USAA®

LIMITED

Solvency & Financial Condition Report

For the year ending 31 December 2022

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SUMMARY

The purpose of this report is to satisfy the public disclosure requirements under the Solvency II Directive including the Delegated Regulation of the European Parliament, and the Prudential Regulatory Authority (PRA) rules.

The disclosure requirements cover business performance, systems of governance, risk profile, solvency, and capital management.

2022 Solvency and Financial Condition

The Company ended the financial year with an underwriting loss of £526k (2021: profit of £499k), and a loss after tax of £15,216k (2021: £11k). After dividend distributions during the year of £30,207k, net assets on a statutory basis have decreased by £47,482k to £26,027k (2021: £73,509k). On a Solvency II basis the Company's financial position has strengthened resulting in available capital under Solvency II of £26,027k (2021: £75,133k), a Solvency Capital Requirement (SCR) of £4,484k (2021: £19,568k), and a Solvency II capital ratio of 581% (2021: 384%).

Following a review and reorganisation of the USAA operating model in Europe, USAA S.A. UK, a third country branch of USAA S.A. started writing new business and transitioning existing business in the United Kingdom from the Company. As a result, all the assets and liabilities derived from business previously performed by the Company has been legally transferred to USAA S.A. via a Part VII transfer as determined by the Financial Services and Markets Act 2000 following approval from the High Court of England and Wales with effect from 23:59 Central European Time on 31 December 2022.

The directors approved and paid a dividend in specie amounting to £30,207k being a transfer of investment bonds and cash to its immediate parent company USAA International S.a.r.l as part of the restructure operations.

The financial statements have been prepared on a basis other than a going concern. This is due to the director's intention to liquidate the Company and de-register with the PRA/FCA, because of the restructure. The Company is either transferring or settling liabilities prior to starting the liquidation process so an orderly wind-up is expected.

During the year the Board has continued to focus on corporate governance, strengthening its three lines of defence model for the new structure. The Board is committed to maintaining its strong financial position by assessing risk and prudently managing anticipated capital to adequately reflect its risk profile. The integration of capital management and risk management in its business model aligns with Solvency II expectations.

The immediate objectives of the Company are to manage operations effectively and efficiently following the restructure and Part VII transfer in 2022 until the Company is liquidated.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing the SFCR in accordance with the Prudential Regulatory Authority (PRA) rules and SII Regulations.

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

Each of the Directors, whose names and functions are listed in Directors' Report of the UK GAAP financial statements, confirm that, to the best of their knowledge:

(a) Throughout the financial year in question, the Company has complied in all material respects with the requirements of the PRA rules and SII Regulations as applicable; and

(b) It is reasonable to believe that, at the date of the publication of the SFCR, the Company continues to comply, and will continue to comply in future.

On behalf of the board

Craig Scarr
Director
27th July 2023

A. BUSINESS AND PERFORMANCE

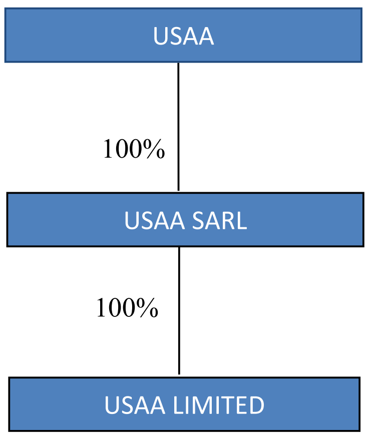
A.1 BUSINESS

Name and Legal Form of the Undertaking;

USAA Limited is incorporated in the United Kingdom and registered in England and Wales (No.00730577). The Company is a wholly owned subsidiary of USAA International Services SARL with a 100% voting interest, domiciled in Luxembourg.

Its ultimate parent company is USAA, a mutual inter-insurance exchange reciprocal domiciled in the State of Texas in the United States of America, with its headquarters in San Antonio, Texas.

The following chart shows a simplified structure of the Company and its ultimate parent company and direct parent company as at 31 December 2022.



USAA Limited's registered office address is:
Fitzwilliam House
10 St Mary Axe
London
EC3A 8AE

Name of Supervisory Authority

The company is regulated by the Prudential Regulation Authority (PRA) and the Financial Conduct Authority (FCA). The contact details for the PRA and FCA are shown below:

Prudential Regulation Authority (PRA)
20 Moorgate
London
EC2R 6DA
+44 (0)20 7601 4444

Financial Conduct Authority (FCA)
25 The North Colonnade
London
E14 5HS
+44 (0)20 7066 1000

External Auditor

The details of the company's external auditor for the period ending 31 December 2020 are:

Ernst & Young LLP
Statutory Auditors
25 Churchill Place
London
E14 5EY
+44 (0)20 7951 2000

USAA Limited qualifies for an exemption from the audit requirement in respect of the public Solvency II reporting for smaller insurers. The USAA Limited Audit Committee on behalf of the Board of Directors has decided to take advantage of this exemption. Therefore, the SFCR has not been audited for the financial year ending 31 December 2022.

Material Lines of Business and Geographical Areas

The principal activity of the Company in 2022 is the provision of motor and property insurance in the United Kingdom (UK) until 31 March 2022 when the existing business transitioned to the newly established UK branch of its sister company USAA S.A. from 1 April 2022.

For Solvency II purposes the Company's general insurance business falls into defined Solvency II lines of business as follows:

- Motor Vehicle Liability.
- Other Motor Insurance.
- Fire and Other Damage to Property.
- General liability.

Significant Events During the Period

- **Restructure of European Operations**
  Following a review and reorganisation of the USAA operating model in Europe, USAA S.A. UK, a third country branch of sister company USAA S.A. started writing new business and transitioning existing business in the United Kingdom from the Company.

  As a result, all the assets and liabilities derived from business previously performed by the Company has been legally transferred to USAA S.A. via a Part VII transfer as determined by the Financial Services and Markets Act 2000 following approval from the High Court of England and Wales with effect from 23:59 Central European Time on 31 December 2022.

- **Defined Benefit Pension Scheme Changes**
  The Company continued to have exposure to its historical defined benefit pension scheme that was closed to new entrants in 2016. With the company's simplified legal structure, the UK Pension liabilities are to be settled either by transfer to a third-party insurer or by employees electing to take a lump sum value of their benefit with the aim is to complete a full scheme buy-out and wind-up of the Scheme by the end of 2023.

  In total nine Scheme members opted to take an enhanced transfer value (ETV) with payments settled for three of these with the remaining six ETV payments settled in early 2022.

  During the year, the scheme carried out a full scheme buy-in with a bulk annuity provider, which transacted in May 2022. The approach of immediate treatment as settlement at the point of buy-in has been adopted which has resulted in a settlement loss of £11m. The buy-in has been converted into a buy-out in March 2023.

A.2 UNDERWRITING PERFORMANCE

The Company prepares its financial statements in accordance with FRS 102 and FRS 103, being applicable UK GAAP accounting standards. The functional and reporting currency of the Company is Sterling.

Underwriting performance by Solvency II lines of business in £'000 31 December 2022

Lines of Business	Net Premium Written	Net Premium Earned	Net Claims Incurred	Expenses Incurred	Underwriting Performance
Motor Vehicle	1,197	6,352	(1,850)	(4,909)	(407)
Other Motor	895	3,551	(1,011)	(2,744)	(204)
Fire and other damage to property	220	895	(100)	(692)	103
General liability	72	307	(88)	(237)	(18)
Total	2,384	11,105	(3,049)	(8,582)	(526)

Underwriting performance by Solvency II lines of business in £'000 31 December 2021

Lines of Business	Net Premium Written	Net Premium Earned	Net Claims Incurred	Expenses Incurred	Underwriting Performance
Motor Vehicle	8,276	8,271	(2,118)	(5,869)	284
Other Motor	4,853	4,736	(2,457)	(2,670)	(391)
Fire and other damage to property	1,268	1,328	(362)	(722)	244
General liability	430	457	147	(242)	362
Total	14,827	14,792	(4,790)	(9,503)	499

Underwriting performance for the top six countries £'000 31 December 2022

Lines of Business	Net Premium Written	Net Premium Earned	Net Claims Incurred	Expenses Incurred	Underwriting Performance
United Kingdom	2,384	11,105	(3,049)	(8,582)	(526)
Germany	-	-	-	-	-
Italy	-	-	-	-	-
Belgium	-	-	-	-	-
Spain	-	-	-	-	-
Netherlands	-	-	-	-	-
Total	2,384	11,105	(3,049)	(8,582)	(526)

Underwriting performance for the top six countries £'000 31 December 2021

Lines of Business	Net Premium Written	Net Premium Earned	Net Claims Incurred	Expenses Incurred	Underwriting Performance
Germany	14,827	14,792	(7,593)	(9,092)	(1,893)
Italy	-	-	23	(357)	(334)
United Kingdom	-	-	2,541	(50)	2,491
Belgium	-	-	159	(2)	157
Spain	-	-	36	(1)	35
Netherlands	-	-	35	(2)	33
Total	14,827	14,792	(4,799)	(9,504)	489

Total net written premium decreased by £12.4m and total net earned premiums decreased by £3.7m in 2022 as premiums transitioned to the USAA S.A. UK branch following the reorganisation and Part VII transfer.

Total net claims incurred decreased by £1.7m in 2022 the decreases mainly due to the transition of policies to the USAA S.A. UK branch.

Total expenses incurred, which consists mainly of service fees for insurance services, administrative services and claims management costs decreased by £0.9m in 2022.

Not included in the Technical Account is an £11.8m additional pension settlement cost related to the pension scheme buy-in which has been converted to a buy-out in 2023 resulting in a settlement loss of £11.8m.

All Solvency II lines of business apart from Fire and other damage to property produced an underwriting loss in 2022 due to the increased expenses and reduced premium and claims.

A.3 INVESTMENT PERFORMANCE

At 31 December 2022, the Company's investment portfolio comprised the following asset classes:

Investment Portfolio			Investment Return
Asset Class	Amount £'000	% of Portfolio	Amount £'000
Government Bonds	-	0%	(1,562)
Corporate Bonds	7,935	47%	(2,578)
Collateralised Securities	1,104	6%	(256)
Cash & Cash Equivalents	7,902	47%	22
Total Investments & Cash Equivalents	16,941		(4,373)
Investment Management Expenses			212

At 31 December 2021, the Company's investment portfolio comprised the following asset classes:

Investment Portfolio			Investment Return
Asset Class	Amount £'000	% of Portfolio	Amount £'000
Government Bonds	31,657	34%	(612)
Corporate Bonds	47,457	51%	(542)
Collateralised Securities	1,541	2%	50
Cash & Cash Equivalents	11,695	13%	(7)
Total Investments & Cash Equivalents	92,350		(1,111)
Investment Management Expenses			241

The total investments and cash equivalents decreased by £75.4m during 2022 as the Company transferred funds from its investment portfolio to pay for the run-off of its prior year EU claims provisions.

The Company uses total investment return, which comprises of net investment income, realised and unrealised market value gains and losses and realised gains and losses from movement in foreign exchange rates. The investment income of £1.6m earned during the year was eroded by realised and unrealised market value losses of £5.9m resulting in an overall investment loss of £4.4m. The Company has not recognised any gains and losses directly through equity.

A.4 PERFORMANCE OF OTHER ACTIVITIES

There have been no other significant activities undertaken by the Company other than its insurance related activities.

Other Material Income and Expenses

- Pension expenses

  The Company carried out a full scheme buy-in with a bulk annuity provider on the USAA Limited UK pension during 2022. The buy-in was converted into a buy-out in 2023. An approach of immediate treatment of settlement at the point of buy-in has been adopted which results in a settlement loss of £11.8m. The German pension scheme is due to be liquidated in 2023 so the pension surplus of £0.5m has been impaired to nil.

