibility for the management of climate related financial risks and opportunities to the Chief Executive Officer and this includes the development and delivery of the Society's strategy.

A.2 Underwriting performance

Existing policyholders are generally located in the United Kingdom, although, there are a small number of policies owned by former UK residents.

The table below sets out the Society's premiums, claims and expenses as shown in the Financial Statements of the Society for 1 January to 31 December 2023:

Underwriting performance	**2023 £000s**	**2022 £000s**
Premiums	**1,504**	1,570
Annual management charges for investment contracts	**3,112**	3,421
Investment income	**10,179**	6,373
Unrealised gains/(losses) on investments	**14,638**	(24,971)
Total technical income	***29,433***	*(13,607)*
Claims	**(3,868)**	(3,641)
Change in Long-Term Business Provision		
Decrease in non-linked investment contract liabilities	**1,803**	3,001
(Increase)/Decrease in insurance contract liabilities	**(4,189)**	16,534
Change in Long-Term Business Provisions	***(2,386)***	*19,535*
Change in technical provisions for linked liabilities		
(Increase)/Decrease in linked investment contract liabilities	**(17,881)**	2,549
(Increase)/Decrease in insurance contract liabilities	**(43)**	165
Change in technical provisions for linked liabilities	***(17,924)***	*2,714*
Operational expenses	**(3,703)**	(3,683)
Investment expenses and charges	**(286)**	(360)
Tax	**-**	(43)
Net Underwriting Performance	**1,266**	915

Some of the Society's business is classed as Investment Contracts in the accounting basis, FRS 102, and are accounted for on a deposit basis. As such premiums are not included in the premium line in the technical account, but are reported in the change in technical provisions in the technical account.

A.3 Investment performance

The investment performance over 2023 is shown below along with 2022 for comparison:

Investment performance	2023			2022		
	Income	Unrealised Gains/losses	Total	Income	Unrealised Gains/losses	Total
	£000s	£000s	£000s	£000s	£000s	£000s
By asset type						
Debt	**(61)**	**6,194**	**6,133**	826	(22,544)	(21,719)
Equities	**8,362**	**8,780**	**17,142**	4,013	(2,963)	1,050
Property	**1,839**	**(334)**	**1,505**	1,524	536	2,060
Other	**38**	**-**	**38**	10	-	10
Investment return	**10,179**	**14,638**	**24,817**	6,373	(24,971)	(18,598)
Investment expenses	**(286)**	**-**	**(286)**	(360)	-	(360)
Net investment return	**9,893**	**14,638**	**24,531**	6,013	(24,971)	(18,958)

Investment performance for 2023 was positive on the back of rising financial markets and positive economic outlook, partly reversing the fall in values reported in 2022, and more in line with expected long term market returns underpinning our long term investment strategy.

A.4. Other information

There is no other material information to disclose in relation to the business and performance of the Society.

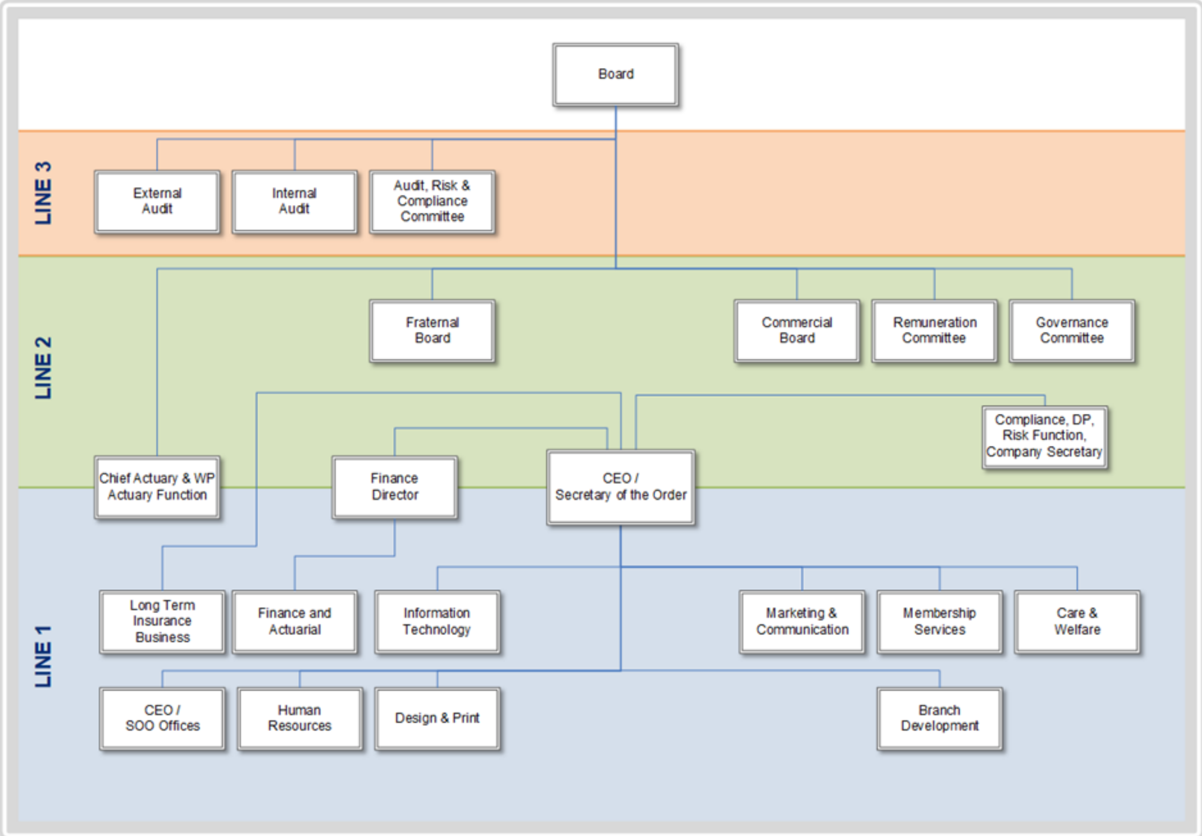
B. System of governance

B.1 General information on system of governance

The Board is accountable to the Society's members for the operation of the Society and good governance is fundamental to this responsibility. The principal role of the Board is to focus on the Society's strategy. As the business develops and changes and, as the challenges the Society faces change, the Board has to ensure that there are the necessary resources in place with the relevant competencies, skills and experience. It is also essential that the Society's Risk Management Framework and internal controls are robust and effective. In particular, the Board's role is to provide general direction to the Society and to safeguard the interests of its Members and policyholders.

a) Corporate governance structure

The Society's corporate governance structure encompasses the following Sub-Boards and/or Committees and business functions



The Board is not involved in the conduct of the day-to-day business of the Society, apportionment of significant responsibilities or overseeing the establishment and maintenance of systems of control. These functions are delegated to the Chief Executive Officer (CEO).

There are a number of different Sub-Boards and/or Committees within the Society, the Chairman of each presents summaries of their activities to the Board, which include:

i. Audit, Risk & Compliance Committee (ARCC)

The ARCC is responsible for:

- Risk Management and Internal Controls
- Compliance and Prevention of Financial Crime
- Financial Reporting
- Internal Audit
- External Audit
- Whistleblowing

The overall role of the ARCC is to protect the interests of the members and policyholders as regards the effectiveness of the Society's internal control framework and appropriate management of risk and compliance, the integrity of the published financial information and the effectiveness of the auditors.

ii. Commercial Board

The Commercial Board works with the Board in respect of all regulated business and Long Terms Business (LTB) Funds.

The responsibilities of the Commercial Board cover the tactical application and implementation of policy with respect to matters listed below:

- Strategy and Management of the Society's LTB Funds and appointment of external Investment Managers
- Operational Management of the LTB Funds
- Risk Management
- Compliance & Prevention of Financial Crime
- Appointment of the Society's Chief Actuary and With-Profits Actuary, Actuarial Valuations
- Consumer Duty and Conduct Risk, including oversight of good customer outcomes
- Determination of bonus rates and declarations of bonuses on consideration of recommendations from the With Profits Actuary

The Commercial Board is responsible for the investments of the Society and as such appoint Investment Managers and meet with them on a quarterly basis to challenge and discuss their performance. The strategy for the investments of the Society is determined in conjunction with advice from the Actuaries as and when appropriate. One of the roles of the Commercial Board is to act as the Investment Committee.

iii. Governance Committee

The Governance Committee considers aspects of the Society's corporate governance and regulatory matters. Where appropriate it makes recommendations based on its deliberations and conclusions to the Board and/or other standing committees. The Committee also acts as the Society's Nominations Committee with regards the appointment of Directors.

