USAA®

LIMITED

Solvency & Financial Condition Report

For the year ending 31 December 2019

CONTENTS

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.

2019 Solvency and Financial Condition

In the first year of operation after the restructure of it's European book of business, the Company ended the year with an underwriting result of £6,151k (2018: £13,786k), and a net combined ratio of 87.3% (2018: 82.8%). The main diver of the decrease in the underwriting result is the reduction in premiums and claims incurred, as business renewed in 2019 only reflects the UK book of business.

A strong investment performance on the Company's investment portfolio produced investment income of £7,148k (2018: £2,258k). The strengthening of Sterling against the Euro and US dollar in the last quarter of 2019 resulted a currency translation loss of £1,457k (2018: £21k gain) on the revaluation of its currency assets and liabilities.

The Company ended the financial year 31 December 2019 with a profit afer tax of £10,096k (2018: £11,080k). After a dividend distribution of £13.7m to its parent company, the Company continued to maintain its strong financial position with available capital under Solvency II of £86,983k (2018: £86,983k), a Solvency Capital Requirement of £42,806k (2018; £42,806k) and a Solvency II capital ratio of 203.2% (2018: 203.2%).

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.

COVID-19 Outbreak

Subsequent to the year-end, the World Health Organisation declared the outbreak of a coronavirus (COVID-19) a pandemic. As a result, economic uncertainties have arisen which are likely to negatively impact the Company, for example through decline in asset values. The Company is closely monitoring its operations, liquidity and capital resources and is actively working to minimise the current and future impact of this unprecedented situation. Further reference to COVID-19 can be found in Section A1. Business – Significant Business Development and Section E Capital Management – Any Other Information.

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

Simon Keith
2 June 2020

A. BUSINESS AND PERFORMANCE

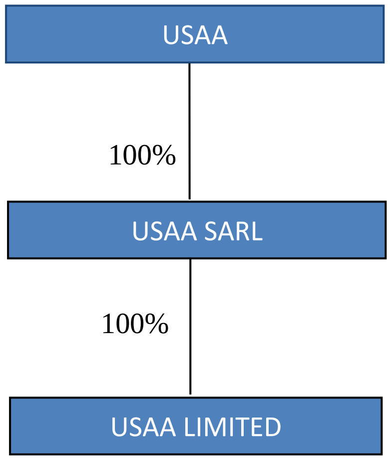
A.1 BUSINESS

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 2019.



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 2019 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 2019.

Material Lines of Business and Geographical Areas

The principal activity of the Company in 2019 is the provision of motor and property in the United Kingdom (UK).

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

Following the restructure of USAA's European operations on 1 November 2018, a new authorised insurance company, USAA SA, was established in Luxembourg to write new and renewal EU based business effective from 1 January 2019. USAA Limited continued to earn premiums for EU business written in 2018, but only earned UK premiums for business written in 2019.

Given the predominately short tail nature of USAA Limited's EU claims portfolio and cognisant of the regulatory positions taken by the FCA in the UK, the BaFin in Germany and other EU regulators, the Company did not conduct a Part VII portfolio transfer of its EU based outstanding claims liabilities. It has started to run-off its prior years claims provisions in 2019.

Subsequent to the year-end, the outbreak of COVID-19 has required the Company to activate its business continuity plan. The COVID-19 crisis has been handled at a group level and each subsidiary is following the guidelines set by USAA in San Antonio. All employees are now predominately working from home and the Company is able to continue successfully running its business operations.

At this stage it is impossible to predict what the impact on business activities will be. However, due to the very specific niche market USAA is operating in (members of the US Armed Forces deployed abroad) minimum impact is anticipated in respect of members already deployed. Where it comes to additional deployment of troops in Europe, we cannot at this stage have any estimate over the impact COVID-19 is likely to have as this is primarily linked to the situation in the US.

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 2019

Lines of Business	Net Premium Written	Net Premium Earned	Net Claims Incurred	Expenses Incurred	Underwriting Performance
Motor Vehicle	5,141	20,154	(14,535)	(7,590)	(1,971)
Other Motor	1,180	22,773	(9,369)	(6,841)	6,563
Fire and other damage to property	937	3,858	(1,479)	(1,139)	1,240
General liability	328	1,521	(731)	(471)	319
Total	7,586	48,306	(26,114)	(16,041)	6,151

Underwriting performance by Solvency II lines of business in £'000 31 December 2018

Lines of Business	Net Premium Written	Net Premium Earned	Net Claims Incurred	Expenses Incurred	Underwriting Performance
Motor Vehicle	32,370	31,023	(18,700)	(10,903)	1,420
Other Motor	41,604	39,880	(19,046)	(12,521)	8,313
Fire and other damage to property	6,361	6,523	(2,528)	(1,935)	2,060
General liability	2,554	2,632	(42)	(598)	1,992
Total	82,889	80,058	(40,316)	(25,957)	13,785

Underwriting performance for the top six countries £'000 31 December 2019

Lines of Business	Net Premium Written	Net Premium Earned	Net Claims Incurred	Expenses Incurred	Underwriting Performance
UK	14,442	14,170	(5,298)	(4,738)	4,134
Germany	(4,637)	23,238	(13,664)	(7,553)	2,021
Italy	(1,616)	8,135	(6,368)	(2,958)	(1,191)
Spain	(239)	1,104	(401)	(324)	379
Belgium	(223)	1,009	(423)	(304)	282
Netherlands	(83)	432	158	(95)	495
Total	7,644	48,088	(25,996)	(15,972)	6,120

Underwriting performance for the top six countries £'000 31 December 2018

Lines of Business	Net Premium Written	Net Premium Earned	Net Claims Incurred	Expenses Incurred	Underwriting Performance
Germany	46,819	45,005	(25,168)	(14,964)	4,873
Italy	16,040	15,592	(8,973)	(5,313)	1,306
United Kingdom	14,317	13,803	(3,868)	(3,994)	5,941
Belgium	2,025	2,045	(1,081)	(669)	295
Spain	2,229	2,182	(622)	(621)	939
Netherlands	834	811	(342)	(250)	219
Total	82,264	79,438	(40,054)	(25,811)	13,573

Net writtem premium reduced significantly in 2019 as the Company commenced its first year of writing UK only business. Although the Company continued to earn premiums for business written in 2018, earned premiums reduced by 40%.

All Solvency II lines of business remained profitable except for Motor Vehicle, which resulted in an underwriting loss of £1,197k. The fall in earned premiums in the EU countries combined with the Company starting to run-off its EU claims provisions resulted in an overall underwriting performance of £6.1m.