- Intercompany service charges

  The Company operates under an outsourcing model and has entered into service agreements with related parties within the USAA International SARL group and its parent company, USAA, for the provision of services and human resources to run its insurance operations. These intercompany expenses account for majority of operating expenses recorded for the period ended 31 December 2022.

- Lease arrangements

  The Company retains the leasehold obligations for the London office as stipulated in the Leasehold Agreement. It has entered into a sub-lease arrangement with its parent company, USAA International S.a.r.l from 1 November 2018 for the physical use of the property. All leasehold costs are recharged to USAA International S.a.r.l.

  The leasehold obligations are in the process of being transferred to USAA S.A. prior to the liquidation of the Company

  The company is committed to the future minimum operating lease payments on office leases as follows:

	2022	2021
Not later than one year	£2,007k	£700k
Later than one year not later than five years	-	£1,890k
Later than five years	-	-

A.5 ANY OTHER INFORMATION

There is nothing further to report regarding the business and performance of the Company.

B. SYSTEM OF GOVERNANCE

B.1 GENERAL INFORMATION ON THE SYSTEM OF GOVERNANCE

The oversight of the Company's business and its operations are provided through its governance structure, which provides guidance for functional areas, management-led groups, and the Board as it pertains to its effective management, oversight, and decision-making responsibilities.

The following sections provide high-level descriptions of the role and responsibilities of each function.

Board of Directors (the Board)

The Board has overall responsibility for the oversight of the management of the Company and is responsible for ensuring the success of the Company, whilst seeing an appropriate degree of protection for policyholders. It is also responsible for understanding the nature of the risks significant to the Company, forming an independent view of the Company's risk profile, ensuring that effective controls are in place and that the Company operates and sets strategy in keeping with the Board-approved risk appetite and appetite statements.

The Board takes an active part in the ORSA process to include steering how the assessment is to be performed and challenging the results. To achieve this, the Board reviews the ORSA Process and ensures the ORSA framework is appropriately designed and embedded within the company culture and decision-making process.

All authority in the Company flows from the Board, but it delegates to sub-committees and designated senior management the matters set out in respective terms of reference and senior management responsibilities.

Audit Committee

The USAA Limited Audit Committee is made up of Independent Directors. As a sub-committee of the USAA Limited Board of Directors and in line with its Terms of Reference and the responsibilities prescribed within the Prudential Regulatory Authority Handbook, the USAA Limited Audit Committee is to review and monitor, amongst other things:

- The integrity of the financial statements to ensure that the financial statements are:
  - i) Fair
  - ii) Balanced
  - iii) Understandable
  - iv) Providing the information necessary for the Shareholders to assess the company's position and performance.
- The effectiveness of the internal financial controls
- The effectiveness of the internal and external audit processes
- The relationship with the external Auditors
- The primary responsibility and recommendation on the appointment, re-appointment and removal of the external auditors. The Board has no obligation to accept the recommendation from the Committee but shall include in the annual reports the rational for not following the recommendation of the Committee.

Executive Approved Management Group

The Executive Approved Management Group (EAMG) brings together the main executives whose role is to develop the company's strategy. Its purpose and mission are to effectively relay information to its employees. It also assists the Board in the orderly and fair daily management of the Company. The Group shall:

- provide organisational direction and oversight
- meet prior to each Board meeting to establish the items and agenda for such Board meeting and any other related matters as the Committee deems necessary or appropriate
- follow up with Board items and actions from previous Board meetings
- conduct research relative to investment, risk and industry trends, actively participate in strategic planning and advise the Board on pertinent business matters
- together with the Board, monitor and evaluate progress toward the company's strategic goals and initiatives, and make periodic and timely presentations to the Board
- be responsible for overseeing the daily implementation of Board policies and making sure that the Board is establishing and maintaining good governance practices
- provide guidance to and oversight of the other committees of the Board with respect to such committees' respective purposes, goals, functions, duties and responsibilities
- provide oversight of and accountability to Board related budget items and expenses

Risk Committee

The Risk Committee is a sub-committee of the USAA Limited Board of Directors and is chaired by the General Manager. The Committee shall oversee the management of the applicable risks listed below as follows, in accordance with the Enterprise Risk Management Framework and the Guiding Principles of Risk Governance Committees:

- Review and recommend to the Board of Directors of the Company (the "Board") for approval the Company's risk management and governance framework to enable risk identification, assessment, and management of risks to which the Company is or may be exposed.
- Recommend the Company's Risk Taxonomy, Risk Appetite Statement, and Risk Metrics (including the risk appetite and triggers associated with those metrics) for consideration and approval by the Board.
- Review and address any findings from internal and/or external control functions. Develop plans to mitigate risk levels within the overall risk tolerance of the Company.
- Annually review and escalate to the Board any recommended changes to policies prior to submission to the Board for review and approval.
- Monitor the performance of significant risk exposures and the adherence to the set risk metrics and tolerance levels to include commissioning risk studies or analysis to assess root cause analysis, changing risk profile, and emerging risks.
- Monitor external and internal emerging risk exposures, with a greater focus on risks within the external environment that are likely to face the Company over the strategic horizon, to include the likelihood and impact of such risks.
- Ensure the Own Risk and Solvency Assessment (ORSA) Report and Process Document is updated at least annually. Approve updates to the ORSA Report and Process Document prior to submission to the Board of Directors for review and approval.
- Provide oversight of Stress Testing activities and approve related proposed scenarios. Review final results prior to presenting to the Board.

Routines

The Company also has a four Routines which do not require terms of reference:

- International Operational Routine
  Its purpose is to:
    - provide an overview of the International operational performance: Insurance Sales and Service (ISS), Claims, Experience, Military Affairs, Admin, and IT
    - provide updates on operation resilience, and
    - provide an open avenue of communication and escalation within the governance structure

- International Portfolio Routine
  Its purpose is to:
    - take care of the financial P&L
    - define international portfolio strategy and track implementation
    - define pricing strategy and track implementation
    - review and update reserves where necessary, establish and review IBNR reserves per policy year
    - take care of reinsurance, and
    - conduct General Good Review in line with P&C routine, ensure products/benefits meet members' needs

- International Risk & Compliance Routine
  Its purpose is to:
    - execute Risk routines
    - initiate Top and Emerging Risk Discussions as appropriate
    - review list of issues that are open for International
    - discuss issue status and the progress, along with any impediments that may be occurring, any assistance that can be provided, etc.

    - provide updates to the USAA S.A. Risk Committee on a quarterly basis.

- International Large Loss Routine
  Its purpose is to:
    - review large Claims losses for disposition
    - provide monetary authorization for reserving large losses
    - inform Finance for potential impacts to finances
    - decide to engage in legal proceedings in respect of large loss cases

General Manager

The General Manager, as delegated by the Board, is responsible for the day-to-day management of the Company. This includes, but is not limited to, developing and monitoring business strategy, plan and budget, and supporting the operations of the Company. The General Manager submits the business strategy and plan to the Board for approval, and reports to the Board on the progress against the strategy each quarter.

Chief Accountant

The Chief Accountant is responsible for the production and integrity of the Company's financial information and financial regulatory reporting. The Chief Accountant is also responsible for the management of the allocation and maintenance of the Company's capital and liquidity as well as the Company's financial resources and reporting to the Board.

Key Functions

The following section describes the primary roles and responsibilities of the Company's key functions:

a) Risk Management Function

The Company (as the 1st line of defence) employs risk management and mitigation techniques from an operational perspective. The Company employs a Risk Director as the key function holder responsible for risk management as a 2nd line of defence. The Risk Director works with P&C Risk Management within the ultimate parent company, USAA, and provides an independent, clear, concise, and holistic view of risks arising from the Company's business strategy and operations. In collaboration with the Company's senior management, the Risk Director develops and implements risk management frameworks and appetites based on the proportionality and complexity of the Company, develops and maintains policies related to risk management, and monitors processes and escalation thresholds to ensure alignment with the Company's risk appetite statements. The Risk Director provides independent risk management assessments of business processes, initiatives, and decisions.

The Risk Director, who is registered as a Senior Management Function with the PRA, provides fully independent risk oversight and risk expertise, including effective challenge, advice and counsel to the General Manager and the Board.

b) Internal Audit Function

The Internal Audit function of the Company is predominately outsourced to USAA Audit Services and deliverables are managed in accordance with the service agreement between USAA Limited and USAA Audit Services. The Head of Internal Audit, who is registered as a Senior Management Function with the PRA reports into the USAA Limited Audit Committee.

The activity of internal auditing is primarily one of information gathering, review analysis, appraisal, and testing for the degree of compliance with policies and procedures and the adequacy of managerial systems and controls put in place to mitigate risks that exist in achieving organisational objectives. The internal audit activity is free to review and appraise policies, plans, procedures and other internal controls in any area of the organisation, and to report audit issues and recommendations for improvement to the people who have managerial responsibility. This review in no way relieves other persons in the organisation of responsibilities assigned to them.

Internal audit activities are performed in a manner that provides reasonable assurance that audit work complies with International Standards for the Professional Practice of Internal Auditing (the Standards), and the USAA Limited Audit Charter. Management, external auditors, regulatory agencies and USAA members rely on performance consistent with the Standards and other assurance guidelines.

The objective of Audit Services is to assist management in the effective discharge of their responsibilities by furnishing them with reports setting forth independent and objective analysis, appraisals, recommendations, and pertinent comments concerning the activities audited. Audit Services are, therefore, concerned with any phase of business activity in which it can be of service to the USAA Limited Board of Directors and management.

c) Actuarial Function

The Actuarial Function within USAA Limited is predominately outsourced to the P&C Actuarial Functions within the ultimate parent company. The P&C Actuarial Functions are responsible for providing expertise as it relates to loss reserving, pricing, capital modelling, reinsurance, and catastrophe exposure. Processes and deliverables of this function are handled in accordance with the service agreement between USAA Limited and USAA.

The USAA P&C Actuary who is ultimately responsible for the P&C actuarial services provided to the Company is registered as a Senior Management Function with the PRA, principal responsibilities include:

- Coordinate the calculation of Technical provisions.
- Ensure the appropriateness of the methodologies and underlying models used, as well as the assumptions made in the calculation of technical provisions.
- Assess the sufficiency and quality of data used in the calculation of technical provisions.
- Inform the Board of the reliability and adequacy of the calculation of technical provisions.
- Express an opinion on the overall underwriting policy.
- Express an opinion on the adequacy of reinsurance arrangements.
- Contribute to the effective implementation of the risk management system, in particular with respect to the risk modelling underlying the calculation of the SCR and MCR and to the firm’s Own Risk Self-Assessment.
- Effective control management of insurance risks.

d) Compliance Function

The Company has its own dedicated compliance resource and receives support from USAA Compliance. The Compliance Function is responsible for identifying rules and regulations applicable to the Company, providing a comprehensive view of the regulatory risks arising from the business and operations of the Company, and reporting these risks to the Board and senior management. On a quarterly basis, the Compliance Function will provide updates on the Company’s continued compliance with applicable regulations to the Board and senior management. The Compliance Function will also facilitate annual compliance monitoring programs and provide ad-hoc reports on internal reviews. In collaboration with the Risk Director, the Compliance Function will oversee the ownership and management of the Company's risk register and ensure that a comprehensive and effective corporate governance framework is maintained for the Company.

e) Customer Service Director Function

The Customer Services Director, which is a key function holder role notified to the PRA, is responsible for ensuring that the Company provides its customers with the appropriate product solutions to meet their needs and that sales are made in compliance with legal and regulatory requirements.

f) Claims Director Function

The Claims Director, which is a key function holder role notified to the PRA, oversees and coordinates the claims activities within the Company. These responsibilities include the adjustment of motor, property and physical damage claims and the management of catastrophe operations. In addition, the Claims Director ensures the claims function complies with relevant policies and procedures.