The Governance Committee are also responsible for ensuring a succession plan is in place for the Executive Directors.

iv. Remuneration Committee

The Remuneration Committee is responsible for:

- Determining and agreeing with the Board the framework or broad policy for remuneration of Executive Directors, Non-Executive Directors and External Skilled Persons
- Performance reviews of Executive Directors
- Liaising with the Board and Governance Committee in respect of succession planning for Executive Directors

Annual performance reviews of the Executive Directors are undertaken by the Remuneration Committee, based on the objectives derived from the Society's Strategic Plan.

The Committee reviews Executive Directors' remuneration annually. It considers it is in the members' and policyholders interests for remuneration packages to be competitive in order to attract, retain and motivate people of the required calibre.

b) Remuneration Policy

The Society's remuneration structure has traditionally been a fairly straightforward one that is aimed at providing a fixed level of remuneration to employees, and does not include performance related bonuses.

The overall remuneration structure and practice are in line with the business and risk strategy, risk profile, objectives, values, risk management practices, and long-term interests of the Society.

The Remuneration Policy is intended to recruit and retain employees whose values are aligned to the Society's culture and values.

The Society achieves this through a robust performance management practice, which ensures equitable and, where appropriate, competitively benchmarked pay levels. Annual performance reviews of the Directors are undertaken by the Remuneration Committee, based on the Directors' objectives derived from the Society's Strategic Plan.

B.2 Fit and Proper requirements

The Society ensures that all persons who effectively run the Society and hold PRA & FCA Senior Manager and Certification Regime (SM&CR) positions are fit and proper to provide sound and prudent management through their professional qualifications, skills and experience, including collective experience and knowledge, depending on their role, in:

- Market Knowledge;
- Business Strategy and Model;
- Risk Management and Control;
- Financial Analysis and Controls;
- Governance, Oversight and Controls; and

- Regulatory Framework and Requirements.

In order to ensure persons holding PRA and FCA Senior Manager Function positions are fit and proper in accordance with Regulatory requirements they are subject to Regulatory due diligence, which includes:

- Three year employment history;
- Credit and Disclosure & Barring Service (DBS) checks;
- FCA and Directorship register search;
- Professional Qualifications / Membership check; and
- Identity check.

In addition to the above initial Regulatory due diligence, all persons holding PRA and FCA SM&CR roles are subject to an annual fitness and propriety assessment, overseen by the Society's Governance Committee.

All Directors and External Skilled Persons participate in the Training & Development Scheme, including a Skills and Knowledge Gap Analysis, which ensures that Board, Sub Board/Committee members are competent to perform their role.

The Training and Development Scheme ensures that the training, development and knowledge standards are appropriate not only to demonstrate a level equal to the Regulatory requirements and obligations, but also appropriate and suitable to meet the needs of the Society.

The table below lists those persons in the Society who are responsible for the key functions:

[1] Key Function	Person Responsible for Key Function
*Investment Managers	CEO/ Finance Director
*Property Managers	CEO/ Finance Director
Compliance & Risk	CEO/ Finance Director
*Actuarial	Finance Director
Internal Auditors	Chairman of Audit, Risk & Compliance Committee
External Auditors	Chairman of Audit, Risk & Compliance Committee

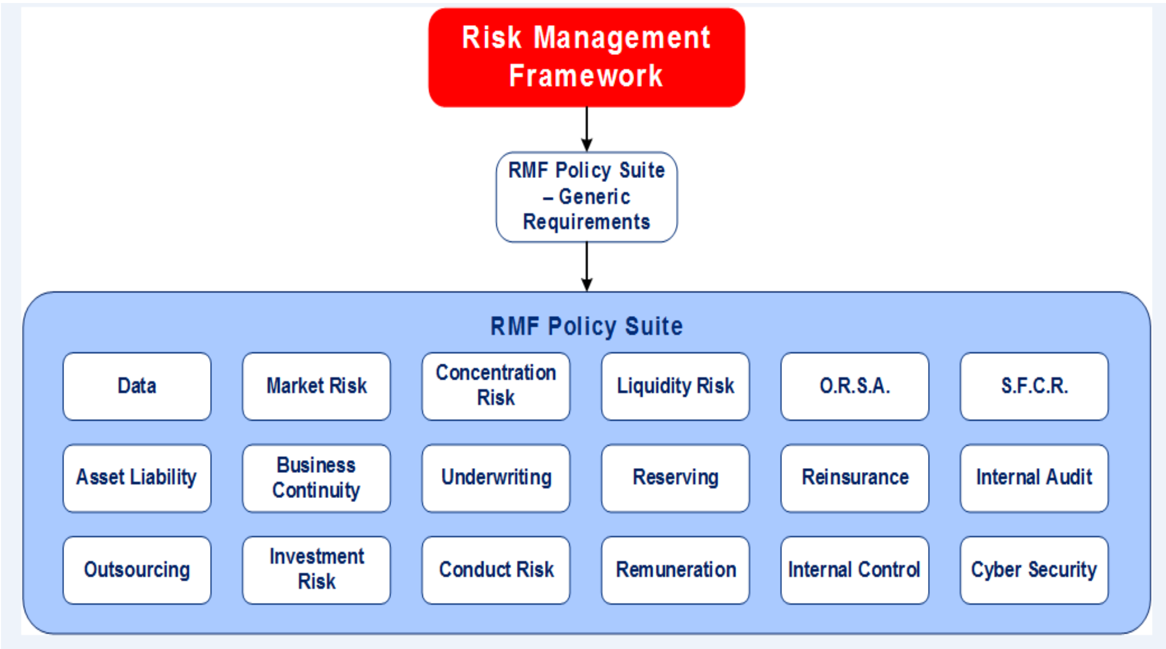
B.3 Risk management system including the own risk and solvency assessment

The Society's risk management systems and controls are articulated in its 'Risk Management Framework (RMF)'. The strategic aims of the RMF are for the Board/Sub Boards and Committees, Executive Directors and all Staff to have an understanding and ownership of, and commitment to, the control and management of all reasonably foreseeable risks that may arise within the context of the Society's LTB activities. The management of risk is the

* denotes outsourced key functions

responsibility of all staff. All staff will be involved in the identification, management and mitigation of risks in their day-to-day work.

The RMF includes the following Risk Policies to ensure that adequate processes and procedures are in place to manage all types of risk:



The RMF encompasses the following cyclical process:

The Society's RMF operates around the proven 'three lines of defence model' for overseeing its internal control frameworks:

First line of defence: this encompasses the controls the Society has in place to deal with the day-to-day business. The controls are embedded within the Society's business departments' systems and processes to highlight control breakdown, inadequacy of process and unexpected events, and appropriately mitigate risk.

Second line of defence: this encompasses the Society's Sub Boards/Committees and key functions that are in place to provide an oversight of the effective operation of the internal control framework. The Society's Sub Boards/Committees review the management of risk in relation to the particular risk appetite of the business, as determined by the Board.

Third line of defence: this encompasses the independent assurance and challenge provided by the Society's ARCC and internal and external audit functions, which undertake a programme of risk based audits covering all aspects of both first and second lines of defence, and External Auditors who provide independent challenge of the internal control framework in respect of financial reporting.

The Society's Board has responsibility for determining the strategic direction of the Society and retains ultimate responsibility for the RMF, but delegates some of its decision making responsibilities to the Executive Directors and/or Sub Boards/Committees.

All key decisions made in the Society such as product launches, capital management, investment strategy, follow internal governance processes, which includes an assessment of the risk exposure and mitigation strategies.

The Compliance & Risk Function provides the Audit, Risk & Compliance Committee with quarterly assurance reports to confirm the adequacy and effectiveness of the Society's compliance and risk management systems and controls, and that they are appropriate and proportionate to the Society's scale, complexity and business model.

B.4 Own Risk Solvency Assessment (ORSA)

The Society undertakes an ORSA assessment each year. In addition, material changes in the business may trigger an ad-hoc ORSA to be completed.

This ORSA report assists the Board in considering and managing the risks faced by the Society and its capital requirements under different scenarios. It discusses the main risks faced by the Society, the processes and procedures in place to monitor, mitigate and manage these risks, the capital set aside against these risks and the risks that may arise in the future. The ORSA forms an integral part of the Society's business strategy and is taken into account on an on-going basis in the development of the future strategy.

The ORSA considers the Long Term Business (LTB) for the purposes of defining and assessing key risks and calculating capital requirements. However, the financial structure of the Society allows that Fraternal business can provide such cover.

The ORSA includes the consideration of operational risks within the Society, and again these have focussed on the LTB.

The following principles guide the performance and cycle of the Society's ORSA:

- The ORSA is forward-looking, taking into account the Society's business strategy, business plans and projections.
- The ORSA encompasses all material risks that could impact obligations to policyholders and the Society's business strategy.
- The ORSA is proportionate, providing more detail on the highest ranked risks.

- The ORSA demonstrates that capital levels and liquidity are in line with the risk profile and suitable management procedures and actions in place to remain within risk appetite.
- The ORSA demonstrates robust processes exist to assess solvency requirements and that information from these processes influences decision making.
- The ORSA demonstrates robust processes exist to identify, measure, monitor, manage and report risk exposures and that information from these processes influence decision making including the determination of the appropriate amount and quality of capital required.
- The ORSA is sufficiently documented and evidenced to support independent review.
- The ORSA contains feedback loops to support on-going improvement of ORSA processes.