On a country level, all counties remained profitable except for Italy, which experienced a high level of claims incurred and expenses in relation to its earned premiums.

Total expenses incurred includes claims management expenses.

A.3 INVESTMENT PERFORMANCE

At 31 December 2019, the Company's investment portfolio comprised the following asset classes:

Investment Portfolio			Investment Return
Asset Class	Amount £'000	% of Portfolio	Amount £'000
Government Bonds	44,411	34%	980
Corporate Bonds	74,486	57%	6,081
Collateralised Securities	1,551	1%	74
Short Term Deposits		0%	
Cash & Cash Equivalents	10,935	8%	13
Total Investments & Cash Equivalents	131,383		7,148
Investment Management Expenses			371

At 31 December 2018, the Company's investment portfolio comprised the following asset classes:

Investment Portfolio			Investment Return
Asset Class	Amount £'000	% of Portfolio	Amount £'000
Government Bonds	49,893	33%	202
Corporate Bonds	80,274	54%	1,977
Collateralised Securities	1,537	1%	56
Short Term Deposits	45	<1%	
Cash & Cash Equivalents	17,911	12%	23
Total Investments & Cash Equivalents	149,660		2,258
Investment Management Expenses			409

The investment portfolio produced an annual return of 1.47% against a benchmark of 0.69% in 2019. Most of the overperformance against the benchmark occurred in the last quarter of 2019 as Sterling strengthened against the Euro and US Dollar, producing positive returns in Sterling on its currency investments. The Company also received positive returns against the benchmark on corporate bonds in the financial and commodity related industrials sectors.

The total investment return of £7,148k is significantly higher than the £2,258k earned higher in 2018. The increase in 2019 arises from favourable unrealised and realised market value and exchange gains.

The total investments and cash equivalents decreased by £18,277k. The decrease is primarily a result of the restructure, where the Company transferred investment bonds at a fair value of £13,748k as a dividend in specie to its parent company, USAA international SARL. The level of cash equivalents held also reduced significantly as the Company's premium income reduced substantially from only writing UK business.

In addition to measuring investment performance against the benchmark in its investment strategy the Company also 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 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

- 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 2019.

- Lease arrangements

  Following the restructure, the Company has retained the leasehold obligations for the London office as stipulated in the Leasehold Agreement. They have entered into a sub-lease arrangement with its parent company, USAA International SARL from 1 November 2018 for the physical use of the property. All leasehold costs from this date until the lease expiry date 1 March 2026 will be recharged to USAA International SARL.

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

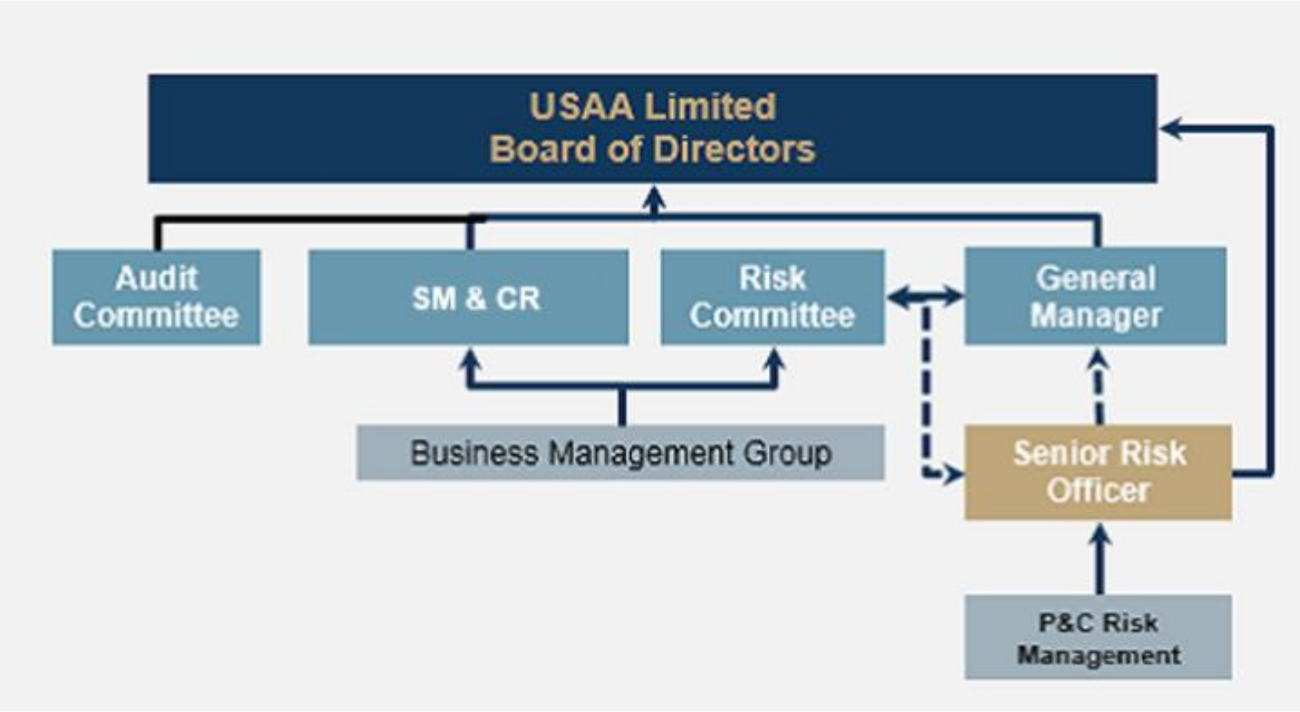
	2019	2018
Not later than one year	£829k	£880k
Later than one year not later than five years	£2,296k	£3,244k
Later than five years	£747k	£2,007k

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 organisation chart below provides a high-level overview of the Company's governance structure.



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 senior management the matters set out in respective terms of reference and senior management responsibilities, as defined by the Senior Managers & Certification Regime (SM&CR).

Audit Committee

The USAA Limited Audit Committee consists of the Non-Executive 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 reviews and monitors:

- The integrity of the Company's financial statements.
- The effectiveness of the Company's internal financial controls.
- The effectiveness of the Company's internal and external audit processes.
- The relationship with the Company's external auditors.

Risk Committee

The Risk Committee is a formal management committee chaired by the General Manager and is responsible for recommending the risk framework to the Board, recommending to the Board and monitoring adherence to risk appetites, approving policies related to risk management, and approving processes and escalation thresholds. Risk Committee membership consists of the Company's management and key business partners.