Remuneration Policy

The Company operates under an outsourcing model and has entered into service agreements with related parties within the USAA International group, for the provision of services and human resources to run its insurance operations. The compensation programme provided to the outsourced workforce is designed to help attract, retain and motivate high performing employees who will adhere to the highest standards of service, loyalty, honesty, and integrity. The compensation plans are designed to pay for performance, ensure proper risk mitigation, and encourage best practices.

Aligning the total compensation of employees to the Company's mission is an important element of ensuring the ongoing health of the Company for the benefit of policyholders. The Company uses commonly accepted practices for benchmarking total compensation with relevant peer groups, and contracts with an external consulting firm to conduct its total compensation benchmarking exercise. Peer groups will match as closely as possible the central responsibilities and characteristics of the target position and be broad enough to withstand any bias of a particular survey participant.

The Company's current total compensation package comprises of the following:

- Fixed compensation; Basic Salary, Location Allowance, Year End Bonus and Other Benefits.
- Variable compensation; Annual Bonus, Long Term Bonus, Pension and Some Benefits.

The fixed remuneration element of the policy is primarily focused on staff below Director (People Leader) and Lead (Individual contributor) level. Above this level the total package becomes progressively more focused on variable remuneration elements that are directly linked to the overall performance of the Company with staff at Executive Director level and above receiving long term bonus rewards.

Individual performance is rewarded via annual pay awards which are taken from a % based pot of money assigned to the People Leaders to allocate to employees. This % is based on company performance (Profitability) in the previous year, achievement of Company objectives (as set on the corporate scorecard) and the remuneration policy's intent to maintain competitive salaries in line with the market. All People Leaders conduct formal documented performance evaluations on a Semi-annual basis to ascertain achievement of objectives. The only exclusion is the General Manager whose annual reward is set by the Board. The annual bonus payment consists of a multiplier, assigned to the individual's bonus target, which is determined at a role level.

The General Manager also has a Long-term bonus plan (LTBP), which the multiplier is applied to over a 3-year period, with a new LTBP starting annually. The bonus target is only adjusted if the staff member fails to achieve recognised/satisfactory levels of behaviour and, or performance.

There are no supplementary pension schemes in place for any staff. Early retirement options are as required under Pension Regulations and apply to all staff. The Company offers a core 10% with a 2 to 1 match up to another 10% against salary sacrifice contributions from staff.

B.2 FIT AND PROPER REQUIREMENTS

The key functions within the Company require the skills, knowledge and expertise in; Insurance Markets, Finance, Actuarial, Regulatory Frameworks & Compliance, Insurance Operations (Claims, Service, Underwriting), Governance and Risk. The Company's Fit & Proper Policy outlines the principles used to assess the fitness and propriety of all staff, including Board members and key functions.

Fitness and Propriety is known as the assessment to ensure the appropriate fitness and propriety of an individual to perform a particular function. The assessment considers aspects such as the individual's honesty, integrity, reputation, competence, capability and financial soundness.

In order to ensure compliance with these fit and proper requirements, the Policy provides the following guidelines to follow:

- the process for assessing the fitness and propriety of persons who effectively run the Company or have other key functions, both as candidates and on a continuing basis, and
- the situations that give rise to reassessment of the fit and proper requirements

The Company recruits to a high standard of competency and experience. A robust recruitment process is in place to ensure that the relevant skills required to fulfil the role and responsibilities are obtained. In addition, external background checks are completed with references validated by an external company. Then, on an ongoing basis all persons in key function roles are monitored for competency through an internal learning management system, self-reported learning and development objectives/goals as identified in regular meetings with their reporting Managers, and via formal quarterly performance evaluations.

B.3 RISK MANAGEMENT SYSTEM

A strong and clearly defined risk management framework is a key corporate function that promotes an understanding of risk and encourages risk-based decision making. Risk is inherent to operating a business. The primary objective of the USAA Limited's risk management framework is to protect the Company and its policyholders from events that hinder the sustainable achievement of the Company's mission and strategic objectives. The risk management framework describes the structure and approach to managing risk at USAA Limited and applies the principles of sound corporate governance to the identification, measurement, monitoring reporting, and controlling of risks. The Board and senior management recognise the critical importance of having efficient and effective risk management systems in place.

The Company has established a risk management function with clear terms of reference from the Board and underlying committees. Central to an effective risk management programme is a robust corporate governance structure with documented delegated authorities and responsibilities from the Board to executive management, senior management and committees. Furthermore, a company policy framework which sets out the risk profiles for the Company, including risk management, controls and business conduct standards has been put in place. Each policy has a member of senior management charged with overseeing compliance with the policy throughout the Company.

Risk Governance

The Company's governance structure has management-led governing bodies throughout the Company, as well as the Board, to ensure that prudent risk management is practiced across the Company to protect the safety and soundness of the Company. The Company's risk governance was established with consideration of the UK, European and US regulators' expectations.

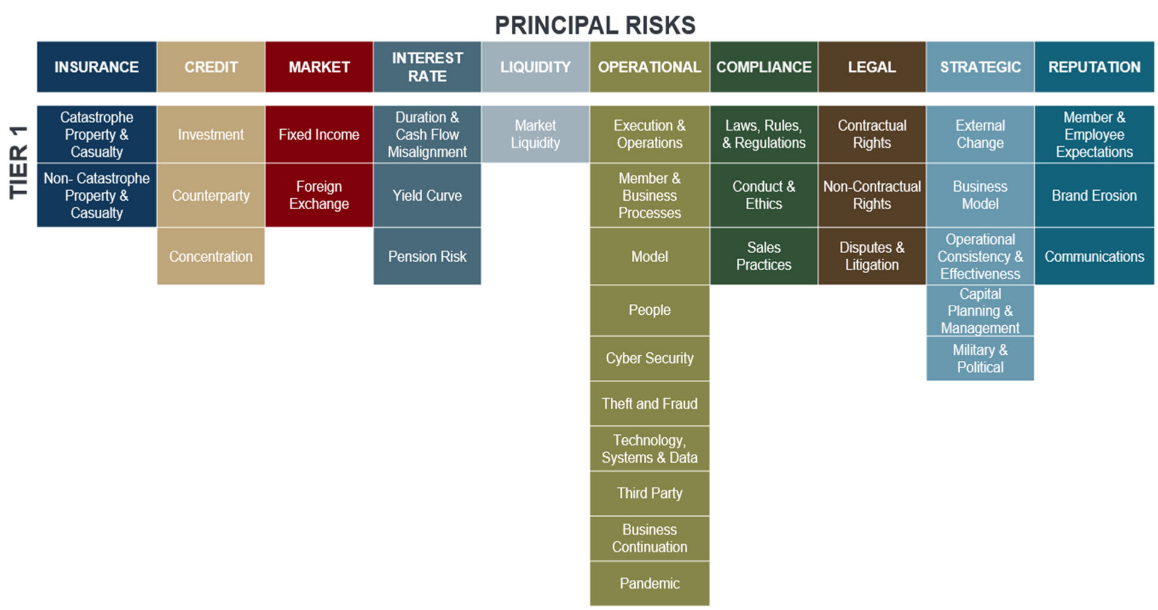
Risk Taxonomy and Risk Register

USAA Limited's risk management framework promotes a company-wide understanding of risk and is the foundation for a culture of effective challenge throughout the business and through an independent risk role fulfilled by the Risk Key Function Holder. This framework is applied in everyday business processes and decision-making at USAA Limited to understand and to prudently manage risks in alignment with goals and objectives.

The core of an effective enterprise risk management framework is a risk taxonomy that names, classifies and defines the risks of the organization. USAA Limited's ten principal risks are classified as: Insurance, Credit, Market, Interest Rate, Liquidity, Operational, Compliance, Legal, Strategic and Reputation. Each of these ten risks has associated subcategories, which have been established as "tier one" risks.

The Company's risk taxonomy structure (shown below) has been established to:

- Aid management in understanding the current risks that face the Company;
- Facilitate the consistency of risk measurement and its aggregation across the Company; and
- Assign accountability and ownership for each risk area.



In conjunction with the categorized taxonomy risks USAA Limited uses the following risk management tools to further define these risks and tolerances:

- Risk appetite statements define acceptable risk levels.
  - Risk metrics, with defined appetite and trigger thresholds, are used to monitor USAA Limited's performance within its appetite, to proactively identify new or existing controls to be implemented or

revised to address trending potential breaches, and to determine if a material change in USAA Limited's strategy should be considered.

- Policies integrate the corporate governance structure for USAA Limited and facilitate strong governance and clearly defined roles and responsibilities.
- Risk and Control Self-Assessments (RCSAs) assess the effectiveness of risk management and control processes.

Risk Identification

Risk identification is a continuous process that considers the Company's objectives and a changing business and economic environment. The risk management process is deployed across the Company's risk taxonomy and addresses all key risks to which the Company is exposed.

The Risk Key Function Holder works closely with USAA Limited's senior management to ensure that critical risks are identified and managed appropriately. Specific analyses are completed in conjunction with USAA Limited's planning cycles and throughout the year to understand risks to USAA Limited.

Throughout the USAA Limited planning and risk management processes, there are three primary means for identifying specific risks within the taxonomy classification:

- **Top Risk Exercise**: qualitative assessment performed by the business subject matter experts and the USAA Limited Risk Committee.
- **Capital Assessments**: quantitative assessment based on the standard formula. This formula has been designed to produce capital requirements that correspond with the 99.5% confidence level over a 1-year horizon. Further information regarding capital assessments can be found in Section E.
- **Risk and control Self-Assessments (RCSA's)**: qualitative assessment, performed by the business subject matter experts with the oversight of the Risk Management team, over the risks and the controls put in place to mitigate those risks.

Risk Policies

Policies are an integral part of the Risk and Corporate Governance structure for the Company and facilitate strong governance and clearly defined roles and responsibilities. Policies are the strategic link between the Company's vision and its day-to-day operations, and they allow employees to understand their roles and responsibilities within predefined limits. The Company designs it policies to address its Principal Risks and align with its Risk Taxonomy.

Risk Monitoring and Reporting

The Company has implemented a quarterly risk reporting process to report the aggregate risk profile of the Company. The results are reported to and reviewed by senior management, the Risk Committee and the Board. The report consists of measures that are compared to pre-approved risk limits: the risk appetite is the maximum amount of risk that the Company is willing to take for a specific measure; the risk trigger is an indicator that the appetite is being approached. Metrics and limits are evaluated for potential changes on an annual basis. In addition, breaches of risk appetites, policy limits, and triggers are escalated through the appropriate governance structure. Root cause and action plans for accepting or mitigating the risk are detailed and discussed by senior management and the Board.

The triggers and appetites, which are based on input from subject matter experts, historical trends and strategic direction, are determined by senior management and ultimately approved by the Board.

Emerging Risks

Emerging risks are developments which could have a substantial impact on the Company. Drivers of emerging risks include economic, financial market, regulatory, technological, the geopolitical landscape and environmental developments. Growing interdependencies between risks can also lead to increasing accumulation of exposure. Emerging risk briefings describe a risk event, share relevant references and estimate the likelihood and potential financial impact of an event to the Company. They are used by management to determine if mitigation tactics should be considered. In addition, the Company's risk metrics help serve as leading indicators to other potential emerging risks.

The cornerstone of this function is active scanning of the environment both by the 1st line of defence and the 2nd line of defence. In addition, as part of day-to-day business, emerging risks identified are discussed at the relevant management groups and the Risk Committee.

Stress Testing

Stress testing is a critical risk identification and quantification technique. The Company has designed a stress testing program to identify the impact of a plausible risk scenario. Stress testing allows the Company to improve its financial strength by increasing preparedness through the quantification of risks and spurring the development of well-rehearsed action plans.

The Company did not undertake any stress testing for 2022, as the Company ceased writing new business from 1 April 2022 and transferred it insurance assets and liabilities via a Part VII transfer at the end of the year.