ORSA process

The ORSA is undertaken in line with the requirements of the ORSA policy and follows the documented ORSA procedure.

The ORSA Report sets out the results of the ORSA of the Society for review and approval by the Commercial Board and the Board.

The 31 December 2023 Report incorporated the financial analysis and commentary provided by Zenith Actuarial (the Society's Actuarial Function). This also included discussions around the content of the Report, agreement over assumptions and the methodology used and establishing how this links to the overall ORSA process and the current business strategy.

The governance process for the development and approval of the ORSA included:

- discussions with Zenith Actuarial on the initial ORSA results;
- approval by the Society of reports from Zenith Actuarial setting out the assumptions to be used for the ORSA ie the base and stress assumptions;
- approval by the Society of the Zenith Actuarial ORSA results; and
- approval by the Society of this ORSA Report.

The Society's approval process included:

- discussions at the Commercial Board of the various ORSA papers, with the Commercial Board providing a recommendation to the Board for the approval of the ORSA;
- reviews of the process by the Internal Audit function;
- oversight by the ARCC of the process involved in approving the ORSA, and recommendation to the Board that an appropriate governance process has been adopted; and
- approval of the Board of the recommendations from the Commercial Board and ARCC, and therefore, approval of the ORSA.

B.5 Internal control system

As previously detailed the Society operates a 'three lines of defence model' for overseeing its internal control frameworks.

The Society maintains a financial control framework that governs financial and regulatory reporting. The financial control framework is subject to annual review of the appropriateness and effectiveness of the controls. The Internal Audit Function conducts this review and the results are submitted to the Audit, Risk & Compliance Committee.

The Society's Reports and Financial Statements in their production and review leading up to publication are also subject to a robust review. The actuarial liabilities are produced using best practices and are subject to review by the Commercial Board. The Reports and Financial Statements are also subject to internal review and External Audit review. They are presented to the Audit, Risk & Compliance Committee, Board and AMC for sign-off prior to publishing.

i. Compliance & Risk Function

The Compliance & Risk Function is responsible for the independent assessment of the Society's conduct of regulated business, including risk management processes and procedures to ensure compliance with Regulatory Principles, Rules and / or Guidance and the policies and standards established by the Society.

The Society's Compliance & Risk Function has direct reporting lines to the CEO and Consumer Duty Champion who sit on the Commercial Board, and has access to all information and staff necessary to carry outs its strategy and responsibilities.

The Society's Compliance & Risk strategy is as follows.

- Create and maintain a compliance and risk, anti money laundering / financial crime environment within the Society, in which the Board, Sub Board/Committees and staff understand their roles and responsibilities for ensuring they operate in a manner, which complies with Regulatory Principles, Rules, Guidance and the Society's own policies and procedures.
- Create and maintain a vigilant Compliance & Risk Function that:
    - advises the Board, Sub Board/Committees, line management and staff as appropriate on matters of Regulatory compliance and in particular in respect of Regulatory change and development as well as any areas of particular focus raised by the Regulators (e.g. relevant thematic reviews);
    - serves to monitor and report to the Board, Sub Board/Committees and line management as appropriate on the compliance and risk performance of the regulated functions of the Society, proposing any necessary remedial actions;
    - ensures the Society's Consumer Duty and Conduct Risk cultures and values are understood across all levels of the Society; Board, Sub Board/Committees and Staff;
    - provides timely guidance and support to foster a culture of compliance and risk in the Society;

- if necessary prompts or initiates timely and effective disciplinary action; and
- ensures the Society deals with its Regulators in an open and cooperative way at all times.

B.6 Internal Audit Function

For 2023, the Society outsourced the performance of the Internal Audit Function to RSM UK Risk Assurance Services LLP, therefore, the people that carry out the audit work and report the findings to the Audit, Risk & Compliance Committee are independent from the Staff that work in the areas under review.

Each year the Internal Audit Function undertakes a programme of internal audit work on the Society's business functions. The audit work is based on an annual assessment of the Society's audit needs and in accordance with the Society's Internal Audit policy. The Society's CEO and the Audit, Risk & Compliance Committee agree the scheduled work, from which a strategic audit plan is drawn up setting out the specific areas to be audited including the scope of each audit.

The audit programme and strategy is developed and maintained in accordance with the Society's Internal Audit & Internal Control Policies and Risk Management Framework (RMF) to provide the Board with its opinion on the effectiveness of the Society's risk management, internal control, and governance arrangements. The strategy aims to add value for Line Managers by providing them with audit analyses, findings and recommendations.

Internal Audit Policy

The effective operation of internal audit is a key part of the control environment required for the Society to achieve its objectives and to meet its obligations.

The Society's Internal Audit Policy details the relevant responsibilities, objectives, processes and reporting procedures to be applied by the Internal Audit Function.

The Society has designed processes and controls, which are in place to ensure that the requirements set out in this Policy are met on an on-going basis in practice.

The Policy is reviewed on an annual basis to ensure that it is still applicable and aligned with the business strategy and Risk Management Framework of the Society. In 2023 no significant changes were made to the Policy.

B.7 Actuarial

The Society's Actuarial Function is outsourced to Zenith Actuarial (Zenith).

The position of Chief Actuary (specified as SMF20 under the Senior Insurance Management Function Regime) is held by Scott Robinson.

The position of With-Profits Actuary (specified as SMF21 under the Senior Insurance Management Function Regime) is held by Andy Pennington.

The Chief Actuary and the With-Profits Actuary are supported by Fellows and members of the Institute and Faculty of Actuaries at Zenith.

The Chief Actuary and With-Profits Actuary are not involved in the day to day business of the Society.

The Actuarial Function produces a series of reports, which are submitted to the Commercial Board and Board each year. These reports detail the work undertaken, the assumptions used, the results and resulting recommendations.

B.8 Outsourcing

Prior to outsourcing a key function the Society's Outsourcing Policy ensures that:

- a detailed examination is performed to ensure that the potential service provider has the ability and capacity and any authorisation required by law to deliver the required functions or activities satisfactorily, taking into account the Society's objectives and needs (e.g. including Consumer Duty and customer outcome considerations) and Regulatory requirements;
- the service provider has adopted all means to ensure that no conflicts of interest exist;
- a written agreement is entered into between the Society and the service provider which clearly defines the respective rights and obligations of both parties;
- the general terms and conditions of the outsourcing agreement are clearly explained and understood, at a high-level, by the Board and authorised by them;
- the outsourcing does not breach any law or regulatory requirements in particular with regard to rules on data protection;
- the service provider is subject to the same provisions on the safety and confidentiality of the information as the Society.
- the service provider has in place adequate risk management and internal control systems;
- where required, that the fitness and propriety requirements are met by the persons employed by the service provider to perform the outsourced functions;
- activities are established; a contractual right to information about the outsourced activities and a contractual right to issue instructions concerning the outsourced activities;
- the service provider has the necessary financial resources to perform the outsourced tasks in a proper and reliable way; and
- the service provider has adequate contingency plans in place to deal with emergency situations or business disruptions and periodically tests backup facilities where necessary, taking into account the outsourced functions and activities.

The above requirements allow the Society to understand the main risks that might arise from the outsourcing and where necessary identify the most suitable processes for mitigating and managing any risk to ensure the service provider has the ability, capacity and authorisation required by law and/or regulatory standards to perform the outsourced functions and activities.

The Scoiety has a documented tender process which is used in every assessment.

The Society currently outsources the following key functions:

Key Function	Name of Firm	Jurisdiction
Investment Managers	Fidelity Worldwide Investment	United Kingdom
	Close Brothers Wealth Management	United Kingdom
	Investec Wealth & Investment Limited	United Kingdom
	LGT Wealth Management UK LLP	United Kingdom
Actuarial	Zenith Actuarial Services	United Kingdom
Internal Auditors	RSM UK Risk Assurance Services LLP	United Kingdom
External Auditors	PKF Littlejohn LLP	United Kingdom
Property Managers	Christopher Dee LLP	United Kingdom
	Ryden LLP	United Kingdom
	MIR Project Management Limited	United Kingdom

In addition, some elements of the IT Function are also outsourced but these are generally managed by the Head of IT.

Internal Audit

The Internal Audit Function of the Society in terms of its offices in Manchester has been carried out by RSM UK Risk Assurance Services LLP (RSM) since the start of 2022 following a thorough tender process which was completed in 2021. During 2023, RSM have reported their findings from completed audits to the Society's Audit Risk and Compliance Committee (ARCC). In addition the Internal Audit Partner also met with the Finance Director on a quarterly basis to discuss any operational issues.

B.9. Other information

There is no other material information to disclose regarding Systems of Governance.