Senior Managers &Certification Regime Group (SM&CR Group)

The SM&CR Group consists of those individuals involved in the day-to-day running of the Company who are either approved as Senior Insurance Managers by the PRA, or who have been notified to the PRA as Key Function Holders. Persons performing these roles are those who perform a critical role within the Company and who are responsible for the ongoing safety and soundness of the Company. The SM&CR Group escalates as appropriate, matters to the Board that may cause a material impact to the Company's reputation, brand, customer base, financial position, product and revenue plan and workforce.

Business Management Group (BMG)

The Company has a formal management-led group, the Business Management Group (BMG).

The BMG meets on a bi-monthly basis, at a minimum, to review, manage, and monitor the functions and day-to-day activities that reside within its specified functional areas. Matters that may result in a material deviation from the Company's Strategic Plan or may cause a material impact to the Company are escalated to the Risk Committee or the SIMG through documented escalation procedures.

The BMG monitors matters regarding the Company's insurance risk and product performance, such as pricing, underwriting, claims and product strategies. In addition, the BMG oversees the Company's operational risk, ensuring effective and efficient execution of systems for people, processes and technology.

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

While the Company (as the 1st line of defence) employs risk management and mitigation techniques from an operational perspective, the Company outsources risk management as a 2nd line of defence to P&C Risk Management within the ultimate parent company, USAA. P&C Risk Management 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, P&C Risk Management 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. P&C Risk Management also provides independent risk management assessments of business processes, initiatives, and decisions.

The Senior Risk Officer, 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, the Compliance Manager, and receives support from USAA Compliance. The Compliance Oversight Function is in the process of completing the necessary applications for senior management approval. The Compliance Manager 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 Manager will provide updates on the Company’s continued compliance with applicable regulations to the Senior Insurance Managers Group. The Compliance Manager will also facilitate annual compliance monitoring programs and provide ad-hoc reports on internal reviews. In collaboration with P&C Risk Management, the Compliance Director 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) 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 Managers 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 Managers conduct formal documented performance evaluations on a Quarterly basis to ascertain achievement of objectives and discuss performance to date. 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 SFCR is produced by the Finance team under the supervision of the Chief Accountant, with input from other key functions and management committees before being presented to the Audit Committee for approval.

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 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, and 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. An annual check is then conducted utilizing an external company to accompany the internal processes.

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 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

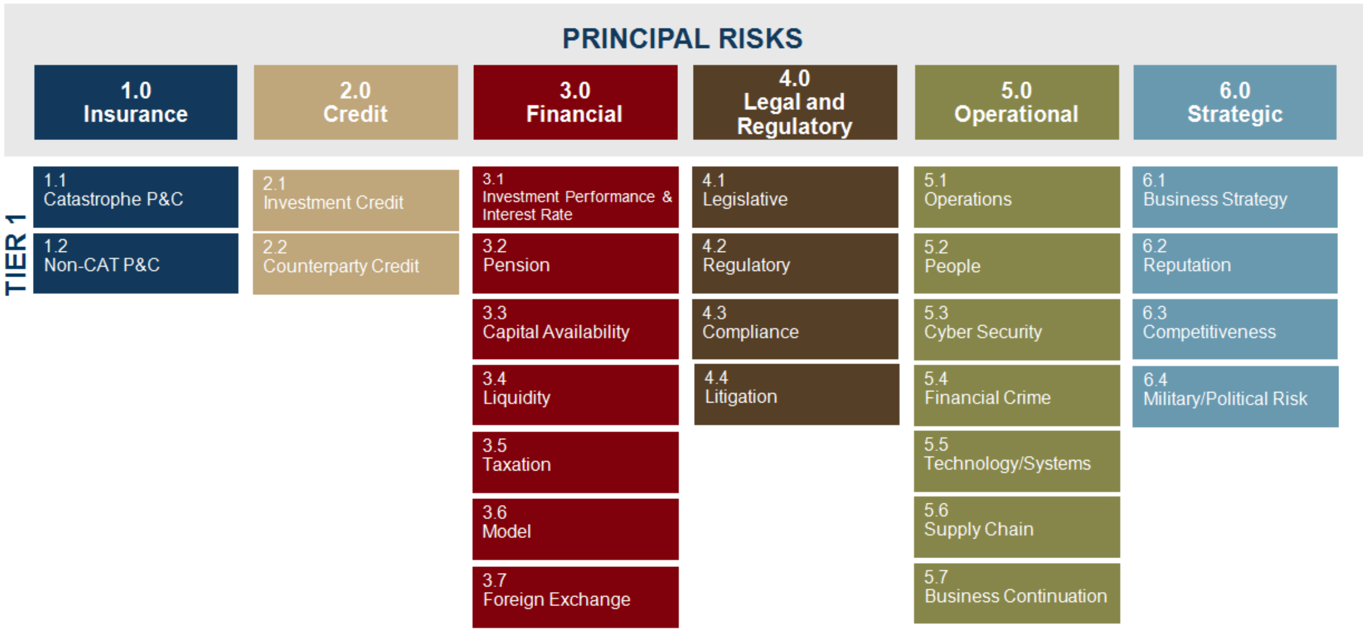
The Company's governance structure has management-led governing bodies throughout the Company, as well as the Board, to ensure that prudent risk management is practiced across the Company to protect the safety and soundness of the Company. The Company's risk governance was established with consideration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

Risk Taxonomy and Risk Register

The core of an effective risk management framework is a risk taxonomy that names, classifies, and defines risk across the Company. 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.

The risk taxonomy structure is comprised of six principal risks: Insurance, Credit, Financial, Legal and Regulatory, Operational, and Strategic. Sub-categories of risks in each risk area have been established as tier one risks.



Risk Identification

Risk identification is a continuous process that takes into account company 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 Company also conducts an annual qualitative risk assessment exercise to identify its top risks. This assessment is based on the Company's net risk exposure using a qualitative likelihood and impact approach.

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, geopolitical 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 stress testing program includes a variety of approaches: sensitivity analysis, scenario analysis and other analysis. It designs scenarios that incorporate a variety of Company specific and market-wide events across a time horizon. Stress scenarios are tailored to capture and quantify the Company's exposures, activities and risks influencing capital and liquidity adequacy. They enable senior management and the Board to analyse possible impacts on the Company's risk profile, capital availability, cash flows, liquidity position, profitability and solvency. Robust scenario design, accurate and informed impact estimation and detailed, well-rehearsed action plans are the Company's goals for stress testing. Details on the stress testing activities conducted in 2019 are included in Section C.6.

Stress test results are summarised for the Board and may be considered by the Board and senior management when making decisions related to capital and liquidity adequacy. Stress test results also provide critical inputs to risk mitigation and contingency plans.