Own Risk & Self-Assessment (ORSA)

The purpose of the ORSA is to provide a comprehensive tool through which the Board and management can assess risks and determine the level of capital required to meet the solvency and strategic objectives set forth by the Board.

The Company is committed to maintaining its strong financial position by assessing risk and prudently managing anticipated capital needs in consideration of its business plans and risk profile. The integration of capital management and risk management into the strategic and operational planning process is fundamental to a strong business model. The Company's integration of these disciplines is captured in its ORSA Report and aligns with Solvency II regulatory expectations.

The ORSA process is reviewed and approved annually by the Board. The objective of the ORSA process ensures a full understanding of risks to which the Company is exposed and for assessing capital adequacy against those risks. The process ensures that sufficient capital can be maintained to enable the Company to achieve its strategic objectives in light of its risk profile, and to withstand the impact of any foreseeable adverse events within the next one to three years. The Company's integration of these disciplines is illustrated below.

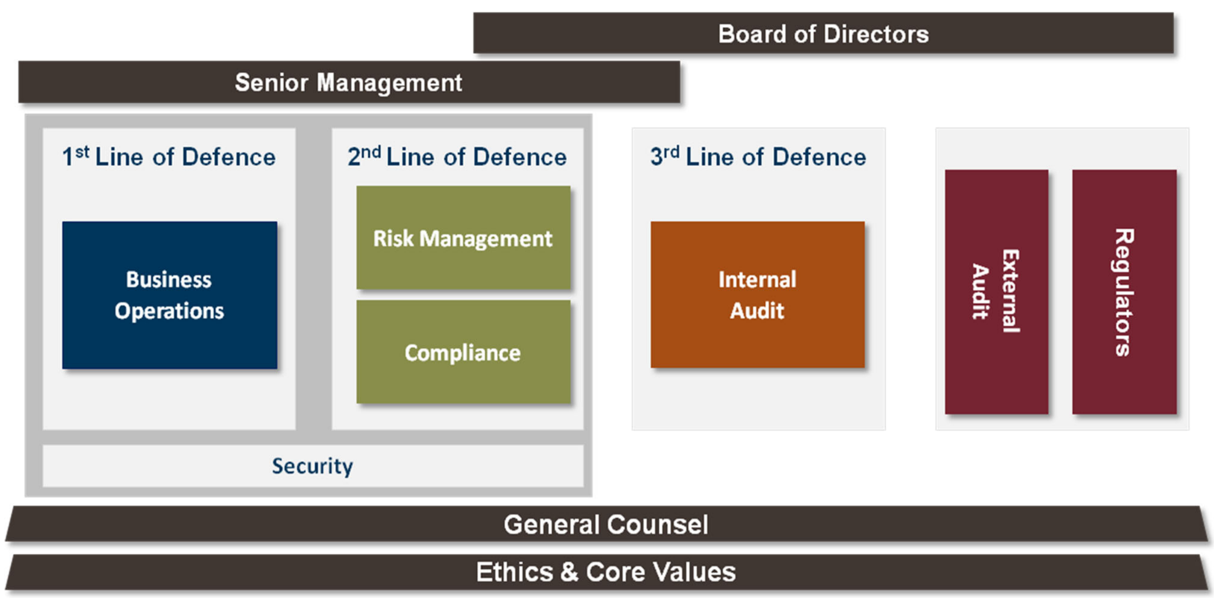
While the ORSA reflects a current risk and solvency assessment, it should be noted that the ORSA is an ongoing and continuous process.

The ORSA Report is produced annually and when the Company's capital position is impacted significantly from a material event or change in its risk profile. The Report structure contains sections focused on material changes from the prior year, business strategy, risk framework and assessments, and capital and solvency results and projections.

Due to the intention to de-register the Company with the PRA/FCA, it is probable that the Company will have submitted a request to cancel the company's permissions by the time the ORSA is due in 2023.

B.4 INTERNAL CONTROL SYSTEM

The Company employs a "lines of defence" model (shown below) to coordinate various areas that have oversight and risk management responsibilities. Each of the 1st, 2nd, and 3rd lines of defence have distinct roles and responsibilities within the model, and continuous collaboration is essential between the three lines regarding risk prioritisation, trends, control quality, and effective remediation.



1st Line of Defence: The Business

Each business unit within the Company has primary responsibility for identifying, assessing, managing, and controlling risks. Business unit management, as risk owners, are expected to adhere to risk management standards, policies, procedures and guidelines that are designed to mitigate risks and to ensure the effectiveness of the risk management process. Risks taken by the 1st line should be managed by those areas within the approved risk appetite statement approved by the Board.

2nd Line of Defence: Risk Management and Compliance

Risk together with Compliance make up the 2nd line of defence. Risk establishes the risk management framework, to include policies, procedures, and risk appetites, and holds the Company accountable for adherence to the framework through independent oversight.

The Compliance Function designs and implements the Regulatory Compliance Program by identifying regulatory compliance requirements, educating business unit management and process/risk owners on compliance strategy and risk, providing product and project advisory services, and designing and implementing an effective regulatory compliance training program. Compliance ensures effectiveness of the program by performing independent risk-based compliance monitoring, testing, and reporting, facilitating timely resolution of compliance matters by investigation and remediation of systemic compliance issues, and reporting to senior management and the Board on the effectiveness of the program. In addition to these functions, Compliance facilitates regulatory examinations, supervises regulator interaction with the business areas and develops positive regulator relationships.

3rd Line of Defence: Audit Services

Audit Services serves as the 3rd line of defence by providing senior management and the Board with independent and objective assurance on the effectiveness and efficiency of governance, risk management, internal controls and compliance processes. As the 3rd line of defence, Audit Services reviews, as part of its scope, the effectiveness of policies and processes in the 1st and 2nd lines of defence.

Risk and Control Self Assessments (RCSAs)

In collaboration with P&C Risk Management, the Company has developed comprehensive Risk and Control Self Assessments (RCSAs) across its core processes. The five areas for which an RCSA is in place are: Insurance Services, Claims, Underwriting/Pricing, Accounting/Finance, and Human Resources/Information Technology. As new core processes are identified, or as regulatory expectations change, additional RCSAs may be developed. To ensure the documented risks and mitigating controls remain relevant to the main risks faced by the Company, each RCSA will be reviewed annually. This review, or refresh process, is led by the business units with oversight support from the Risk Director and P&C Risk Management.

For operational RCSAs, control testing is in place for controls that are deemed key to the mitigation of critical risks. Tests are performed by the 1st line of defence, and results are reported as appropriate. Control test effectiveness and timeliness is monitored and reported to the BMG on a bi-monthly basis and escalated to the Risk Committee as needed.

B.5 INTERNAL AUDIT FUNCTION

Details on the Internal Audit Function are disclosed in Section B.1 General Information on the System of Governance above.

B.6 ACTUARIAL FUNCTION

Details on the Actuarial Function are disclosed in Section B.1 General Information on the System of Governance above.

B.7 OUTSOURCING ARRANGEMENTS

Due to its size, outsourcing is a key part of the Company's strategy to serve its policyholders. The Company primarily outsources a number of functions and activities to related parties within the USAA International group and its ultimate parent company, USAA. The oversight role remains with the General Manager.

The Company does not assume that an outsourcing arrangement with related parties will necessarily imply a reduction in operational risk or regulatory exposure. The Company's has an Outsourcing Policy in place, which governs the identification, process and management of the Company's outsourcing arrangements. This Policy was approved by the Board and is reviewed on an annual basis. All Supplier Contracts are actively managed and reported to the BMG. The Supplier Management Process has been developed to ensure that all contracts are appropriately monitored to ensure that they are renewed as appropriate, and that the appropriate service level delivery standards are met.

In addition to services outsourced to its parent companies the Company outsources various services to external parties as listed in the table below:

Outsourced Operation	Service Provider	Jurisdictions	Description
Claims Handling	External Vendor USAA International SARL – Parent Company Some EU claims are also handled by External Vendors under supervision from the Frankfurt claims office with strict authority limits	Azores, Belgium, France, Greece, Italy, Netherlands, Portugal & Spain UK and EU Locations	Claims handling and settlement
Investment Managing	External Investment Management Company	UK	Investment portfolio management
Insurance Support Services	USAA International SARL – Parent Company & USAA - Ultimate Parent Company	UK	Administration, IT services, Non-advised sales telephone support, Premium collection, Underwriting
Professional Support Services	USAA International SARL – Parent Company & USAA - Ultimate Parent Company	Azores, Belgium, France, Germany, Greece, Italy, Netherlands, Portugal, Spain & UK	IT services, Actuarial, Legal, Audit, Compliance, Internal Loss Reserving, Human Resources, Compensation & Benefits, Accounting & Finance, Risk Management
Specialist Technical Services	External Vendor	Azores, Belgium, France, Germany, Greece, Italy, Netherlands, Portugal, Spain & UK	Appraisers, Loss-adjusters.
Pension Administration	External Vendor	UK & Germany	Pension actuarial valuations & advice

B.8 ANY OTHER INFORMATION

The Company considers that its system of governance is appropriate for the nature, scale, and complexity of the risks inherent in its business.

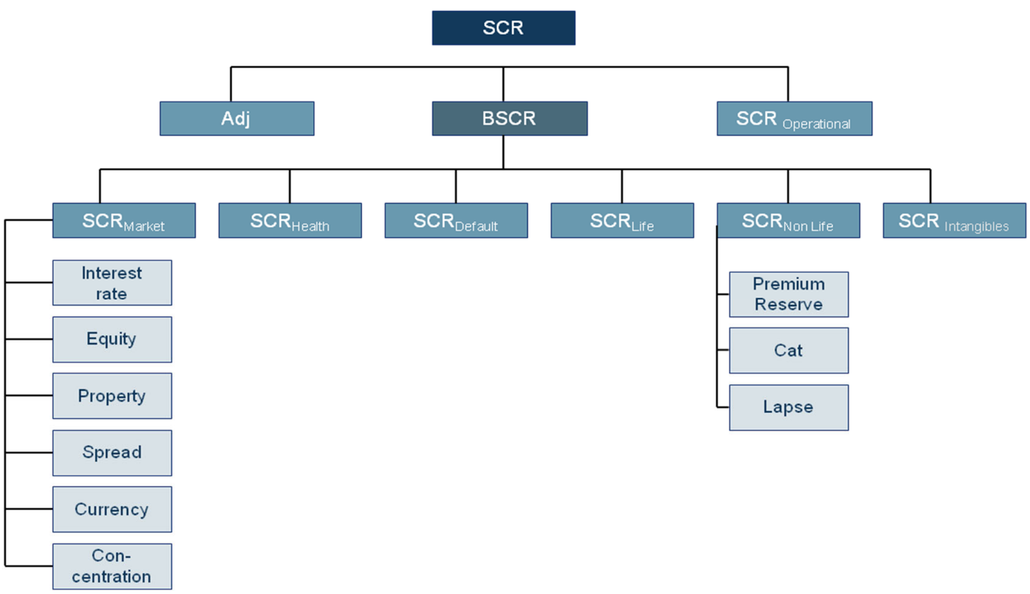
C. RISK PROFILE

The Company believes that a robust, effective and embedded risk management framework is crucial to maintaining successful business operations and delivering its strategic objectives. The Company is committed to maintaining its strong financial position by assessing risk and prudently managing anticipated capital needs in light of its business plans and risk profile. The integration of capital management and risk management into the strategic and operational planning process is critical for long-term financial solvency.

The Company calculates it Solvency Capital Requirement (SCR) using the standard formula. The risk profile is a point in time measurement of the risks that the Company is exposed to. The Company runs its SCR on a current and forward-looking perspective over a three-year time horizon.