C. Risk profile

C.1 Overview

The principal risks faced by the Society are influenced by the nature and scale of business currently in-force, the assets held by the Wider Society to back the business and the management actions around bonus distribution and investment policy in the future as the business runs off.

The risks to the Society may change over time depending on how the current strategy evolves and the changes to the environment under which the Society operates.

The highest ranked risks are identified via the Risk Management system and/or those risks requiring the largest capital support under the SCR calculation.

The risk assessment calculates the SCR using Standard Formula and the risk profile as at 31 December 2023 is as follows:

Standard Formula Risk	31/12/2023	31/12/2022
Market Risk	98.1%	98.1%
Counterparty Default	0.9%	1.2%
Life Underwriting Risk	0.8%	0.5%
Health Underwriting Risk	0.0%	0.0%
Non-Life Underwriting Risk	0.2%	0.2%
	100%	**100%**

As can be seen from the table above the SCR occurs mainly from market risk. This is because the assessment includes the Fraternal assets of the Wider Society.

C.2 Risk summary

a) Underwriting risk

Underwriting risk arises through adverse claims experience, and, where expenses are higher than anticipated.

The Society has a medium appetite for taking underwriting risk.

The level of underwriting risk is assessed by the calculation of the SCR for each of the following risks:

– mortality risk;
– longevity risk;
– morbidity risk;
– expense risk;
– lapse risk; and
– catastrophe risk.

i. Key underwriting risks

The Society is exposed to each of the underwriting risks to varying degrees with the most significant risks being set out below:

Expense risk

Expense risk arises from the impact on the own funds of changes in expenses and expense inflation and, also from the profile of expenses as policies run-off.

The management of this risk falls to the Society's internal infrastructure, processes, procedures and controls. However, whilst the Society can point to internal controls, including budgeting processes etc. this does not alleviate the need to undertake the expense stress test and, therefore, the requirement to hold capital against this risk.

The Society recognises that this risk exists and considers different ways in which it can be contained. This could include improving the efficiency of operations, and thereby reducing expenses, or providing a greater base to spread expenses across via writing new business or the acquisition of other long term insurance blocks.

Lapse risk

Lapse risk is a material risk with the capital requirement for LTB, and relates mainly to a mass lapse / surrender event. The mass lapse event assumes that 40% of policies would instantaneously lapse/surrender and, the impact of this is that a large proportion of future profits would not materialise.

The mass lapse stress of 40% of business is prescribed under the Solvency II Standard Formula approach. Although, it is noted that the Society's experience is significantly lower than the mass lapse sress.

b) Market risk

Market risk arises through the possibility of losses on the Society's financial investments through movements in market prices.

The Society has a medium appetite for taking market risk in order to achieve favourable returns for policyholders.

The level of market risk is assessed by the calculation of the SCR for each of the following risks:

- interest rate risk;
- equity risk;
- property risk;
- spread risk;
- currency risk; and;
- concentration risk

i. Key market risks

The Society is exposed to each of the market risks to varying degrees with the most significant risks being set out below:

Equity risk

Equity risk is material for the Society's Fraternal business due to the size of the equity holdings. Equity risk is also a key market risk in the Society's LTB business, where it arises mainly in relation to unit-linked business where the equity stress results in lower future expected profits as a result of lower income, its impact is, however, less significant.

Property risk

Property risk is the key market risk in the Society's Fraternal business due to the significant property holdings. It arises through the impact of a reduction in property values.

c) Credit risk

Credit risk arises if another party fails to meet its financial obligations to the Society, and, is assessed through the measurement of counterparty default, concentration and credit risk.

The Society's credit risk arises primarily from its corporate bond and cash holdings; it has minimal reinsurance arrangements in place.

d) Liquidity risk

Liquidity risk arises in circumstances where, while the Society remains solvent, it is unable to meet its financial obligations as they fall due.

The Society's exposure to liquidity risk is generally low as it aims to ensure it has sufficient liquid investments to meet its liabilities in the short to medium term.

The Expected Profit included in Future Premium ('EPIFP') calculated in accordance with Article 260(2) is £0.0m.

e) Operational risk

Operational risk occurs from the failure of internal processes, people or systems and from external events.

The Society aims to minimise the potential impact of operational risk across the business by operating within an appropriate control environment.

The Society assesses operational risk by considering different types of events, using a risk-based analysis of the likelihood of an event and the severity of possible losses.

C.3 Risk mitigation

In order to mitigate risks faced by the Society, risks are included in the risk register and are reviewed on a regular basis, and a number of actions are in place.

In relation to underwriting risk:

- Expense information is monitored on a regular basis;
- Lapse rates are monitored and are reported to the Commercial Board on a quarterly basis; and
- An experience analysis is undertaken as part of the annual Solvency II assessment.

In relation to market and counterparty default risk:

- The Society has clearly defined investment strategies which include agreed tolerance limits with regard to asset and cash counterparty; these strategies are reviewed on a regular basis;
- Admissibility reporting is undertaken on a quarterly basis; and
- The Society's overall risk strategy and appetite in relation to concentration risk is to avoid any material concentration risk.

In order to mitigate liquidity risk the Insurance Department will notify the Finance Department of the amount of claims that are expected to be due within the next month, and pending claims of a material amount.

C.4 Prudent person principle for asset investment

The Society has set out how it will invest its assets in accordance with the prudent person principle (required under Solvency II), as follows:

- To only invest in assets and instruments whose risks the Society can properly identify, measure, monitor, manage, control and report, and appropriately take into account in the assessment of its overall solvency needs under Pillar 2;
- All assets will be invested to ensure the security, quality, liquidity and expected returns of the various funds.
- Assets held to cover the technical provisions will be invested appropriately given the nature and duration of the insurance liabilities. Those assets will be invested in the best interest of all policyholders and beneficiaries taking into account any policyholder disclosures.
- Subject to the relevant Market Risk Policy the use of derivative instruments shall be possible insofar as they contribute to a reduction of risks or facilitate efficient portfolio management.
- Investments and assets (excluding property) which are not traded on a regulated financial market shall be avoided.
- Assets shall be properly diversified in such a way as to avoid excessive reliance on any particular asset, issuer, geographical area etc.

- Investments in assets issued by the same company, or by companies belonging to the same group, will be limited to ensure the Society is not exposed to excessive risk concentration.
- Fraternal assets will be invested in a manner that is appropriate for the fund mandates in place and the target objectives of the fund, or where the investment strategy is at the discretion of the Society in a manner which is considered appropriate by the Fraternal Board.

C.5 Stress and scenario tests

The Society includes a number of stress and sensitivity tests covering market and underwriting risk, including reverse stress tests, within its ORSA process to assess the robustness of the Society's capital position.

C.6 Other information

There is no other material information to disclose regarding the Society's risk profile.

D. Valuation for solvency purposes

D.1 Assets

a) Solvency II valuation of assets

The table below sets out the Society's financial assets as at 31 December 2023:

Assets	Solvency II £000s	GAAP £000s	Difference £000s
Land and Buildings	267,773	84,412	183,361
Shares and Other Variable Yield Securities	74,836	76,431	(1,595)
Debt and Other Fixed Income Securities	126,440	120,071	6.369
Assets Held to Cover Linked Liabilities	227,855	227,855	0
Cash at Bank and In Hand	7,529	11,084	(3,555)
Total Financial Assets	***704,433***	***519,853***	***184,580***
Debtors	1,213	1,213	-
Tangible assets	4,537	4,537	-
Loans	183	183	-
Other	6,710	7,929	(1,219)
Total Assets	***717,075***	***533,714***	***183,361***

Assets are valued as follows:

- Land and Building valuations are based on open market value in accordance with the provisions of the RICS Appraisal and Valuation Manual. No allowances have been made for the costs of realisation.

- Shares and Other Variable Yield Securities valuations are the fair value as at 31 December 2023. Fair values are determined by reference to observable market prices where available and reliable. The fair value of financial assets quoted in an active market, are their bid prices at the Balance Sheet date.

- Debt and Other Fixed Income Securities valuations are the market value as at 31 December 2023 and include accrued interest on interest bearing securities.

- Assets Held to Cover Linked Liabilities were valued as at 31 December 2023 at fair value. Fair values are determined by reference to observable market prices where available and reliable. The fair value of financial assets quoted in an active market, are their bid prices as at the Balance Sheet date.

- Cash and Cash equivalents with a maturity of three months or less are valued at the amount of cash held, not including any accrued income. This is limited to non-linked assets. The cash value of any linked assets are included within Assets held for index-linked and unit linked contracts.

- Cash term deposits with a maturity of greater than three months as cash held for investment.