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.

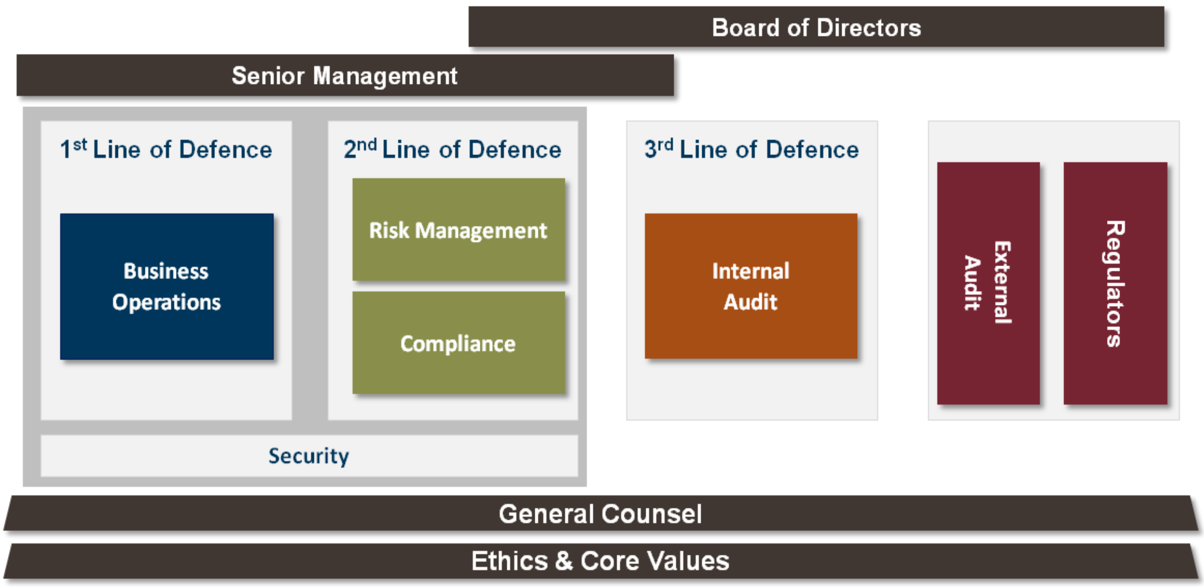
The ORSA process is reviewed and approved annually by the Board. The objective of the ORSA process ensures a full understanding of risks to which the Company is exposed and for assessing capital adequacy against those risks. The process ensures that sufficient capital can be maintained to enable the 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.

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

P&C Risk Management together with Compliance make up the 2nd line of defence. P&C Risk Management 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 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:

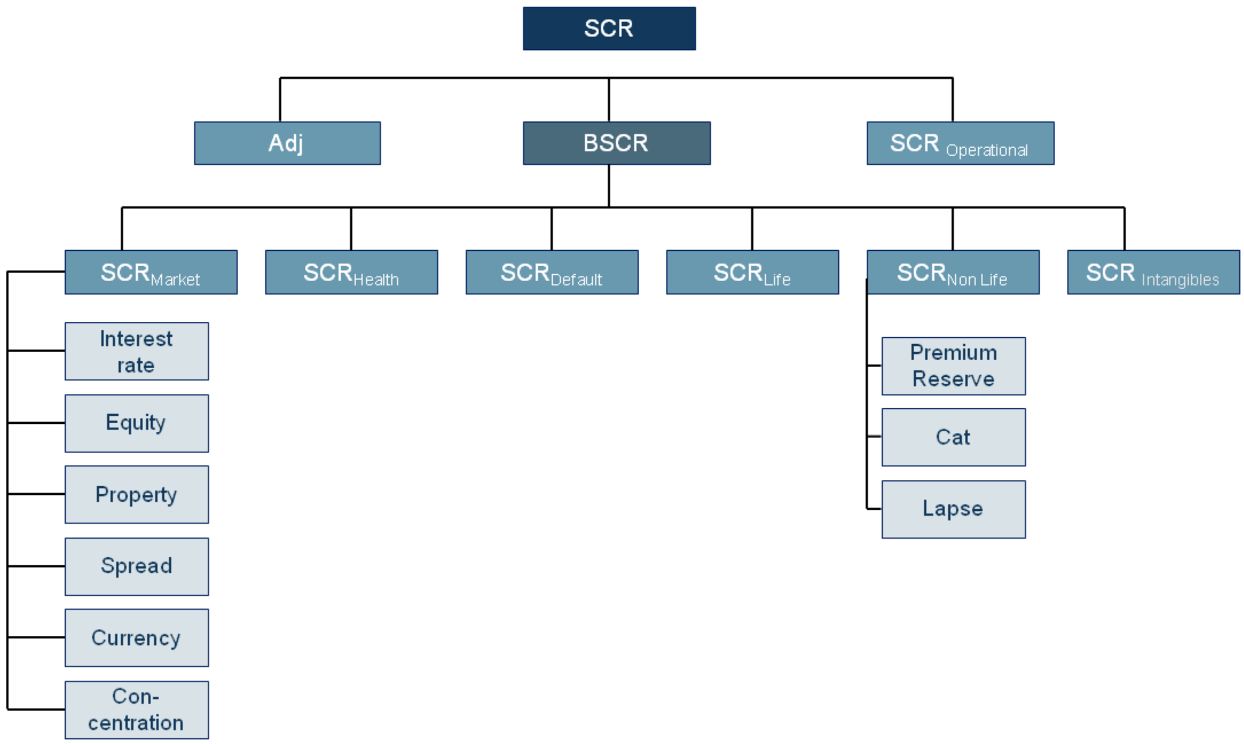
Outsourced Operation	Service Provider	Jurisdictions	Description
Claims Handling	External Vendor USAA International SARL – Parent Company & USAA SA	Azores, Belgium, France, Greece, Italy, Netherlands, Portugal & Spain UK and EU Locations	Claims handling and settlement
Investment Managing	External Investment Management Company	Azores, Belgium, France, Germany, Greece, Italy, Netherlands, Portugal, Spain & UK	Investment portfolio management
Insurance Support Services	USAA International SARL – Parent Company & USAA - Ultimate Parent Company	Azores, Belgium, France, Germany, Greece, Italy, Netherlands, Portugal, Spain & 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, Actuary, 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	Pension actuarial valuations & advice

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.