The SCR using the standard formula is based on a modular approach consisting of market, counterparty default and non- life risk modules with associated sub-modules. These are aggregated in the standard formula using correlation matrices, both at the sub-module and main module level. This provides a Basic Solvency Capital Requirement (BSCR) to which an operating risk capital component is added to give the overall SCR. Diversification benefits are calculated between the sub-risk modules and main modules.

The diagram below sets outs the standard formula risk modules and sub-modules:



The risk modules applicable to the Company's business operations are market risk, counterparty risk, non-life underwriting risk and operational risk modules and sub-modules. Full details of the standard formula SCR calculations can be found in Section E.2.

The disclosures are in respect of business in place up to 31 December 2022, following the Part VII Transfer there is no Reserve risk, future Premium risk, CAT or lapse risk at the period end.

C.1 UNDERWRITING RISK

Underwriting Risk covers the risks the Company is exposed to arising from its insurance underwriting operation and is split between the following sub-risk categories:

- Premium Risk

- Reserve Risk
- Non-Catastrophe Risk
- Man Made Catastrophe Risk
- Lapse Risk

The principal risk that the Company faces under insurance contracts is that insured events occur and the uncertainty of the amounts and timing of resulting claims. This is influenced by the frequency and severity of claims, actual benefits paid and subsequent development of long-term claims.

The risk exposure is mitigated by diversification of its portfolio of insurance contracts over geographical areas across Europe. Beginning in 2019, USAA Limited started to write only UK business. As a result, this geographical diversification will reduce over time as the non-UK insurance reserves run-off. The variability of risks is also improved by careful selection and implementation of underwriting strategy guidelines, as well as the use of reinsurance arrangements.

The Company has two reinsurance contacts in place as part of its underwriting risk mitigation programme:

a) External Motor Liability Excess of Loss Treaty

This motor liability excess of loss treaty provides reinsurance protection for motor unlimited liability business written in the UK and Belgium and motor liability limits set in other European locations. The retention limits are £2.2m for the UK and €2.5m for other European location. From 1 January 2019 onwards the renewal of the external reinsurance treaty only covers unlimited business written in the UK.

b) USAA Non-Proportional Stop Loss Treaty

The majority of the Company's residual risk is covered by a non-proportional stop loss treaty with its ultimate parent company, USAA. Under this treaty an annual loss in its non-technical underwriting account is limited to £1m up to a maximum of £25m for financial years up to 31 December 2019. From 1 January 2020 the annual underwriting loss is limited to £500k up to a maximum limit of £25m.

There are no material changes to the measures used to assess premium risk, reserve risk, natural catastrophe risk and man-made catastrophe risk during the reporting period.

C.2 MARKET RISK

Market Risk reflects the risk that the Company is affected by adverse movements in the fair value of its financial assets and liabilities. The Company is exposed to market risk on both the asset and liability side of its balance sheet arising from assets in the Company's investment portfolio, investment assets held in the Company's defined benefit pension schemes, the Company's technical provisions and transactions requiring settlement in a different currency.

The market risk sub-categories applicable to the Company are as follows:

- **Spread Risk**

  The spread risk the Company is exposed to stems from the sensitivity of the value of assets in the level or volatility of credit spreads over the risk-free interest rate return structure, which can cause a decrease in the asset's market value.

- **Interest Rate Risk**

  The interest rate risk the Company is exposed to arises from the risk of financial loss or adverse change in the value of assets and liabilities due to unanticipated changes in interest rates and their volatility.

- **Concentration Risk**

  The concentration risk is the additional risk to the Company from either a lack of diversification in the investment portfolio, or from large exposures to default risk by a single issuer or group of related issuers to securities.

Spread risk, interest rate risk and concentration risk are considered by the Company to be low risks due to the Company's prudent approach to managing its assets. The Company has a conservative investment strategy with strict investment guidelines in place, which requires the Company to maintain a well-diversified high-quality bond portfolio.

The concentration risk charge is zero under the standard formula as there are no holdings in excess of the specified thresholds prescribed by the EU Delegated Acts.

- **Currency Risk Rate**

  The most significant component of market risk that the Company is exposed to is currency risk, where the fair value of future cash flows and the values of assets and liabilities denominated in foreign currency will fluctuate because of changes in foreign exchange rates.

  The Company is exposed to currency risk as it underwrites its premiums in US Dollars and pays it claims and expenses in Sterling and Euros. It also holds assets and liabilities in both US Dollars and Euros. The Company seeks to mitigate its foreign exchange risk by matching the estimated foreign currency denominated liabilities with assets denominated in the same currency. This is achieved by setting the currency allocation of its investment portfolio to match the currency allocation of its liabilities.

The Company monitors the impact of interest rates and foreign exchange rates very closely through the use of risk appetites and triggers, foreign currency management and capital management assessments.

The SCR relating to the UK and Germany pension schemes has been calculated by Aon Hewitt, based on the guidelines set out in the standard formula. In these calculations the pension SCR is now being incorporated into the overall market and counterparty risk modules and the associated sub-modules, allowing for diversifications within the wider business.

Risk Mitigation and the Prudent Person Principle

The Company's Investment Management Guidelines ensure the Company complies with the requirements of the Prudent Person Principal set out in Article 132 of the Directive 2009/138/EC. The Investment Guidelines sets out the Company's strategic asset categories, limits and allocations that are suitable for its risk profile and strategic investment objectives. The Investment Guidelines are approved by the Board and reviewed annually.

The Company does not invest in any asset category that is not included in the Investment Guidelines.

The Company, as first line of defence and the Risk Committee monitor adherence to Investment Guidelines, policies, risk metrics and RCSA's with results reported to the Board at quarterly Board Meetings.

C.3 CREDIT RISK

Counterparty Default Risk

The Company is exposed to counterparty default risk through its investment portfolio, funds held with financial institutions and reinsurance arrangements. The investment portfolio has set criteria to avoid concentration of risks to sectors, issuers, credit ratings and countries.

The Company has strict guidelines on its reinsurance arrangements, which vets the risk profile and credit ratings of the participating reinsurers on its external reinsurance excess of loss programme. Credit ratings of counterparties are monitored closely to reduce the risk of default.

C.4 LIQUIDITY RISK

Liquidity risk arises from inability of the Company to generate sufficient cash resources to meet its financial obligations as they fall due.

The Company considers liquidity risk to be low due to the mitigation measures it has in place to manage liquidity. This includes a liquidity policy which establishes appropriate governance and accountability for managing liquidity risk, adherence to liquidity risk triggers and appetites and a liquidity funding contingency plan.

The Company also holds sufficient funds in cash and short-term deposits to meet its immediate and foreseeable cash flow requirements. In addition, the investment portfolio holds high grade corporate bonds that can be sold if required to provide liquid funds.

Following the Part VII transfer, the expected profit included in future premiums for the reporting period is £nil (2021: £316k).

The Company does not consider its liquidity concentration exposures to be material. There have not been any material movements or changes in liquidity concentration exposures during the reporting period.

C.5 OPERATIONAL RISK

Operational risk is defined as the risk of loss arising from inadequate or failed internal processes, systems, people, or external events.

The Company considers operational risk to be a key risk as it is inherent across the Company and can prevent it from fulfilling its mission and strategic objectives. Particularly, as the majority of top risks that the Company has identified are categorised as operational risks. The Company is committed to managing all operational risks related to people, processes, systems, and external events to ensure a stable, safe, and secure operating environment. In all situations the management of the Company will act promptly to mitigate these risks when they occur.
Examples of operational risks that are actively managed include:

- Systems availability and performance.
- Employee training and turnover
- Business continuity.
- Information security.
- Fraud.
- Financial crime.
- Cyber security.
- Outsourcing.

The Company maintains a comprehensive risk register detailing risks and internal controls, which is a critical risk management tool in managing operational risk. In addition, the Company has implemented a Risk Control Self-Assessment (RCSA) programme for key operational risks with identified risk owners. RCSA testing is carried out regularly throughout the year to test the effectiveness of internal controls with tests results being reported to the Board and governance committees.

The Company's exposure to operational risk is also mitigated by its Stop Loss reinsurance programme in place with its parent company. The Stop Loss reinsurance protects the company if it makes an underwriting loss in excess of £1m up a maximum limit of £25m in a financial year. This would cover any loss caused by operational events that impacted the Company's underwriting profitability.

Material operational risks are covered in section C.6 below.

C.6 OTHER MATERIAL RISK

In addition to the risks mentioned in the above section the Company has identified the following top risks, which link directly to its Strategic Plan:

- **Regulatory/Business Strategy** – The continuous changing regulatory landscape across the UK and Europe has the potential to significantly impact the Company's regulatory risk and business strategy.
- **Military/Political Risk** - Material reduction in the size of US military deployed in Europe as a result of political decisions around the US Department of Defence budget.
- **Competitiveness Risk** - Increased competition from insurers resulting in significant erosion of market share.
- **Technology/Systems Risk** - Technological developments significantly changing the insurance product or the way in which it is delivered to customers.

  Technology/Systems fall within operating risk. The other risks, though not explicitly modelled in the standard formula, would be included in the modelled results as the risks would materialise into the financial risks of deteriorating growth and profitability. The SCR is considered sufficient to cover these risks for this reason.

- **Climate Change -** As the full impact of climate change is currently unknown, it is not possible to consider all possible future outcomes when determining the value of assets, liabilities, the timing of cashflows. The Company's view is that any reasonable impact of climate change would not have a material impact on the valuation of assets, liabilities, and the solvency position at the year-end date. Climate change continues to be reviewed through the Company's Risk Committee.

There have not been any material movements other than those relating to the restructure that impacted the Company during the reporting period.

The Company did not undertake any stress testing for 2022, as the Company ceased writing business from 1 April 2022 and transferred its insurance assets and liabilities via a Part VII transfer at the end of the reporting period.

C.7 ANY OTHER INFORMATION

Risk-taking is limited by setting appropriate risk triggers and appetites with clear guidelines for limiting and controlling risk exposures to ensure the Company operates within the risk appetites statements. The Company's risk appetites statements are approved by the Board annually. Modifications, if necessary are made to reflect changes in business strategy, objectives, or the external environment.

D. VALUATION FOR SOLVENCY PURPOSES

The Solvency II Regulation (EU) 2015/35 ('the Solvency II Regulation') together with Guidelines issued by EIOPA requires companies falling under the scope of Solvency II to recognise and value their assets and liabilities generally in accordance with the fair value principles of International Financial Reporting Standards ('IFRS') subject to specific recognition and valuation rules for particular assets and liabilities, notably technical provisions. This Section D sets out the bases, methods and assumptions for assets and liabilities for the purposes of Solvency II.

The analysis in this section also explains material differences in valuation or classification between the Solvency II balance sheet and the Company's statutory financial statements. The Company prepares its statutory financial statements in compliance with FRS 102 and FRS 103, being the applicable UK GAAP accounting standards, and in accordance with the provisions of Schedule 3 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations relating to insurance companies. This accounting framework is generally consistent with IFRS in recognition and valuation criteria.