The Land and Building figure is higher under Solvency II because the totals include investments held by Branches. In total this amounts to an additional £183.4m (2022: £180.1m). These assets are not included under UK GAAP as the investments are not controlled by Unity Office. However, on a Solvency basis the capital can be accessed under the rules of the Society in a number of circumstances. As such, the amounts are brought into the Solvency II Balance Sheet and are available for use in extremis.

b) Solvency II and UK GAAP valuation differences

For the purposes of assessing the Society's available funds and solvency capital requirements under Solvency II Fraternal assets are included, as Fraternal assets are available to support the Society's solvency capital requirements in extremis. These assets are not consolidated for UK GAAP reporting purposes.

D.2 Technical provisions

a) Valuation results

The Solvency II Pillar I technical provisions at 31 December 2023 for the Society as a whole are set out in the table below, with the 31 December 2022 figures are shown for comparison:

Total LTB		2023 £000s	2022 £000s
Best Estimate Liability	With Profits - Guaranteed	52,614	57,217
	With Profits - Discretionary	27,103	27,352
	Non-Profit	40,559	43,782
	Unit Linked	216,254	215,636
	Total	**336,530**	**343,986**
Risk Margin	With Profits	45	116
	Non-Profit	121	290
	Unit Linked	304	680
	Total	**470**	**1,086**
Technical Provisions	With Profits	79,762	84,684
	Non-Profit	40,680	44,072
	Unit Linked	216,558	216,316
	Total	**337,000**	**345,073**
General Insurance Technical Provisions		**1,716**	**1,723**
Total Technical Provisions		**338,716**	**346,795**

Valuation Methodology – Best Estimate Liabilities

All policyholder cashflows are included within the calculation of best estimate liabilities ("BEL") where these are based on the best estimate of future experience. These include:

- All expected future death, maturity, surrender and sickness claims.
- All expected future renewal and investment expenses.
- All expected future premiums, subject to Solvency II contract boundary restrictions.

Reinsurance arrangements are considered to be immaterial.

The BEL for with-profits products is calculated in terms of previously guaranteed benefits and future discretionary benefits. With-profits future discretionary benefits are set using expert judgement to determine the best estimate of the value of future bonus declarations.

Non-profit liabilities are valued using a gross premium reserve approach.

Unit linked liabilities are valued as the sum of unit fund liabilities and non-linked reserves. Unit fund liabilities are equal to the value of the units allocated to policies on the valuation date. Non-linked reserves are equal to the present value of all non-unit cashflows including charges, expenses and claims in excess of unit funds.

Credit is taken for negative liabilities where a policy is assumed to be profitable.

For General technical provisions, the best estimate liabilities are based on prior years' experience as the cover is provided on a one year renewable basis.

No simplifications are applied within the calculation of best estimate liabilities except where these relate to materiality and proportionality as allowed by Article 56 of the Delegated Acts.

Valuation Methodology – Risk Margin

The risk margin is the additional amount, over and above the BEL, that may required to transfer the insurance obligations to another insurer. The risk margin is a formulaic calculation prescribed by the Solvency II regulations, including UK-specific adjustments resulting from the UK's Solvency UK reforms. The risk margin uses a simplified risk driver approach as allowed under Solvency II rules, which assumes that the non-hedgeable risks reduce over time in line with the BEL.

Within the risk margin calculation, it is assumed that assets are selected in such a way as to minimise the SCR for market risk so that only non-hedgeable risks are allowed for. These include:

- All life underwriting risks
- Operational risks
- Counterparty default risk excluding those relating to cash holdings

Main Assumptions

All assumptions are on a best estimate basis with no prudent margins such that:

- Mortality, morbidity and surrender assumptions are based on the Society's actual experience of deaths, sickness and surrender claims.
- Expense assumptions are based on actual and budgeted expenses (with allowances made for expected one-off expenses and the risk that expenses do not run off as quickly as expected).
- Investment return and discounting assumptions are based on the prescribed Solvency II interest rate curves.
- Retrospective asset share roll-forward assumptions are based on actual expenses incurred and investment returns earned by the fund over the previous year.
- Prospective asset share roll-forward assumptions are based on expected expenses and prescribed Solvency II investment returns.

b) Material Uncertainty

The uncertainty associated with the value of technical provisions is primarily driven by the uncertainty associated with the assumptions of future experience. Technical provisions are calculated on a best estimate basis and as such, are sensitive to future economic and non-economic experience. Any change in experience could have an impact on future levels of technical provisions.

Other Relevant Information

There are no material differences between the valuation of liabilities for solvency purposes and those used for statutory reporting purposes.

The Matching Adjustment has not been applied in the calculation of the Society's technical provisions.

The Volatility Adjustment has not been applied in the calculation of the Society's technical provisions.

The transitional risk-free interest rate-term structure has not been applied in the calculation of the Society's technical provisions

The transition deduction referred to in Article 308d of Directive 2009/138/EC has not been applied in the calculation of the Society's technical provisions.

D.3 Other liabilities

The table below shows the other liabilities as at 31 December 2023:

Other liabilities	Solvency II £000s	GAAP £000s	Difference £000s
Pension benefit obligations	-	-	-
Financial liabilities other than debts owed to credit institutions	19,000	158,615	(139,615)
Payables	**5,675**	5,675	-
Total other liabilities	**24,675**	**164,290**	**(139,615)**

The differences in liabilities are as follows:

- The £139,615k (2022: £152,942k) for 'Financial liabilities other than debts owed to credit institutions' included under GAAP has been re-measured on a Solvency II basis. As a result of the inclusion of branch asset amounts within the capital calculation (as outlined in D.1(a)) the liability to branch invested amounts has been revalued to nil. This revaluation is made to reflect the nature of the capital contribution of the branch network towards the Solvency's capital base, and to reflect the purely discretionary nature of these funds.

D.4 Alternative methods of valuation

No alternative methods of valuation have been used.

D.5 Other information

The Society believes the information provided in Section D is comprehensive. There is no other material information regarding the valuation of the Society's assets and liabilities to add.

As previously detailed branch held assets are included in the capital calculations, although they are not consolidated for UK GAAP reporting purposes.

E. Capital management

E.1 Own funds

a) Objectives, policies and processes for managing own funds

The Society's objective is to manage the capital position so that there are sufficient own funds to cover the Solvency Capital Requirements (SCR) and Minimum Capital Requirements (MCR) at all times.

There have been no material changes to the Society's objectives, policies and processes relating to the management of Own Funds over 2023.

The Society's business planning period is 3 years.

Given the size of the Society's Own Funds the issue of how Own Funds will potentially run-off over time is not considered to be a material aspect for the Society providing capital cover.

b) Classification of own funds

The Society has a simple capital structure, with Balance Sheet reserves comprising a single item: tier 1 unrestricted capital. These own funds have arisen from past underwriting and investment surpluses.

Under Solvency II there are no liabilities to investing Branches as the underlying benefits are purely discretionary and this has the effect of increasing own funds item.

On a Solvency II basis, the Fraternal surplus is classified as Basic Own Funds, covered under Article 69a of the Solvency II Directive as "surplus funds that are not considered as insurance and reinsurance liabilities" and, as such, is included within the Solvency II Balance Sheet of the Society.

In addition, there are Branch held investments of £183.4m (2022:£180.1m) in the Solvency II Balance Sheet, these are not included in the statutory valuation as they are not consolidated under UK GAAP.

c) Eligibility of own funds

The Eligible amount of Own Funds to cover MCR and SCR is £352m (2022: 341m).

There are no items of Own Funds subject to transitional arrangements.

There are no ancillary Own Funds items.

The Society does not disclose any additional ratios to those shown S.23.01

d) Reconciliation of excess assets to Reports and Financial Statements

A reconciliation between equity as shown in the Reports and Financial Statements and the Solvency II value excess of assets over liabilities is shown below:

Reconciliation of excess assets	31/12/2023 £000s	31/122022 £000s
Equity in financial statement	**32,424**	**30,363**
Asset adjustments		
Inclusion of Branch assets	**183,362**	180,135
Liability adjustments		
Removal of Liabilities to Investing Branches	139,615	133,942
Inclusion of Technical provision – non-life	**(1,716)**	(1,729)
Solvency II excess assets over liabilities	**353,685**	**342,718**

e) Deductions from Own Funds

There are no items deducted from Own Funds.

E.2 Solvency Capital Requirement and Minimum Capital Requirement

a) Amount of Solvency Capital Requirement and Minimum Capital Requirement

The Solvency Capital Requirement for the Society is calculated using the Standard Formula approach. The Life Underwriting Risk, Market Risk, Counterparty Default Risk and Operational Risk modules are applicable to the LTB funds. The market risk, non-life underwriting risk and counterparty default risk modules are applicable to the Fraternal funds including Branch held assets.

The calculation of the MCR is based on the prescribed Solvency II methodology. This includes components relating to the non-life technical provisions, life technical provisions and SCR as well as being subject to a floor of the GBP equivalent of €6.7 million.