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 treaty provides reinsurance protection for unlimited liability limits for motor liability business written in the UK and Belgium and motor liability limits set in other European locations. The company has retention limits of £2.2m for the UK and €2.5m for other European location. The excess of loss treaty will cover all European locations in accident year 2019 and the UK only beginning in accident year 2020.

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 parent company. Under this treaty an overall annual loss in its non-technical underwriting account is limited to £1m 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.

The SCR counterparty risk for the reporting period represents 3% of the total SCR. Exposure to counterparty risk is well diversified across counterparties and therefore, not deemed to be a material risk to the Company. There have not been any material movements in counterparties during the reporting period.

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.

The expected profit included in future premiums for the reporting period is £5,979k.

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.

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

Stress Testing and Sensitivities

The 2019 USAA S.A. Stress Testing Plan focused on business continuation. The purpose of the stress test was to validate the ability of the USAA International Work at Home Member Service Representatives to respond to an outage in the European offices. The scenario was a simulation of the loss of the use of the London office, which provides insurance services to the Company's policyholders, triggering the need to activate the business continuity plan. This involved the USAA International Work at Home Team in San Antonio, USA activating the USAA Emergency Notification System and providing cover for the London office.

The USAA International Work at Home Team demonstrated their ability to successfully respond to an outage in the London office. As in previous years and actual incidents, the USAA International Team continues to be very effective in their role as part of the European Business Continuation Strategy.

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 2019 in £'000	Notes	UK GAAP	Reclassification Adjustments	Solvency II Valuation Adjustments	Solvency II
Assets					
Deferred tax assets	6	177	(177)	-	-
Pension benefit surplus	7	2,753	-	-	2,753
Property, plant & equipment held for own use	5	98	-	-	98
Investments	1	**119,251**	**1,197**	-	**120,448**
Government Bonds		43,961	450	-	44,411
Corporate Bonds		73,753	733	-	74,486
Collateralised securities		1,537	14	-	1,551
Reinsurance recoverable from:		**12,163**	-	(480)	**11,683**
Non-life excluding health	D.2	12,163	-	(480)	11,683
Insurance Intermediaries receivables	2	9,253	176	(9,253)	176
Receivables (trade, not insurance)	3	4,663	3,283	-	7,946
Cash and cash equivalents	4	10,935	-	-	10,935
Any other assets, not elsewhere shown	8	1,664	(1,197)	-	467
Total assets		**160,957**	**3,282**	**(9,733)**	**154,506**
Liabilities					
Technical Provisions					
Non-Life excluding health	D.2	74,637	-	(8,984)	65,653
Liabilities other than Technical Provisions					
Pension benefit obligations	10	245	-	-	245
Deferred tax liabilities	9	534	(177)	(45)	312
Insurance & Intermediaries payables	11	483	667	(483)	667
Payables (trade, not insurance)	12	5,347	2,792	-	8,140
Any other liabilities, not shown elsewhere	13	306	-	-	306
Total Liabilities		**81,554**	**3,282**	**(9,513)**	**75,323**
Excess of Assets over Liabilities		**79,403**	**(0)**	**(220)**	**79,183**

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. The inter-company balance due is a short-term receivable and has been valued at the amount due to be paid by the parent company in the month following collection of the premiums.

Note 3: Receivables (Trade, not Insurance)

The receivables (trade, not insurance balances) relates to refunds due for insurance premiums taxes paid to tax authorities in Germany and Belgium and other receivables, which are due within 1 year. The carrying values are deemed to be equivalent to fair values under Solvency II.

Note 4: Cash and 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 the following years:

- Fixtures and fittings 5 Years

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 described in Note 10 deferred tax liabilities.

The deferred tax asset of £177k is the deferred tax asset as per the annual statutory financial statements. No adjustments have been made to the deferred tax asset for Solvency II valuations. The deferred tax asset has been reclassified to offset against the deferred tax liability to reflect a net deferred tax position.

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 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 2019 have been calculated under UK GAAP FRS 102, based on the latest funding valuations carried out by independent qualified actuaries. At 31 December 2019, the FRS 102 valuations reported a pension benefit surplus of £2,753k on the UK Scheme. The German Scheme reported a pension benefit deficit of £245k.

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 £1,197k 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

The Company's technical provision's is comprised of Motor Vehicle Liability, Other Motor, Fire and Other Property, and General Liability business. All assumptions are applied in a consistent manner for each line of business although the underlying values may differ by line.

31 December 2019

Non-Life Technical Provisions	Gross Best Estimate (£000)	Risk Margin (£000)	SII Value (£000)	Reinsurance Recoverable (£000)	Net Technical Provisions (£000)
Motor Vehicle Liability	60,131	4,296	64,427	(11,846)	52,581
Other Motor	582	104	686	116	802
Fire & Other Property	199	35	234	34	268
General Liability	268	38	306	13	319
Total	**61,180**	**4,473**	**65,653**	**(11,683)**	**53,970**

Overall, the assumptions underlying the technical provision calculations have remained consistent since the prior reporting period. However, there were material changes in the following premium provision assumptions:

- Loss ratios – Although the aggregate loss ratios remained fairly flat, there were material changes by region in order to better reflect recent loss experience.

Valuation Basis, Methods and Main Assumptions

The technical provisions are defined as the probability-weighted average of future cash flows, discounted to take into account the time value of money considering all possible future scenarios. The cash flow projections used in the calculation of the best estimate takes account of all the cash in-flows and out-flows required to settle the insurance and reinsurance obligations over their lifetime.

Technical provisions are grouped into the following key components:

- Claims provision: Best estimates of the provision that relates to the earned exposure.
- Premium provision: Best estimate of the provision that relates to the unearned exposure (i.e. driven by unearned premium and policies which are bound but not yet incepted (BBNI) at the valuation date).
- Risk margin: Additional provision to bring the best estimates to the level required to transfer the obligations to a third-party undertaking.

No material changes have been made to the assumptions underlying the technical provisions since the previous reporting period:

Claims Provision

Statutory loss and expense reserves (including a prudence margin) are used as the starting point to estimate the claims provision before the following adjustments are applied:

- Removal of prudence margin.
- Events Not in Data (ENID).
- Discounting credit.

Gross statutory reserves are calculated using a deterministic analysis based on a combination of the Chain-Ladder and Cape Cod methods. Expert judgment is used to select ultimate losses and development factors for each accident year. The reserve analysis is based on fifteen years of data. Due to the extremely low volume of reinsurance recoveries, outstanding reinsurance recoverables are valued on a case by case basis by the appropriate claim's management team.