Solvency II Balance Sheet as at 31 December 2022 in £'000	Notes	UK GAAP	Reclassification Adjustments	Solvency II Valuation Adjustments	Solvency II
Assets					
Deferred tax assets	6	-	-	-	-
Pension benefit surplus	7	-	-	-	-
Property, plant & equipment held for own use	5	-	-	-	-
Investments	1	**8,545**	**494**	-	**9,039**
Government Bonds		-	-	-	-
Corporate Bonds		7,462	473	-	7,935
Collateralised securities		1,083	21	-	1,104
Deposits other than cash equivalents		-	-	-	-
Reinsurance recoverable from:		-	-	-	-
Non-life excluding health	D.2	-	-	-	-
Insurance & Intermediaries receivables	2	1,932	-	-	1,932
Receivables (trade, not insurance)	3	7,592	385	-	7,977
Cash and cash equivalents	4	7,902	-	-	7,902
Any other assets, not elsewhere shown	8	1,000	(494)	-	506
Total assets		**26,971**	**385**	-	**27,356**
Liabilities					
Technical Provisions					
Non-Life excluding health	D.2	-	-	-	-
Liabilities other than Technical Provisions					
Pension benefit obligations	10	-	-	-	-
Deferred tax liabilities	9	-	-	-	-
Insurance & Intermediaries payables	11	83	-	-	83
Payables (trade, not insurance)	12	236	385	-	621
Any other liabilities, not shown elsewhere	13	625	-	-	625

Total Liabilities		**944**	**385**	**-**	**1,329**
Excess of Assets over Liabilities		**26,027**	**-**	**-**	**26,027**

The statutory accounting balance sheet forms the basis for the Solvency II balance sheet, with reclassifications and valuation adjustments made to assets and liabilities requiring a different recognition or valuation basis under Solvency II. Details of the valuation and recognition of UK GAAP assets and liabilities can be found in the Company's Annual Report and Accounts, Note 1 on Accounting Policies.

Additional notes have been included in sections D.1 D.2 and D.3 below for reclassification and Solvency II adjustments made to the Solvency II balance sheet.

D.1 ASSETS

Note 1: Investments

The Company outsources the management of its investment portfolio to Western Asset Management. The investments are measured on a fair value hierarchy Levels 1 to 3.

- Level 1 represents quoted securities either on an exchange or over the counter using prices published by a recognised pricing source, or, if such prices are not available, using other reputable sources acceptable to the Company.
- Level 2 represents unquoted securities valued by the Company asset managers, Western Asset Management, based on the average of third-party bid and offer prices.
- Level 3 represents securities where observable inputs are not available, unobservable inputs are used to measure fair value by use of valuation techniques. The objective of using valuation techniques is to estimate what the fair value would have been on the measurement date.

The investments included in the Level 2 category, are financial assets and are valued by the Company's asset managers, based on the average of third-party bid, and offer prices.

Accrued interest has been reclassified from any other assets under UK GAAP to the value of underlying investments under Solvency II.

The valuation methods used are considered to be consistent with the valuation approach set out in Article 75 of Directive 2009/138/EC.

Note 2: Insurance & Intermediaries Receivables

Under UK GAAP Insurance and intermediaries' receivables include both amounts owed by policyholders that are past due and amounts owed by the ultimate parent company. Under Solvency II the amounts owed by policyholders that are not past due are future cash flows and have been considered in the calculation of premium provisions within technical provisions. Details on the methodology for calculating technical provisions are covered in section to D.2.
The amount remaining in insurance and intermediaries' receivables under Solvency II relates to the inter-company balance due from the ultimate parent company for premiums collected from policyholders on behalf of USAA Limited.

Note 3: Receivables (Trade, not Insurance)

The receivables (trade, not insurance balances) relate to refunds due for insurance premiums taxes paid to tax authorities in Germany and Belgium and other receivables., The carrying values are deemed to be equivalent to fair values under Solvency II.

Note 4: Cash & Cash Equivalents

Cash and cash equivalents comprise cash on hand and cash deposits with financial institutions that are highly liquid assets and can be withdrawn without penalty. Cash and cash equivalents are considered to be held at their fair value under Solvency II.

Note 5: Plant & Equipment

Plant and equipment are depreciated at their residual values over their useful lives. Depreciation is calculated on a straight-line basis to reduce the carrying value to the residual amount over five years for Fixtures and fittings.
Annual reviews are conducted to ensure residual values, length of useful lives and depreciation methods are still applicable. Where the carrying value of an asset is greater than its estimated recoverable amount it would be written down immediately to its recoverable value.

Plant and equipment have not been revalued to a Solvency II market consistent value as the value of these assets is not deemed to be material.

Note 6: Deferred Tax Asset

The Solvency II recognition principles for deferred taxes are consistent with the UK GAAP FRS 102 principles in the financial statements. The deferred tax asset or liability is calculated based on the temporary difference between Solvency II values and the tax values.

Deferred tax represents the amounts of corporation taxes recoverable in future periods in respect of deductible temporary differences. Deferred taxes in respect of deductible temporary differences are valued based on the difference between:

- The values of assets and liabilities recognised and valued in accordance with Solvency II.
- The values of assets and liabilities recognised and valued for tax purposes.

There are no deferred tax assets or liabilities as the Company is to be dissolved during 2023. There is no adjustment for additional deferred tax on valuation differences on Solvency II Non-life technical provisions as the technical provisions are nil.

Note 7: Pension Benefit Surplus

The Company operates two defined benefit Schemes. On 1 November 2018 the Company transferred its UK and German employees to USAA International SARL and USAA SA. The Company is continuing to sponsor active pension members in the UK Scheme and deferred pension members in the German Scheme.

The assets of the Schemes are held separately from those of the Company and are invested with external investment managers, to meet long term pension liabilities of past and present members.

The valuations for both schemes at 31 December 2022 have been calculated under UK GAAP FRS 102, based on the latest funding valuations carried out by independent qualified actuaries. At 31 December 2022, the FRS 102 valuations reported a pension benefit surplus of £450k on the German Scheme with the UK scheme valued at nil due to the buyout completed in 2023.

Subsequent to year end, management engaged in discussions on the buy-out of the German Scheme and based on those discussions, it is unlikely that the surplus at 2022 will be recoverable so has been impaired to nil.

The prescribed accounting valuation method is consistent with the permitted Solvency II valuation method.

Note 8 Other Assets

The amount shown in other assets, not elsewhere under UK GAAP includes accrued interest and prepayments. Accrued interest of £494k has been subject to reclassification to investments for Solvency II valuation purposes. The remaining balance in other assets under Solvency II relates to prepayments, which are valued based on the amounts paid in advance for expenses related to the subsequent reporting period. These are deemed to be valued in accordance with Solvency II.

There have not been any changes to the recognition and valuation basis for any of the assets disclosed in section D.1.

D.2 TECHNICAL PROVISIONS

Valuation of Technical Provisions

For business in place up to 31 December 2022, the Company's technical provision's were comprised of Motor Vehicle Liability, Other Motor, Fire and Other Property, and General Liability business. All assumptions were applied in a consistent manner for each line of business although the underlying values may differ by line.

The technical provision's as at 31 December 2022 are nil following the Part VII transfer of insurance assets and liabilities to USAA S.A. with effect from 23:59 Central European Time on 31 December 2022.

D.3 OTHER LIABILITIES

Note 9: Deferred Tax Liabilities

The Solvency II recognition principles for deferred taxes are described in Note 6 deferred tax assets.

There are no deferred tax assets or liabilities as the Company is to be dissolved during 2023. There is no adjustment for additional deferred tax on valuation differences on Solvency II Non-life technical provisions as the technical provisions are nil.

Note 10: Pension Benefit Obligations

Pension benefit obligations are disclosed together with the pension benefit surplus in the asset section D.1 Note 7.

Note 11: Insurance & Intermediaries Payables

Under UK GAAP insurance & intermediaries' payables include amounts due to policyholders, which are not yet due. Under Solvency II these have been included in the calculation of technical provisions. Other payables included represents the intercompany balance payable for services rendered under service agreements.

Note 12: Payables (Trade, not Insurance)

Payables (trade, not insurance) include amounts owed to the parent company, employees, suppliers, and tax authorities that are not insurance related. A reclassification adjustment has been made to payables (trade, not insurance) from receivables (trade, not insurance), where amounts due to be paid to the parent company for non-insurance services had been offset in receivables in the statutory accounts.
Payables solely comprise of amounts which fall due within 12 months and are valued at the amounts expected to be paid by the Company.

Note 13: Other Liabilities, Not Shown Elsewhere

Other Liabilities, not shown elsewhere relates to accruals for expenses recognised in the reporting period that have not been paid at the end of the reporting period. Accruals have been based on amounts expected to be paid in the subsequent period and are deemed to be valued in accordance with Solvency II.

There have not been any changes to the recognition and valuation basis for any of the liabilities disclosed in section D.3.

D.4 ALTERNATIVE METHODS FOR VALUATION

The Company has not used any alternative valuation methods.

E. CAPITAL MANAGEMENT

E.1 OWN FUNDS

The objective of own funds management is to continuously maintain sufficient eligible own funds to cover the Solvency Capital Requirement (SCR) and Minimum Capital Requirement (MCR) with an appropriate buffer. The Company has established Board approved risk appetite and triggers around its SCR coverage and minimum amount of excess available capital.

The significant decrease in own funds is largely due to the dividend distribution of £30.2m during the year following the restructure and the £11.8m settlement loss relating to the pension buy-in transaction on the UK Defined Benefit Scheme.

Approach to Capital Management

The Finance function monitors the Company's solvency position and capital availability through capital assessments and the use of Board approved risk metrics. Information on the Company's capital position is provided to the Board, SIMG and Risk Committee on a regular basis.

Basic Own Funds

Under Solvency II regulation, capital is referred to as own funds, which is required to be split between Basic Own funds and Ancillary Own Funds. The Company does not hold any Ancillary Own Funds; therefore, the capital is all classified as Basic Own Funds Tier 1 and Tier 3 as shown in the table below:

Own Funds – £'000	December 31	
	2022	2021
Tier 1		
Ordinary Share Capital	13,100	13,100
Share Premium	348	348
Reconciliation Reserve	12,579	61,685
Tier 3		
An amount equal to the value of net deferred tax assets	-	-
Total Own Funds	**26,027**	**75,133**

All the company's Tier 1 and Tier 3 Own Funds are eligible to cover the SCR and MCR. The ordinary share capital and related share premium are classified as Tier 1 unrestricted capital since the Company's Articles of

Association permit the cancellation of dividends after they have been declared. There has not been any change to the Company's ordinary share capital and share premium during the reporting period.

The reconciliation reserve is calculated as follows:

Reconciliation Reserve £'000	December 31 2022	December 31 2021
Excess of assets over liabilities from SII Balance Sheet	26,027	75,133
Less:		
Ordinary Share Capital	(13,100)	(13,100)
Share Premium	(348)	(348)
An amount equal to the value of Net Deferred Tax Assets	-	-
Reconciliation Reserve	**12,579**	**61,685**

The reconciliation reserve comprises of retained earnings from the Company's statutory financial statements adjusted for Solvency II valuation differences.

December 31	2022 £'000	2021 £'000
Total comprehensive income for the year	(17,275)	1,682
Dividend in specie	(30,207)	-
Retained Earnings B/F	60,061	58,379
Total Retained Earnings as per Financial Statements	**12,579**	**60,061**
Adjustments for Solvency II:		
Difference in Technical Provisions Net of Reinsurance	-	(1,341)
Reconciliation Reserve	**12,579**	**57,038**

The reconciliation reserve previously had potential volatility to currency risk from exchange rate movements. Premiums were collected in US Dollars and losses generally paid in local currency, primarily, Sterling or Euros. The Company also held assets and liabilities in Sterling, Euros and US Dollars mitigated by holding a portfolio of assets that matched the currency composition of liabilities. While this approach hedges long term currency volatility, sharp, short term fluctuations could significantly impact the profitability of the Company. With the transition of business to USAA S.A and the Part VII transfer of insurance assets and liabilities, the currency risk is minimalised. This risk is also mitigated by the stop-loss agreement between the Company and its ultimate parent, USAA which limits the underwriting loss of the Company to £500k up to an excess of £25m in each financial year.

The combination of the currency asset and liability matching strategy and the stop loss reinsurance treaty ensures that the quality of the reconciliation reserve is retained.