The table below sets out the SCR and MCR as at 31 December 2023:

	31/12/2023 £000s	31/12/2022 £000s
SCR	**97,865**	93,371
MCR	**24,466**	23,343

The SCR amount is subject to Supervisory assessment at present.

b) Solvency Capital Requirement split by risk modules

The SCR at 31 December 2023 is shown in the table below, split by risk module.

Solvency Capital Requirements	31/12/2023 £000s	31/12/2022 £000s
Standard Formula Risk Module		
Market Risk	**108,437**	104,070
Counterparty Default	**1,204**	1,606
Life Underwriting Risk	**10,286**	12,082
Health Underwriting Risk	**483**	464
Non-Life Underwriting Risk	**214**	211
BSCR – Gross	**111,964**	108,351
Loss absorbing capacity of technical provisions	**(15,066)**	(15,974)
BSCR – Net	**96,898**	92,377
Operational Risk	**967**	997
SCR	**97,865**	93,371

The SCR shown above is subject to supervisory assessment.

c) Simplified calculations in risk modules

The simplification described in Article 96 of the Delegated Acts is used in the calculation of the mortality-catastrophe SCR component. This is applied on materiality grounds. No other simplifications are made.

d) Undertaking-specific parameters

No undertaking-specific parameters are used in the SCR calculations.

e) Inputs used to calculate the MCR

The table below sets out the inputs for the MCR calculation as at 31 December 2023. Note the Absolute Floor MCR (Euros) and the Exchange Rate are prescribed by the PRA:

MCR inputs	31/12/2023	31/12/2022
MCR Floor		
Absolute Floor MCR (Euros)	**6,700**	6,700
Exchange Rate (Euro to GBP)	**0.87366**	0.86115
Absolute Floor MCR (GBP)	**5,854**	5,770
Combined MCR		
SCR	**97,865**	93,371
BSCR – Net	**96,898**	92,377
25% SCR	**24,466**	23,343
MCR	**24,466**	23,343

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

The Society does not use the duration-based equity risk sub-module and, therefore, this section is not relevant.

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

The Society does not use an internal model and, therefore, this section is not relevant.

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

The Society has complied with the MCR and SCR throughout the period covered by the report and does not foresee any risk of non-compliance in future.

E.6 Other information

There is no other material information to disclose in relation to capital management.

F. Templates

The following QRTs are included in **Appendix A** of the SFCR:

QRT ref	QRT Template name
S.02.01.02	Balance Sheet .
S.05.01.02	Premiums, claims and expenses
S.05.02.01	Premiums, claims and expenses by country
S.12.01.02	Life and Health SLT Technical Provisions
S.17.01.02	Non-Life Technical Provisions
S.19.01.01	Non-Life insurance claims
S.23.01.01	Own Funds
S.25.01.21	Solvency Capital Requirement – for undertakings on Standard Formula
S.28.02.01	Minimum Capital Requirement –Life and non-life insurance or reinsurance activity

Appendix A SFCR templates

Indpendent Order of

Solvency and Financial Condition Report

Disclosures

31 December
2023

(Monetary amounts in GBP thousands)

General information

Undertaking name	Indpendent Order of Oddfellows Manchester Unity Friendly Society
Undertaking identification code	5493007GYE7RU65WNU39
Type of code of undertaking	LEI
Type of undertaking	Undertakings pursuing both life and non-life insurance activity - article 73 (2)
Country of authorisation	GB
Language of reporting	en
Reporting reference date	31 December 2023
Currency used for reporting	GBP
Accounting standards	Local GAAP
Method of Calculation of the SCR	Standard formula
Matching adjustment	No use of matching adjustment
Volatility adjustment	No use of volatility adjustment
Transitional measure on the risk-free interest rate	No use of transitional measure on the risk-free interest rate
Transitional measure on technical provisions	No use of transitional measure on technical provisions

List of reported templates

S.02.01.02 - Balance sheet
S.05.01.02 - Premiums, claims and expenses by line of business: Life insurance and reinsurance obligations
S.05.01.02 - Premiums, claims and expenses by line of business: Non-life insurance and reinsurance obligations
S.05.02.01 - Premiums, claims and expenses by country: Life insurance and reinsurance obligations
S.05.02.01 - Premiums, claims and expenses by country: Non-life insurance and reinsurance obligations
S.12.01.02 - Life and Health SLT Technical Provisions
S.17.01.02 - Non-Life Technical Provisions
S.19.01.21 - Non-Life insurance claims
S.23.01.01 - Own Funds
S.25.01.21 - Solvency Capital Requirement - for undertakings on Standard Formula
S.28.02.01 - Minimum Capital Requirement - Both life and non-life insurance activity

S.02.01.02

Balance sheet

		Solvency II value
	Assets	C0010
R0030	Intangible assets	0
R0040	Deferred tax assets	0
R0050	Pension benefit surplus	5,916
R0060	Property, plant & equipment held for own use	4,537
R0070	Investments (other than assets held for index-linked and unit-linked contracts)	469,049
R0080	*Property (other than for own use)*	267,773
R0090	*Holdings in related undertakings, including participations*	0
R0100	*Equities*	43,116
R0110	*Equities - listed*	43,116
R0120	*Equities - unlisted*	0
R0130	*Bonds*	109,543
R0140	*Government Bonds*	45,091
R0150	*Corporate Bonds*	62,711
R0160	*Structured notes*	0
R0170	*Collateralised securities*	1,741
R0180	*Collective Investments Undertakings*	45,463
R0190	*Derivatives*	0
R0200	*Deposits other than cash equivalents*	3,154
R0210	*Other investments*	0
R0220	Assets held for index-linked and unit-linked contracts	227,855
R0230	Loans and mortgages	183
R0240	*Loans on policies*	0
R0250	*Loans and mortgages to individuals*	36
R0260	*Other loans and mortgages*	147
R0270	Reinsurance recoverables from:	0
R0280	*Non-life and health similar to non-life*	0
R0290	*Non-life excluding health*	0
R0300	*Health similar to non-life*	0
R0310	*Life and health similar to life, excluding index-linked and unit-linked*	0
R0320	*Health similar to life*	0
R0330	*Life excluding health and index-linked and unit-linked*	0
R0340	*Life index-linked and unit-linked*	0
R0350	Deposits to cedants	0
R0360	Insurance and intermediaries receivables	0
R0370	Reinsurance receivables	0
R0380	Receivables (trade, not insurance)	1,213
R0390	Own shares (held directly)	0
R0400	Amounts due in respect of own fund items or initial fund called up but not yet paid in	0
R0410	Cash and cash equivalents	7,529
R0420	Any other assets, not elsewhere shown	794
R0500	**Total assets**	717,075

S.02.01.02

Balance sheet

		Solvency II value
	Liabilities	C0010
R0510	Technical provisions - non-life	1,716
R0520	*Technical provisions - non-life (excluding health)*	0
R0530	*TP calculated as a whole*	0
R0540	*Best Estimate*	0
R0550	*Risk margin*	0
R0560	*Technical provisions - health (similar to non-life)*	1,716
R0570	*TP calculated as a whole*	0
R0580	*Best Estimate*	1,650
R0590	*Risk margin*	66
R0600	Technical provisions - life (excluding index-linked and unit-linked)	120,441
R0610	*Technical provisions - health (similar to life)*	1,222
R0620	*TP calculated as a whole*	0
R0630	*Best Estimate*	1,221
R0640	*Risk margin*	1
R0650	*Technical provisions - life (excluding health and index-linked and unit-linked)*	119,220
R0660	*TP calculated as a whole*	0
R0670	*Best Estimate*	119,055
R0680	*Risk margin*	165
R0690	Technical provisions - index-linked and unit-linked	216,559
R0700	*TP calculated as a whole*	226,277
R0710	*Best Estimate*	-10,023
R0720	*Risk margin*	304
R0740	Contingent liabilities	0
R0750	Provisions other than technical provisions	0
R0760	Pension benefit obligations	0
R0770	Deposits from reinsurers	0
R0780	Deferred tax liabilities	0
R0790	Derivatives	0
R0800	Debts owed to credit institutions	0
R0810	Financial liabilities other than debts owed to credit institutions	19,000
R0820	Insurance & intermediaries payables	0
R0830	Reinsurance payables	0
R0840	Payables (trade, not insurance)	5,675
R0850	Subordinated liabilities	0
R0860	*Subordinated liabilities not in BOF*	0
R0870	*Subordinated liabilities in BOF*	0
R0880	Any other liabilities, not elsewhere shown	0
R0900	**Total liabilities**	363,390
R1000	**Excess of assets over liabilities**	353,685

S.05.01.02

Premiums, claims and expenses by line of business: Non-life insurance and reinsurance obligations