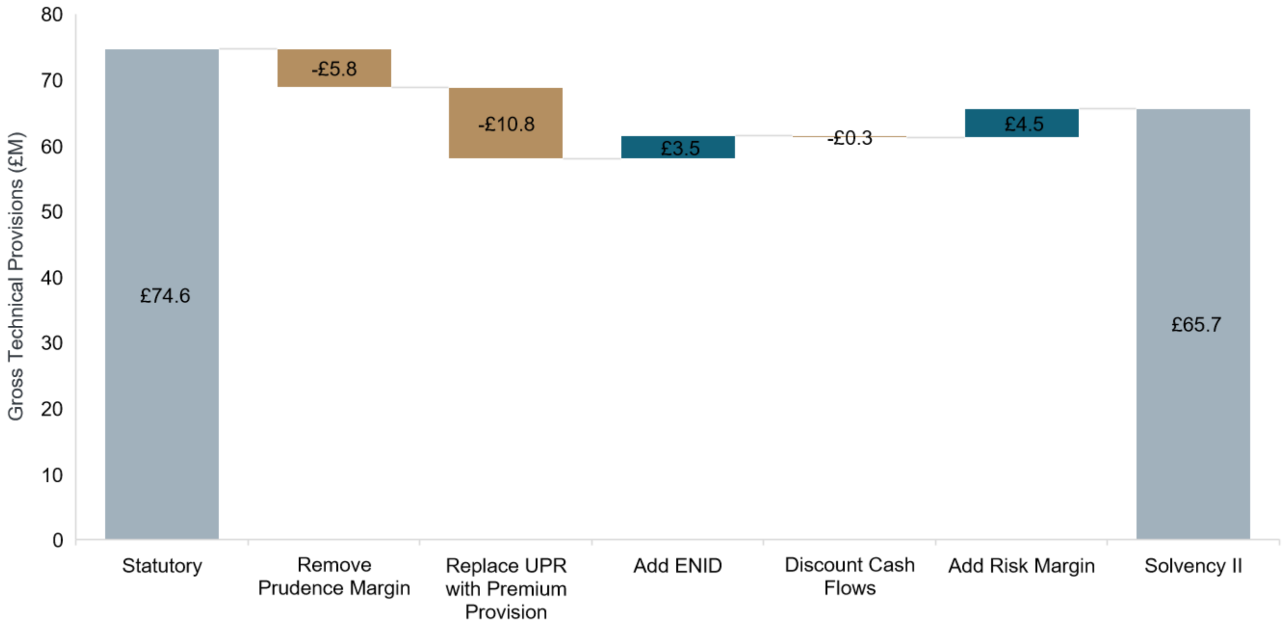
Premium Provision

The unearned premium reserve is used as the starting point to estimate the premium provision before the following adjustments are applied:

- Application of loss ratios to reduce the unearned premium reserve for claims liability.
- BBNI business.
- Expenses.
- ENID.
- Discounting credit.
- Future premium.

Solvency II Adjustments

The chart below shows the difference between the valuation used for Solvency II purposes and that used for statutory financial statements.



Reconciliation of differences between the valuation used for Solvency II purposes and that used for statutory financial statements by Line of Business in £'000.

Lines of Business	Statutory Technical Provisions	Remove Prudence Margin	Replace UPR with Premium Provision	Add ENID	Discount Cash Flows	Risk Margin	Gross SII Technical Provisions
Motor Vehicle Liability	69,012	(5,770)	(6,319)	3,475	(266)	4,296	64,427
Other Motor	3,725	(39)	(3,117)	-	12	104	686
Fire & Other Property	1,169	(17)	(955)	-	2	35	234
General Liability	731	(19)	(445)	-	0.9	38	306
Total	**74,637**	**(5,845)**	**(10,836)**	**3,475**	**(251)**	**4,473**	**65,653**

The details of Solvency II adjustments that are applied to statutory reserves to obtain best estimates of technical provisions are as follows:

a) Removal of Prudence Margin

Due to the Company's moderately conservative reserving philosophy, a prudence margin is embedded in the statutory loss and expense reserves. To obtain best estimates, the prudence margins must be removed. To determine the prudence margins, a mean reserve is first calculated based on paid and reported reserving methodologies (the latest six accident years) or the currently booked reserves (prior to the latest six accident years). We treat accident years prior to the latest six accident years differently due to the fact that we book at the best estimate for those years. Once the mean reserves are calculated, the booked reserves are divided by the mean reserves to determine the prudence margins. These margins are then applied to the statutory reserves to obtain best estimates.

b) Claims Cash Flows of Unearned Business

Selected loss ratios are used to calculate the expected losses from unearned business in the premium provision. They are selected based on the latest three to five years of historical data and then compared to next year's calendar year plan loss ratio. Since next year's plan includes future rate changes and loss ratio trend assumptions, it provides a reference to which we can compare the selected ratios.

c) Bound but Not Incepted Business (BBNI)

BBNI premium income relates to policies which the Company is legally required to write but which have not yet been incepted as of the valuation date. For USAA Limited, BBNI stems from either renewal packets being sent prior to the renewal effective date or new business being bound early. The BBNI is estimated using the renewal business in the in-force snapshot as of the valuation date. This assumes that no business will cancel between the renewal packet being sent out and the effective date, but it does not capture any new business during that time. Due to the stable nature of the business and the relatively minor impact this has on the final number, we felt that this was reasonable.

d) Expenses

For USAA Limited, expenses are grouped into the following four categories: administrative expenses, investment management expenses, overhead expenses, claims management expenses. Since we book loss adjustment expense reserves, claims management expenses are included in the statutory reserves that serve as the starting point for the calculation of the claims provision. All expense categories are included in the calculation of the premium provision by applying expense ratios to unearned premium. For the premium provision, the expense ratios are selected based on next year's financial plan.

e) Events Not in Data (ENID)

ENID adjustments are designed to capture potential future claims that do not exist in the historical data used for the statutory reserve's calculation. These claims are typically caused by low-frequency, high-severity man-made hazards. Historical events which are contained within the Company's historical loss experience are also considered to ascertain whether further scenarios or loadings need to be applied.

f) Discounting Credit

Claims and premium provisions are converted to future cash flows by applying payment patterns to determine how much of the provisions will be paid out in each of the future calendar years. Due to the extremely low volume of reinsurance recoveries, gross payment patterns cannot be applied to outstanding reinsurance recoverables. Instead, expertise is provided by the appropriate claims management team when determining the expected settlement of each individual recoverable.