Difference between Equity as Shown in the Financial Statements and the Solvency II Excess of Assets over Liabilities

December 31	2022 £'000	2021 £'000
Ordinary Share Capital	13,100	13,100
Share Premium	348	348
Total comprehensive income for the year	(17,275)	1,682
Dividend in specie	(30,207)	-
Retained Earnings B/F	60,061	58,379
Total Equity as per Financial Statements	**26,027**	**73,509**
Adjustments for Solvency II:		
Difference in Technical Provisions Net of Reinsurance	-	1,624
Difference in Valuation of Deferred Tax Asset	-	-
Excess of Assets Over Liabilities	**26,027**	**75,133**

The valuation difference between the valuation of assets and liabilities are shown in section D.2.

E.2 SOLVENCY CAPITAL REQUIREMENT AND MINIMUM CAPITAL REQUIREMENT

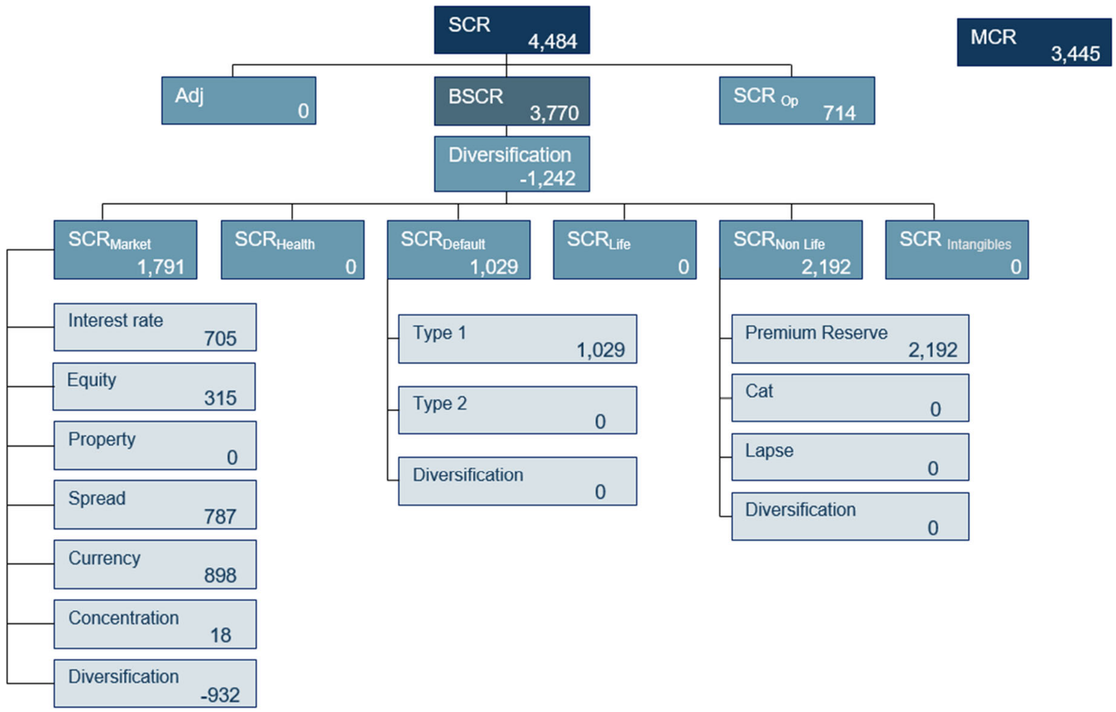
SOLVENCY CAPITAL REQUIREMENT (SCR)

The Company uses the standard formula to calculate its SCR and MCR. The standard formula is intended to be calibrated to ensure all quantifiable risks that the Company is exposed to are captured, covering all existing business and business to be written over the next 12 months.

The standard formula calculation is based on a calibration of the risk modules using a value-at-risk measure with a 99.5% confidence level over a one-year period. This provides a level of confidence that the Company will still be in a position, with a probability of at least 99.5% to meet its obligations to policyholders and other beneficiaries.

The Company has not used simplified calculations in applying the standard formula or applied the use of using specific parameters in the non-life underwriting risk calculations.

The waterfall chart below shows the Company's SCR and its SCR risk sub-modules as at 31 December 2022.



Total SCR

The total SCR at 31 December 2022 £4,484k has reduced by £15,084k over the previous reporting period. The SCR reconciliation below shows the movements in the SCR components driving the overall decrease in the SCR.

Reconciliation of Movement in SCR	**£'000**	**£'000**
As at 31 December 2021		19,568
Movements in SCR		
Overall Diversification		**3,554**
SCR Operational Risk		**(352)**
SCR Market Risk Sub-modules:		
Interest Rate	(8,755)	
Equity	(123)	
Property	0	
Spread	(3,603)	
Currency	(5,747)	
Concentration	(263)	
Market Risk Diversification	6,014	
SCR Market Risk		**(12,477)**
SCR Counterparty Default Risk		**146**
SCR Non-Life Risk Sub-modules:		
Premium Reserve	(4,884)	
CAT	(2,640)	
Lapse	(126)	
Non-Life Risk Diversification	1,694	
SCR Non-Life Risk		**(5,956)**
As at 31 December 2021		**4,484**

The total SCR is predominately made up of SCR market risk and SCR Non-Life risk modules.

SCR Market Risk

The market risk component of the standard formula SCR £1,791k (2021: £14,267) is driven mainly by risks inherent within the Company's assets and liabilities and pension schemes. The sub-components of market risk over the reporting period are as follows:

- Interest rate risk £705k (2021: £9,460k) is driven by changes in assets and liabilities in the Company's technical provisions, investment portfolio and the pension scheme investments. At 31 December 2022 interest rate risk decreased by £8,755k, due to the decrease in investments of £71.6m following the restructure and the Part VII transfer.

- Equity risk £315k (2021: £438k) results from the sensitivity of the values of financial instruments in the Company's pension schemes to changes in the level or in the volatility of market prices of equities. The £123k decrease in equity risk is due to volatility within the German pension scheme which still carries with it an exposure to equity risk.

- Spread risk £787k (2021: £4,390k) is driven by the company's investment in bonds and securitised assets. The contribution to the SCR depends on the credit rating of the issuer and the duration of the bond. At 31 December 2022, spread risk decreased by £3,603k based on the changes in value of bonds in the investment portfolio which decreased by £39.5m in the period due to the restructure and Part VII transfer.
- Currency risk £898k (2021: £6,645k) arises from the exposure of the Company's assets and liabilities denominated in foreign currencies. The Company collected premiums in US Dollars and pays claims in Euro and Sterling. The Company's pension Scheme assets are also spread across a range of currencies. At 31 December 2022, currency risk decreased by £5,747k primarily due to transition of business from the Company to USAA S.A from 1 April 2022 largely eliminating the exposure of premium in US Dollars and claims in Euro's.
- Concentration risk £18k (2021: £281k) is driven by exposures to default of counterparties or groups of counterparties, referred to as single name exposures.

SCR Non-Life Underwriting Risk

The Non-life underwriting risk £2,192k (2021: £8,148k) is the largest component of Standard Formula SCR.
and is made up of:

- Premium and Reserve risk £2,192k (2021: £7,076k) is mainly driven by earned premiums, forecast premiums, and claims provisions of non-life business (Motor Vehicle Liability, Other Motor, Fire and other Damage to Property and General Liability lines). Premium and Reserve risk decreased by £4,884k from decreases in premium because of the transition of business with no premium being written from 1 April 2022. Due to the Part VII transfer, the claims provisions within non-life technical provisions were transferred as at 31 December 2022 resulting in nil Reserve risk.
- Catastrophe risk £nil (2021: £2,640k) arises from the Company's exposure to man-made catastrophe and natural catastrophe risks. Catastrophe risk decreased to nil as the claims provisions within non-life technical provisions were transferred as at 31 December 2022 as part of the Part VII transfer.
- Lapse risk £nil (2021: £126k) covering the risk of insurance policy lapses decreased to nil relative to the change in premium provisions following the cessation of written premium.

SCR Counterparty Risk

The SCR counterparty default risk is £1,029k for the reporting period (2021: £883k). Although the number of counterparties has decreased, the exposure to counterparty default risk is diversified and therefore, not deemed to be a material risk to the Company.

The decrease in counterparties during the reporting period is due to the transfer of the reinsurance exposure as part of the Part VII transfer. The counterparties at the period end relate solely to cash and cash equivalents.

MINIMUM CAPITAL REQUIREMENT (MCR)

The MCR represents the minimum level of capital below which the amount of financial resources should not fall. The MCR is intended to be calibrated to achieve an 85% confidence level over a one-year period. It is subject to an absolute floor of a fixed euro amount. In addition to not falling below the absolute floor, the MCR must be no less than 25% of the SCR and no more than 45% of SCR.

The non-life MCR is based on factors applied to net premiums written in the previous 12 months and the net best estimate of technical provisions both split by Solvency II lines of business. The charge for premiums and technical provisions are then combined to give a total MCR charge.

Due to the restructure and the transfer of insurance assets and liabilities with the Part VII transfer, the MCR is for the reporting period is £3,445k (2021: £4,892k) being the absolute floor of the fixed euro amount of €4,000k.

The following table shows the components of the MCR calculation:

Overall MCR calculation - £'000	31 December 2022	2021
Linear MCR	206	3,314
SCR	4,484	19,568
MCR cap	2,018	8,805
MCR floor	1,121	4,892
Combined MCR	1,121	4,892
Absolute floor of the MCR	3,445	3,126
Minimum Capital Requirement	**3,445**	**4,892**

ELIGIBLE OWN FUNDS TO COVER CAPITAL REQUIREMENTS

The table below presents the ratio of total eligible own funds that the Company holds to cover the SCR and MCR.

December 31 Eligible Own Funds - £'000	2022 SCR Coverage	2022 MCR Coverage	2021 SCR Coverage	2021 MCR Coverage
Available Eligible Own Funds	26,027	26,027	75,133	75,133
SCR/MCR	(4,484)	(3,445)	(19,568)	(4,892)
Excess Eligible Own Funds	30,511	29,472	55,565	70,241
Ratio of Eligible Own Funds to SCR/MCR	581%	756%	384%	1536%

The decrease in available own funds and a reduced SCR has increased the ratio of eligible own funds to SCR by 197% but decreased the MCR by 780% as the absolute floor has been reached.

E.3 DIFFERENCES BETWEEN THE STANDARD FORMULA AND ANY INTERNAL MODEL USED

The Company only used the standard formula to calculate its SCR and MCR.

E.4 NON-COMPLIANCE WITH THE MINIMUM CAPITAL REQUIREMENT AND NON-COMPLIANCE WITH THE SOLVENCY CAPITAL REQUIREMENT

There were no instances of non-compliance with the Solvency II capital requirements. The Company held Own Funds in excess of both the SCR and MCR requirements during the reporting period.

E.5 ANY OTHER INFORMATION

The Company does not have any other information to report.