		Line of Business for: non-life insurance and reinsurance obligations (direct business and accepted proportional reinsurance)												Line of business for: accepted non-proportional reinsurance				Total
		Medical expense insurance	Income protection insurance	Workers' compensation insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance	Legal expenses insurance	Assistance	Misc. financial loss	Health	Casualty	Marine, aviation and transport	Property	
		C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0120	C0130	C0140	C0150	C0160	C0200
	Premiums written																	
R0110	Gross - Direct Business	1,723																1,723
R0120	Gross - Proportional reinsurance accepted																	0
R0130	Gross - Non-proportional reinsurance accepted																	0
R0140	Reinsurers' share																	0
R0200	Net	1,723																1,723
	Premiums earned																	
R0210	Gross - Direct Business	1,723																1,723
R0220	Gross - Proportional reinsurance accepted																	0
R0230	Gross - Non-proportional reinsurance accepted																	0
R0240	Reinsurers' share																	0
R0300	Net	1,723																1,723
	Claims incurred																	
R0310	Gross - Direct Business	1,725																1,725
R0320	Gross - Proportional reinsurance accepted																	0
R0330	Gross - Non-proportional reinsurance accepted																	0
R0340	Reinsurers' share																	0
R0400	Net	1,725																1,725
	Changes in other technical provisions																	
R0410	Gross - Direct Business																	0
R0420	Gross - Proportional reinsurance accepted																	0
R0430	Gross - Non-proportional reinsurance accepted																	0
R0440	Reinsurers' share																	0
R0500	Net	0																0
R0550	**Expenses incurred**	131																131
R1200	**Other expenses**																	33
R1300	**Total expenses**																	163

S.05.01.02

Premiums, claims and expenses by line of business: Life insurance and reinsurance obligations

		Line of Business for: life insurance obligations						Life reinsurance obligations		Total
		Health insurance	Insurance with profit participation	Index-linked and unit-linked insurance	Other life insurance	Annuities stemming from non-life insurance contracts and relating to health insurance obligations	Annuities stemming from non-life insurance contracts and relating to insurance obligations other than health insurance obligations	Health reinsurance	Life reinsurance	
		C0210	C0220	C0230	C0240	C0250	C0260	C0270	C0280	C0300
	Premiums written									
R1410	Gross	11	1,805	3,050	4,840					9,706
R1420	Reinsurers' share									0
R1500	Net	11	1,805	3,050	4,840					9,706
	Premiums earned									
R1510	Gross	11	1,805	3,050	4,840					9,706
R1520	Reinsurers' share									0
R1600	Net	11	1,805	3,050	4,840					9,706
	Claims incurred									
R1610	Gross	23	10,687	17,695	8,935					37,341
R1620	Reinsurers' share									0
R1700	Net	23	10,687	17,695	8,935					37,341
	Changes in other technical provisions									
R1710	Gross									0
R1720	Reinsurers' share									0
R1800	Net	0	0	0	0					0
R1900	**Expenses incurred**	24	196	3,133	1,115					4,468
R2500	**Other expenses**									
R2600	**Total expenses**									4,468

S.05.02.01

Premiums, claims and expenses by country: Non-life insurance and reinsurance obligations

		Home Country	Top 5 countries (by amount of gross premiums written) - non-life obligations			Top 5 countries (by amount of gross premiums written) - non-life obligations		Total Top 5 and home country
		C0010	C0020	C0030	C0040	C0050	C0060	C0070
R0010								
		C0080	C0090	C0100	C0110	C0120	C0130	C0140
	Premiums written							
R0110	Gross - Direct Business	1,723						1,723
R0120	Gross - Proportional reinsurance accepted							0
R0130	Gross - Non-proportional reinsurance accepted							0
R0140	Reinsurers' share							0
R0200	Net	1,723						1,723
	Premiums earned							
R0210	Gross - Direct Business	1,723						1,723
R0220	Gross - Proportional reinsurance accepted							0
R0230	Gross - Non-proportional reinsurance accepted							0
R0240	Reinsurers' share							0
R0300	Net	1,723						1,723
	Claims incurred							
R0310	Gross - Direct Business	1,725						1,725
R0320	Gross - Proportional reinsurance accepted							0
R0330	Gross - Non-proportional reinsurance accepted							0
R0340	Reinsurers' share							0
R0400	Net	1,725						1,725
	Changes in other technical provisions							
R0410	Gross - Direct Business							0
R0420	Gross - Proportional reinsurance accepted							0
R0430	Gross - Non-proportional reinsurance accepted							0
R0440	Reinsurers' share							0
R0500	Net	0						0
R0550	**Expenses incurred**	131						131
R1200	**Other expenses**							33
R1300	**Total expenses**							163

S.05.02.01

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

		C0150	C0160	C0170	C0180	C0190	C0200	C0210
		Home Country	Top 5 countries (by amount of gross premiums written) - life obligations			Top 5 countries (by amount of gross premiums written) - life obligations		Total Top 5 and home country
R1400								
		C0220	C0230	C0240	C0250	C0260	C0270	C0280
	Premiums written							
R1410	Gross	9,706						9,706
R1420	Reinsurers' share							0
R1500	Net	9,706						9,706
	Premiums earned							
R1510	Gross	9,706						9,706
R1520	Reinsurers' share							0
R1600	Net	9,706						9,706
	Claims incurred							
R1610	Gross	37,341						37,341
R1620	Reinsurers' share							0
R1700	Net	37,341						37,341
	Changes in other technical provisions							
R1710	Gross							0
R1720	Reinsurers' share							0
R1800	Net	0						0
R1900	**Expenses incurred**	4,468						4,468
R2500	**Other expenses**							
R2600	**Total expenses**							4,468

S.12.01.02

Life and Health SLT Technical Provisions

		Insurance with profit participation	Index-linked and unit-linked insurance			Other life insurance			Annuities stemming from non-life insurance contracts and relating to insurance obligation other than health insurance obligations	Accepted reinsurance	Total (Life other than health insurance, including Unit-Linked)	Health insurance (direct business)			Annuities stemming from non-life insurance contracts and relating to health insurance obligations	Health reinsurance (reinsurance accepted)	Total (Health similar to life insurance)
				Contracts without options and guarantees	Contracts with options or guarantees		Contracts without options and guarantees	Contracts with options or guarantees					Contracts without options and guarantees	Contracts with options or guarantees			
		C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0150	C0160	C0170	C0180	C0190	C0200	C0210
R0010	**Technical provisions calculated as a whole**		226,277								226,277						0
R0020	Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP calculated as a whole										0						0
	Technical provisions calculated as a sum of BE and RM																
	Best estimate																
R0030	**Gross Best Estimate**	78,496		-10,023			40,559				109,032		1,221				1,221
R0080	Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default										0						0
R0090	Best estimate minus recoverables from reinsurance/SPV and Finite Re	78,496		-10,023	0		40,559	0			109,032		1,221	0			1,221
R0100	**Risk margin**	44	304			121					470	1					1
	Amount of the transitional on Technical Provisions																
R0110	Technical Provisions calculated as a whole										0						0
R0120	Best estimate										0						0
R0130	Risk margin										0						0
R0200	**Technical provisions - total**	78,539	216,559			40,680					335,778	1,222					1,222

S.17.01.02

Non-Life Technical Provisions

		Direct business and accepted proportional reinsurance												Accepted non-proportional reinsurance				
		Medical expense insurance	Income protection insurance	Workers' compensation insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance	Legal expenses insurance	Assistance	Miscellaneous financial loss	Non-proportional health reinsurance	Non-proportional casualty reinsurance	Non-proportional marine, aviation and transport reinsurance	Non-proportional property reinsurance	Total Non-Life obligation
		C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0120	C0130	C0140	C0150	C0160	C0170	C0180
R0010	**Technical provisions calculated as a whole**	0																0
R0050	Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP calculated as a whole																	0
	Technical provisions calculated as a sum of BE and RM																	
	Best estimate																	
	Premium provisions																	
R0060	Gross	1,650																1,650
R0140	Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default																	0
R0150	**Net Best Estimate of Premium Provisions**	1,650																1,650
	Claims provisions																	
R0160	Gross	0																0
R0240	Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default																	0
R0250	**Net Best Estimate of Claims Provisions**	0																0
R0260	**Total best estimate - gross**	1,650																1,650
R0270	**Total best estimate - net**	1,650																1,650
R0280	**Risk margin**	66																66
	Amount of the transitional on Technical Provisions																	
R0290	Technical Provisions calculated as a whole																	0
R0300	Best estimate																	0
R0310	Risk margin																	0
R0320	**Technical provisions - total**	1,716																1,716
R0330	**Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total**	0																0
R0340	**Technical provisions minus recoverables from reinsurance/SPV and Finite Re - total**	1,716																1,716

S.19.01.21

Non-Life insurance claims

Total Non-life business

Z0020 **Accident year / underwriting year** Accident Year

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

		C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0170	C0180
	Year	**Development year**											**In Current year**	**Sum of years (cumulative)**
		0	1	2	3	4	5	6	7	8	9	10 & +		
R0100	Prior											0	0	0
R0160	-9	0	0	0	0	0	0	0	0	0	0		0	0
R0170	-8	0	0	0	0	0	0	0	0	0			0	0
R0180	-7	0	0	0	0	0	0	0	0				0	0
R0190	-6	0	0	0	0	0	0	0					0	0
R0200	-5	0	0	0	0	0	0						0	0
R0210	-4	0	0	0	0	0							0	0
R0220	-3	0	0	0	0								0	0
R0230	-2	0	0	0									0	0
R0240	-1	0	0										0	0
R0250	0	1,725											1,725	1,725
R0260												**Total**	1,725	1,725