The risk-free yield curves (with no volatility adjustment) provided by EIOPA are used to discount future cash flows of premium and claims provisions to the valuation date to take account of the time value of money. The cash flows are discounted mid-year, which assumes that the average claim is paid mid-year.

g) Future Premium

The Solvency II regime allows liability cash flows to be offset by premium receivables cash flows. Similarly, reinsurance payables (such as future reinsurance payments) also need to be taken into account. Premium receivables are higher than reinsurance payables and thus, result in a reduction of the premium provision.

h) Reinsurance Recoveries (Less Bad Debt)

The reinsurance recoveries are calculated separately for the claims provision and premium provision.

As mentioned above, the Company has an extremely low volume of outstanding reinsurance recoveries. Thus, each outstanding claim subject to reinsurance is considered on a case by case basis. The appropriate claims management team is consulted when determining the expected settlement of each reinsurance claim. The recoverables are then discounted based on the expected settlement date. Due to the superior ratings of the reinsurers subject to the Company's reinsurance treaties, no adjustment for bad debt is included due to immateriality.

For the premium provision, ceded reinsurance ratios (as a percentage of gross losses) are developed based on the last five to ten years of historical data.

Risk Margin

Methodology 2, prescribed by EIOPA (i.e. to approximate the SCR for each future year by using the ratio of the best estimate at that future year to the best estimate at the valuation date), is used to project the future Solvency Capital Requirement (SCR) relating to current obligations. The initial adjusted SCR is determined by running the standard formula excluding the interest rate risk module. Subsequent adjusted SCRs are assumed to increase or decrease in proportion to the change in future net best estimates. We believe that a proportional methodology is appropriate for the Company due to the limited risk profile of our business as a personal line's insurer. The discounted SCRs are determined by multiplying the individual SCRs by the corresponding GBP present value factor.

The final risk margin is determined by multiplying the promulgated 6% cost of capital by the sum of the discounted SCRs.

Level of Uncertainty

The level of uncertainty inherent in USAA Limited's business is affected by many factors. Future claims experience is in part dependent on the external environment, which is subject to uncertainty, including that related to legislative, social and economic change (in particular, exchange rate impact). The impact of uncertain external factors is considered during each technical provision estimation.

There are several risk factors that USAA Limited faces, including,

- **Large losses** - The potential for large liability losses due to high limits, or in some jurisdictions, unlimited liability, or property losses at military bases or in concentrated port areas where policyholder goods are being shipped, creates volatility in profitability. The Company appropriately plans for these potential losses in its planning process, and generally sees reserve reductions if large losses are not realised. This risk is mitigated by both stop loss and excess of loss reinsurance.

- **Exchange rate** - Premiums are collected in US Dollars. Losses are generally paid in local currency, primarily, Sterling and Euros. This risk is somewhat mitigated by holding a portfolio of assets that matches the currency composition of liabilities. While this approach hedges long term currency volatility, sharp, short term fluctuations can significantly impact the profitability of USAA Limited. This risk is also mitigated by stop-loss reinsurance.

- **Unanticipated frequency or severity trends** - USAA Limited's planning process effectively plans for both claim frequency and severity trends. It uses historical data as well as known or anticipated information about loss costs to estimate prospective losses and then use the prospective losses to price accordingly. To the extent that claims frequency or severity trends emerge at an unanticipated level, pricing plans can be adjusted. Additionally, this risk is mitigated through reinsurance.

- **Military Drawdown** - USAA Limited's principal clientele are members of the United States military and their families stationed in Europe. Hence, the book is subject to the risk of a military drawdown, which could make the book too small to be sustainable. USAA Limited monitors the plans of the US military in Europe and could take action accordingly if the book became unsustainable.

- **Legal Risk** - The insurance business is subject to the vagaries of the legal system. Lawsuits, whether justified or not, regarding damages or contract terms, are rampant in many jurisdictions that the parent, USAA, does business in. USAA Limited's legal risk is deemed to be lower than that of the parent, as the litigiousness and case law in the jurisdiction that USAA Limited operates is lower than that of the parent. However, because of high limits or in some jurisdictions, unlimited liability, USAA Limited continuously monitors this risk. This risk is mitigated by both stop loss and excess of loss reinsurance.

- **Social Expectations and Behaviour** - The risk that social expectations and behaviour around insurance changes is a risk that all companies involved in insurance face. USAA Limited is not an exception. Increased claims filing at levels not anticipated impact the volatility around the level of expected profitability. In the near term this is mitigated by stop-loss reinsurance. In the longer term it is mitigated by pricing actions.

  Another factor than creates uncertainty in the technical provisions and profits is adverse selection. Adverse selection occurs when the likelihood of loss is correlated with the demand for insurance. That is, people who are more likely to have a loss are more likely to purchase insurance. If an insurer raises prices across the board to adjust for increasing losses, the risks less likely to have a loss can get lower prices elsewhere and leave the book, leaving the high risks in the book, which is now again under-priced. This creates a spiral of price increases driving better risks away from the business leading to losses greater than anticipated.

  The means to avoid adverse selection is the ability to accurately charge each risk an appropriate premium based on its characteristics. Clearly understanding risk characteristics and having the ability to price accordingly is paramount in avoiding adverse selection. USAA Limited employs sufficient risk classification to appropriately price individual risks, thus the potential for adverse selection is minimal. A random sample of policies was reviewed, and premiums were validated against these risk classification parameters.

  Reinsurance stabilizes the volatility of USAA Limited profitability in several ways. Excess of loss reinsurance is purchased to protect against the rare large liability losses. This is more for capital protection than limiting the volatility around expected profitability. The stop loss agreement between USAA Limited and its parent guarantees a combined ratio not greater than 100% plus its retention of £1m up to a limit of £25m, thus in most cases subjecting USAA Limited to a loss of £1m.

Transitional measures on technical provisions

The Company has not used any of the transitional measures with regards to transitional measures on technical provisions, transitional measures on risk-free interest rates, matching adjustments or volatility adjustments.

D.3 OTHER LIABILITIES

Note 9: Deferred Tax Liabilities

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.

Deferred tax has been calculated using the future UK corporation tax rate of 19% in line with the deferred tax calculations in the financial statements.

The deferred tax liability of £534k and deferred tax asset £177k under UK GAAP have been combined to produce a net deferred tax liability of £357k. This has been adjusted for additional deferred tax on valuation differences on Solvency II Non-life technical provisions. The total deferred tax liability under Solvency II at 31 December 2019 is £312k.

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, adjustments have been made to include amounts due to policyholders in the calculation of technical provisions.

The remainder of the balance in Insurance & intermediaries payables relates to balances due to the parent company for insurance services.

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.

Approach to Capital Management

The Company includes capital management in its planning and forecasting process. Solvency II balance sheets and own funds are projected over a three-year time horizon to anticipate future capital requirements.