F. APPENDICES

F.1 PUBLIC QRTs (ALL EXPRESSED IN £ THOUSANDS)

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

USAA LIMITED

Solvency and Financial Condition Report

Disclosures

31 December

2022

(Monetary amounts in GBP thousands)

General information

Undertaking name	USAA LIMITED
Undertaking identification code	549300IBSMNH2LCY8Q54
Type of code of undertaking	LEI
Type of undertaking	Non-life undertakings
Country of authorisation	GB
Language of reporting	en
Reporting reference date	31 December 2022
Currency used for reporting	GBP
Accounting standards	Local GAAP
Method of Calculation of the SCR	Standard formula
Matching adjustment	No use of matching adjustment
Volatility adjustment	No use of volatility adjustment
Transitional measure on the risk-free interest rate	No use of transitional measure on the risk-free interest rate
Transitional measure on technical provisions	No use of transitional measure on technical provisions

List of reported templates

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

S.02.01.02

Balance sheet

		Solvency II value
	Assets	C0010
R0030	Intangible assets	
R0040	Deferred tax assets	
R0050	Pension benefit surplus	
R0060	Property, plant & equipment held for own use	0
R0070	Investments (other than assets held for index-linked and unit-linked contracts)	9,039
R0080	*Property (other than for own use)*	0
R0090	*Holdings in related undertakings, including participations*	0
R0100	*Equities*	0
R0110	*Equities - listed*	
R0120	*Equities - unlisted*	
R0130	*Bonds*	9,039
R0140	*Government Bonds*	0
R0150	*Corporate Bonds*	7,935
R0160	*Structured notes*	0
R0170	*Collateralised securities*	1,104
R0180	*Collective Investments Undertakings*	0
R0190	*Derivatives*	
R0200	*Deposits other than cash equivalents*	0
R0210	*Other investments*	0
R0220	Assets held for index-linked and unit-linked contracts	
R0230	Loans and mortgages	0
R0240	*Loans on policies*	0
R0250	*Loans and mortgages to individuals*	
R0260	*Other loans and mortgages*	
R0270	Reinsurance recoverables from:	0
R0280	*Non-life and health similar to non-life*	0
R0290	*Non-life excluding health*	0
R0300	*Health similar to non-life*	0
R0310	*Life and health similar to life, excluding index-linked and unit-linked*	0
R0320	*Health similar to life*	
R0330	*Life excluding health and index-linked and unit-linked*	
R0340	*Life index-linked and unit-linked*	
R0350	Deposits to cedants	0
R0360	Insurance and intermediaries receivables	1,932
R0370	Reinsurance receivables	
R0380	Receivables (trade, not insurance)	7,977
R0390	Own shares (held directly)	
R0400	Amounts due in respect of own fund items or initial fund called up but not yet paid in	0
R0410	Cash and cash equivalents	7,902
R0420	Any other assets, not elsewhere shown	506
R0500	**Total assets**	27,356

S.02.01.02

Balance sheet

		Solvency II value
	Liabilities	C0010
R0510	Technical provisions - non-life	0
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)*	0
R0570	*TP calculated as a whole*	0
R0580	*Best Estimate*	0
R0590	*Risk margin*	0
R0600	Technical provisions - life (excluding index-linked and unit-linked)	0
R0610	*Technical provisions - health (similar to life)*	0
R0620	*TP calculated as a whole*	
R0630	*Best Estimate*	
R0640	*Risk margin*	
R0650	*Technical provisions - life (excluding health and index-linked and unit-linked)*	0
R0660	*TP calculated as a whole*	
R0670	*Best Estimate*	
R0680	*Risk margin*	
R0690	Technical provisions - index-linked and unit-linked	0
R0700	*TP calculated as a whole*	
R0710	*Best Estimate*	
R0720	*Risk margin*	
R0740	Contingent liabilities	
R0750	Provisions other than technical provisions	
R0760	Pension benefit obligations	
R0770	Deposits from reinsurers	
R0780	Deferred tax liabilities	
R0790	Derivatives	
R0800	Debts owed to credit institutions	
R0810	Financial liabilities other than debts owed to credit institutions	
R0820	Insurance & intermediaries payables	83
R0830	Reinsurance payables	
R0840	Payables (trade, not insurance)	621
R0850	Subordinated liabilities	0
R0860	*Subordinated liabilities not in BOF*	
R0870	*Subordinated liabilities in BOF*	0
R0880	Any other liabilities, not elsewhere shown	625
R0900	**Total liabilities**	1,329
R1000	**Excess of assets over liabilities**	26,027

S.05.01.02

Premiums, claims and expenses by line of business

Non-life

		Line of Business for: non-life insurance and reinsurance obligations (direct business and accepted proportional reinsurance)												Line of business for: accepted non-proportional reinsurance				Total
		Medical expense insurance	Income protection insurance	Workers' compensation insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance	Legal expenses insurance	Assistance	Misc. financial loss	Health	Casualty	Marine, aviation and transport	Property	
		C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0120	C0130	C0140	C0150	C0160	C0200
	Premiums written																	
R0110	Gross - Direct Business				1,804	1,049		257	85									3,195
R0120	Gross - Proportional reinsurance accepted																	0
R0130	Gross - Non-proportional reinsurance accepted																	0
R0140	Reinsurers' share				608	154		37	13									812
R0200	Net				1,197	895		220	72									2,383
	Premiums earned																	
R0210	Gross - Direct Business				6,960	3,705		932	320									11,917
R0220	Gross - Proportional reinsurance accepted																	0
R0230	Gross - Non-proportional reinsurance accepted																	0
R0240	Reinsurers' share				608	154		37	13									812
R0300	Net				6,352	3,551		895	307									11,105
	Claims incurred																	
R0310	Gross - Direct Business				3,629	1,751		174	153									5,706
R0320	Gross - Proportional reinsurance accepted																	0
R0330	Gross - Non-proportional reinsurance accepted																	0
R0340	Reinsurers' share				1,780	740		73	65									2,658
R0400	Net				1,850	1,011		100	88									3,049
	Changes in other technical provisions																	
R0410	Gross - Direct Business																	0
R0420	Gross - Proportional reinsurance accepted																	0
R0430	Gross - Non-proportional reinsurance accepted																	0
R0440	Reinsurers' share																	0
R0500	Net				0	0		0	0									0
R0550	**Expenses incurred**				4,909	2,744		692	237									8,582
R1200	**Other expenses**																	
R1300	**Total expenses**																	8,582

S.05.02.01

Premiums, claims and expenses by country

Non-life

		C0010	C0020	C0030	C0040	C0050	C0060	C0070
		Home Country	Top 5 countries (by amount of gross premiums written) - non-life obligations			Top 5 countries (by amount of gross premiums written) - non-life obligations		Total Top 5 and home country
R0010								
		C0080	C0090	C0100	C0110	C0120	C0130	C0140
	Premiums written							
R0110	Gross - Direct Business	3,195						3,195
R0120	Gross - Proportional reinsurance accepted							0
R0130	Gross - Non-proportional reinsurance accepted							0
R0140	Reinsurers' share	812						812
R0200	Net	2,383						2,383
	Premiums earned							
R0210	Gross - Direct Business	11,917						11,917
R0220	Gross - Proportional reinsurance accepted							0
R0230	Gross - Non-proportional reinsurance accepted							0
R0240	Reinsurers' share	812						812
R0300	Net	11,105						11,105
	Claims incurred							
R0310	Gross - Direct Business	5,706						5,706
R0320	Gross - Proportional reinsurance accepted							0
R0330	Gross - Non-proportional reinsurance accepted							0
R0340	Reinsurers' share	2,658						2,658
R0400	Net	3,049						3,049
	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**	8,582						8,582
R1200	**Other expenses**							
R1300	**Total expenses**							8,582

S.17.01.02

Non-Life Technical Provisions

		Direct business and accepted proportional reinsurance												Accepted non-proportional reinsurance				
		Medical expense insurance	Income protection insurance	Workers' compensation insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance	Legal expenses insurance	Assistance	Miscellaneous financial loss	Non-proportional health reinsurance	Non-proportional casualty reinsurance	Non-proportional marine, aviation and transport reinsurance	Non-proportional property reinsurance	Total Non-Life obligation
		C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0120	C0130	C0140	C0150	C0160	C0170	C0180
R0010	**Technical provisions calculated as a whole**				0	0		0	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				0	0		0	0									0
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**				0	0		0	0									0
	Claims provisions																	
R0160	Gross				0	0		0	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		0	0									0
R0260	**Total best estimate - gross**				0	0		0	0									0
R0270	**Total best estimate - net**				0	0		0	0									0
R0280	**Risk margin**				0	0		0	0									0
	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**				0	0		0	0									0
R0330	**Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total**				0	0		0	0									0
R0340	**Technical provisions minus recoverables from reinsurance/SPV and Finite Re - total**				0	0		0	0									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)	13,100	13,100		0	
R0030	Share premium account related to ordinary share capital	348	348		0	
R0040	Initial funds, members' contributions or the equivalent basic own-fund item for mutual and mutual-type undertakings	0	0		0	
R0050	Subordinated mutual member accounts	0		0	0	0
R0070	Surplus funds	0	0			
R0090	Preference shares	0		0	0	0
R0110	Share premium account related to preference shares	0		0	0	0
R0130	Reconciliation reserve	12,580	12,580			
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**	26,027	26,027	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	26,027	26,027	0	0	0
R0510	Total available own funds to meet the MCR	26,027	26,027	0	0	
R0540	Total eligible own funds to meet the SCR	26,027	26,027	0	0	0
R0550	Total eligible own funds to meet the MCR	26,027	26,027	0	0	
R0580	**SCR**	4,484				
R0600	**MCR**	3,445				
R0620	**Ratio of Eligible own funds to SCR**	580.51%				
R0640	**Ratio of Eligible own funds to MCR**	755.60%				

	Reconcilliation reserve	C0060
R0700	Excess of assets over liabilities	26,027
R0710	Own shares (held directly and indirectly)	0
R0720	Foreseeable dividends, distributions and charges	
R0730	Other basic own fund items	13,448
R0740	Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	0
R0760	**Reconciliation reserve**	12,580
	Expected profits	
R0770	Expected profits included in future premiums (EPIFP) - Life business	
R0780	Expected profits included in future premiums (EPIFP) - Non- life business	0
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	1,790		
R0020	Counterparty default risk	1,029		
R0030	Life underwriting risk	0		
R0040	Health underwriting risk	0		
R0050	Non-life underwriting risk	2,192		
R0060	Diversification	-1,242		
R0070	Intangible asset risk	0		
R0100	**Basic Solvency Capital Requirement**	3,769		

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

	Calculation of Solvency Capital Requirement	C0100
R0130	Operational risk	714
R0140	Loss-absorbing capacity of technical provisions	0
R0150	Loss-absorbing capacity of deferred taxes	
R0160	Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC	0
R0200	**Solvency Capital Requirement excluding capital add-on**	4,484
R0210	Capital add-ons already set	0
R0220	**Solvency capital requirement**	4,484
	Other information on SCR	
R0400	Capital requirement for duration-based equity risk sub-module	0
R0410	Total amount of Notional Solvency Capital Requirements for remaining part	0
R0420	Total amount of Notional Solvency Capital Requirements for ring fenced funds	0
R0430	Total amount of Notional Solvency Capital Requirements for matching adjustment portfolios	0
R0440	Diversification effects due to RFF nSCR aggregation for article 304	0

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

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

S.28.01.01

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

	Linear formula component for non-life insurance and reinsurance obligations	C0010
R0010	MCR_{NL} Result	206

		Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance) written premiums in the last 12 months
		C0020	C0030
R0020	Medical expense insurance and proportional reinsurance	0	
R0030	Income protection insurance and proportional reinsurance	0	
R0040	Workers' compensation insurance and proportional reinsurance	0	
R0050	Motor vehicle liability insurance and proportional reinsurance	0	1,197
R0060	Other motor insurance and proportional reinsurance	0	895
R0070	Marine, aviation and transport insurance and proportional reinsurance	0	
R0080	Fire and other damage to property insurance and proportional reinsurance	0	220
R0090	General liability insurance and proportional reinsurance	0	72
R0100	Credit and suretyship insurance and proportional reinsurance	0	
R0110	Legal expenses insurance and proportional reinsurance	0	
R0120	Assistance and proportional reinsurance	0	
R0130	Miscellaneous financial loss insurance and proportional reinsurance	0	
R0140	Non-proportional health reinsurance	0	
R0150	Non-proportional casualty reinsurance	0	
R0160	Non-proportional marine, aviation and transport reinsurance	0	
R0170	Non-proportional property reinsurance	0	

	Linear formula component for life insurance and reinsurance obligations	C0040
R0200	MCR_L Result	0

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

	Overall MCR calculation	C0070
R0300	Linear MCR	206
R0310	SCR	4,484
R0320	MCR cap	2,018
R0330	MCR floor	1,121
R0340	Combined MCR	1,121
R0350	Absolute floor of the MCR	3,445
R0400	**Minimum Capital Requirement**	3,445