Gross Undiscounted Best Estimate Claims Provisions
(absolute amount)

		C0200	C0210	C0220	C0230	C0240	C0250	C0260	C0270	C0280	C0290	C0300	C0360
	Year	**Development year**											**Year end (discounted data)**
		0	1	2	3	4	5	6	7	8	9	10 & +	
R0100	Prior											0	0
R0160	-9	0	0	0	0	0	0	0	0	0	0		0
R0170	-8	0	0	0	0	0	0	0	0	0			0
R0180	-7	0	0	0	0	0	0	0	0				0
R0190	-6	0	0	0	0	0	0	0					0
R0200	-5	0	0	0	0	0	0						0
R0210	-4	0	0	0	0	0							0
R0220	-3	0	0	0	0								0
R0230	-2	0	0	0									0
R0240	-1	0	0										0
R0250	0	0											0
R0260												**Total**	0

S.23.01.01

Own Funds

	Basic own funds before deduction for participations in other financial sector as foreseen in article 68 of Delegated Regulation 2015/35	Total	Tier 1 unrestricted	Tier 1 restricted	Tier 2	Tier 3
		C0010	C0020	C0030	C0040	C0050
R0010	Ordinary share capital (gross of own shares)	0	0		0	
R0030	Share premium account related to ordinary share capital	0	0		0	
R0040	Initial funds, members' contributions or the equivalent basic own-fund item for mutual and mutual-type undertakings	353,685	353,685		0	
R0050	Subordinated mutual member accounts	0		0	0	0
R0070	Surplus funds	0	0			
R0090	Preference shares	0		0	0	0
R0110	Share premium account related to preference shares	0		0	0	0
R0130	Reconciliation reserve	-1,510	-1,510			
R0140	Subordinated liabilities	0		0	0	0
R0160	An amount equal to the value of net deferred tax assets	0				0
R0180	Other own fund items approved by the supervisory authority as basic own funds not specified above	0	0	0	0	0
R0220	**Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds**	0				
R0230	**Deductions for participations in financial and credit institutions**	0				
R0290	**Total basic own funds after deductions**	352,175	352,175	0	0	0
	Ancillary own funds					
R0300	Unpaid and uncalled ordinary share capital callable on demand	0				
R0310	Unpaid and uncalled initial funds, members' contributions or the equivalent basic own fund item for mutual and mutual - type undertakings, callable on demand	0				
R0320	Unpaid and uncalled preference shares callable on demand	0				
R0330	A legally binding commitment to subscribe and pay for subordinated liabilities on demand	0				
R0340	Letters of credit and guarantees under Article 96(2) of the Directive 2009/138/EC	0				
R0350	Letters of credit and guarantees other than under Article 96(2) of the Directive 2009/138/EC	0				
R0360	Supplementary members calls under first subparagraph of Article 96(3) of the Directive 2009/138/EC	0				
R0370	Supplementary members calls - other than under first subparagraph of Article 96(3) of the Directive 2009/138/EC	0				
R0390	Other ancillary own funds	0				
R0400	**Total ancillary own funds**	0			0	0
	Available and eligible own funds					
R0500	Total available own funds to meet the SCR	352,175	352,175	0	0	0
R0510	Total available own funds to meet the MCR	352,175	352,175	0	0	
R0540	Total eligible own funds to meet the SCR	352,175	352,175	0	0	0
R0550	Total eligible own funds to meet the MCR	352,175	352,175	0	0	
R0580	**SCR**	97,865				
R0600	**MCR**	24,466				
R0620	**Ratio of Eligible own funds to SCR**	359.86%				
R0640	**Ratio of Eligible own funds to MCR**	1439.43%				
	Reconcilliation reserve	C0060				
R0700	Excess of assets over liabilities	353,685				
R0710	Own shares (held directly and indirectly)	0				
R0720	Foreseeable dividends, distributions and charges					
R0730	Other basic own fund items	353,685				
R0740	Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	1,510				
R0760	**Reconciliation reserve**	-1,510				
	Expected profits					
R0770	Expected profits included in future premiums (EPIFP) - Life business					
R0780	Expected profits included in future premiums (EPIFP) - Non- life business					
R0790	**Total Expected profits included in future premiums (EPIFP)**	0				

S.25.01.21

Solvency Capital Requirement - for undertakings on Standard Formula

		Gross solvency capital requirement	USP	Simplifications
		C0110	C0090	C0120
R0010	Market risk	108,437		
R0020	Counterparty default risk	1,204		
R0030	Life underwriting risk	10,286		
R0040	Health underwriting risk	483		
R0050	Non-life underwriting risk	214		
R0060	Diversification	-8,660		
R0070	Intangible asset risk	0		
R0100	**Basic Solvency Capital Requirement**	111,964		

	Calculation of Solvency Capital Requirement	C0100
R0130	Operational risk	967
R0140	Loss-absorbing capacity of technical provisions	-15,066
R0150	Loss-absorbing capacity of deferred taxes	
R0160	Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC	0
R0200	**Solvency Capital Requirement excluding capital add-on**	97,865
R0210	Capital add-ons already set	0
R0220	**Solvency capital requirement**	97,865
	Other information on SCR	
R0400	Capital requirement for duration-based equity risk sub-module	0
R0410	Total amount of Notional Solvency Capital Requirements for remaining part	97,543
R0420	Total amount of Notional Solvency Capital Requirements for ring fenced funds	322
R0430	Total amount of Notional Solvency Capital Requirements for matching adjustment portfolios	0
R0440	Diversification effects due to RFF nSCR aggregation for article 304	0

USP Key

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

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

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

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

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

S.28.02.01

Minimum Capital Requirement - Both life and non-life insurance activity

		Non-life activities	Life activities
		MCR$_{(NL,NL)}$ Result	MCR$_{(NL,L)}$ Result
		C0010	C0020
R0010	**Linear formula component for non-life insurance and reinsurance obligations**	159	0

		Non-life activities		Life activities	
		Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance) written premiums in the last 12 months	Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance) written premiums in the last 12 months
		C0030	C0040	C0050	C0060
R0020	Medical expense insurance and proportional reinsurance	1,650	1,723		
R0030	Income protection insurance and proportional reinsurance				
R0040	Workers' compensation insurance and proportional reinsurance				
R0050	Motor vehicle liability insurance and proportional reinsurance				
R0060	Other motor insurance and proportional reinsurance				
R0070	Marine, aviation and transport insurance and proportional reinsurance				
R0080	Fire and other damage to property insurance and proportional reinsurance				
R0090	General liability insurance and proportional reinsurance				
R0100	Credit and suretyship insurance and proportional reinsurance				
R0110	Legal expenses insurance and proportional reinsurance				
R0120	Assistance and proportional reinsurance				
R0130	Miscellaneous financial loss insurance and proportional reinsurance				
R0140	Non-proportional health reinsurance				
R0150	Non-proportional casualty reinsurance				
R0160	Non-proportional marine, aviation and transport reinsurance				
R0170	Non-proportional property reinsurance				

		MCR$_{(L,NL)}$ Result	MCR$_{(L,L)}$ Result
		C0070	C0080
R0200	**Linear formula component for life insurance and reinsurance obligations**	0	2,906

		Non-life activities		Life activities	
		Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance/SPV) total capital at risk	Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance/SPV) total capital at risk
		C0090	C0100	C0110	C0120
R0210	Obligations with profit participation - guaranteed benefits			51,393	
R0220	Obligations with profit participation - future discretionary benefits			27,102	
R0230	Index-linked and unit-linked insurance obligations			216,254	
R0240	Other life (re)insurance and health (re)insurance obligations			41,780	
R0250	Total capital at risk for all life (re)insurance obligations				31,638

	Overall MCR calculation	C0130
R0300	Linear MCR	3,064
R0310	SCR	97,865
R0320	MCR cap	44,039
R0330	MCR floor	24,466
R0340	Combined MCR	24,466
R0350	Absolute floor of the MCR	5,854
R0400	**Minimum Capital Requirement**	24,466

	Notional non-life and life MCR calculation	C0140	C0150
R0500	Notional linear MCR	159	2,906
R0510	Notional SCR excluding add-on (annual or latest calculation)	5,063	92,803
R0520	Notional MCR cap	2,278	41,761
R0530	Notional MCR floor	1,266	23,201
R0540	Notional combined MCR	1,266	23,201
R0550	Absolute floor of the notional MCR	2,359	3,495
R0560	**Notional MCR**	2,359	23,201