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. In addition, the Finance Team works alongside P&C Risk Management to conduct stress and scenario testing and assess its impact on the capital position of the Company.

Tier 1 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 as shown in the table below:

Own Funds Tier 1 - £000	31 December 2019	31 December 2018
Ordinary Share Capital	13,100	13,100
Share Premium	348	348
Reconciliation Reserve	65,735	73,535
Total Own Funds	**79,183**	**86,983**

All the company's Tier 1 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	31 December 2019	31 December 2018
Excess of assets over liabilities from SII Balance Sheet	79,183	86,983
Less:		
Ordinary Share Capital	(13,100)	(13,100)
Share Premium	(348)	(348)
Reconciliation Reserve	**65,735**	**73,535**

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

31 December	2019 £'000	2018 £'000
Total comprehensive income for the year	9,459	10,508
Dividend paid	-	(8,419)
Dividend in specie	(13,748)	(11,986)
Retained Earnings B/F	70,244	80,141
Total retained earnings as per Financial Statements	**65,955**	**70,244**
Adjustments for Solvency II:		
Difference in Technical Provisions Net of Reinsurance	(265)	3,965
Difference in valuation of Deferred Tax Liability	45	(674)
Reconciliation Reserve	**65,735**	**73,535**

The reconciliation reserve has a potential volatility to currency risk from exchange rate movements. Premiums are collected in US Dollars and losses are generally paid in local currency, primarily, Sterling or Euros. The Company also holds assets and liabilities in Sterling, Euros and US Dollars. However, this risk is somewhat mitigated by holding a portfolio of assets that matches the currency composition of liabilities. While this approach hedges long term currency volatility, sharp, short term fluctuations can significantly impact the profitability of the Company. This risk is mitigated by the stop-loss agreement between the Company and its ultimate parent, which limits the underwriting loss of the Company to £1m 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

31 December	2019 £'000	2018 £'000
Ordinary Share Capital	13,100	13,100
Share Premium	348	348
Total comprehensive income for the year	9,459	10,508
Dividend paid	-	(8,419)
Dividend in specie	(13,748)	(11,986)
Retained Earnings B/F	70,244	80,141
Total Equity as per Financial Statements	**65,955**	**83,692**
Adjustments for Solvency II:		
Difference in Technical Provisions Net of Reinsurance	(265)	3,965
Difference in valuation of Deferred Tax Liability	45	(674)
Excess of Assets Over Liabilities	**65,735**	**86,983**

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

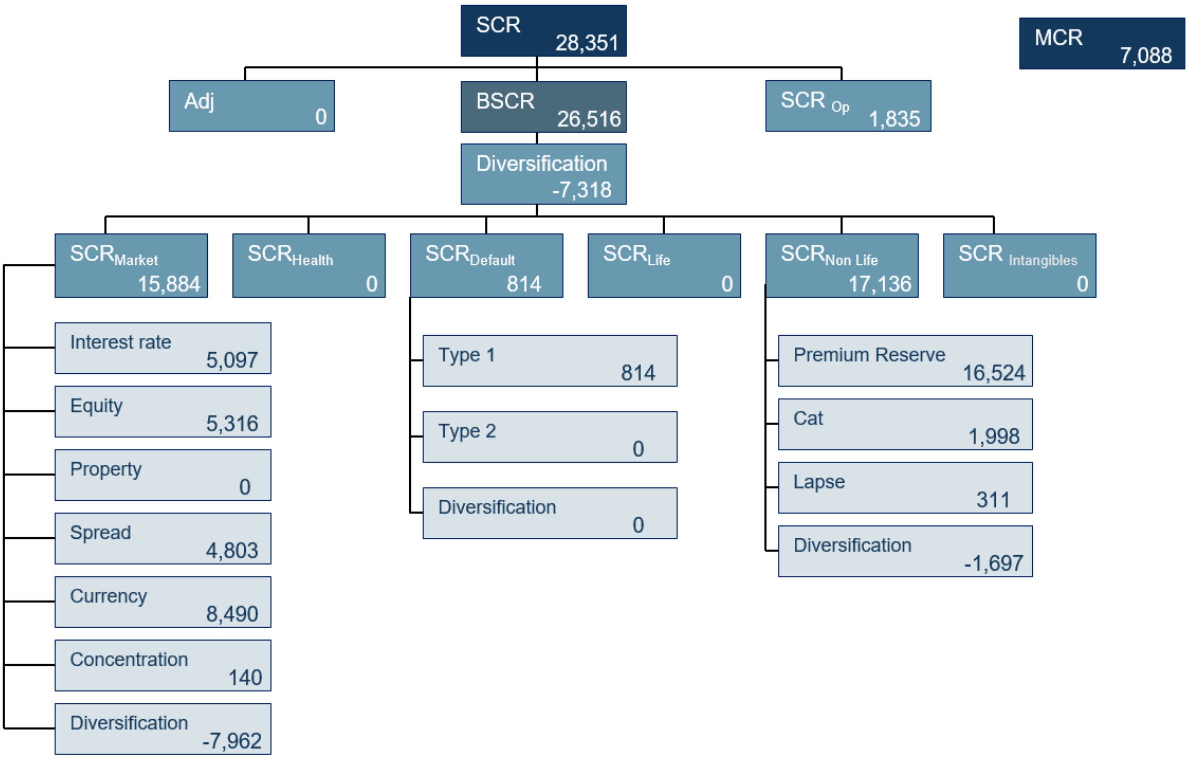
SOLVENCY CAPITAL REQUIREMENT (SCR)

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 2019.



Total SCR

The total SCR at 31 December 2019 £28,351k has reduced by £14,555k 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 2018		**42,806**
Movements in SCR		
Overall Diversification		**3,646**
SCR Operational Risk		**(867)**
SCR Market Risk Sub-modules:		
Interest Rate	(1,516)	
Equity	1,412	
Property	-	
Spread	(965)	
Currency	(7,658)	
Concentration	140	
Market Risk Diversification	1,706	
SCR Market Risk		**(6,882)**
SCR Counterparty Default Risk		**(408)**
SCR Non-Life Risk Sub-modules:		
Premium Reserve	(6,662)	
CAT	(7,159)	
Lapse	(2,081)	
Non-Life Risk Diversification	5,958	
SCR Non-Life Risk		**(9,944)**
As at 31 December 2019		**28,351**

Most of the reduction in the total SCR comes from the SCR market risk and SCR Non-Life risk modules.

SCR Market Risk

The market risk component of the standard formula SCR £15,884k (2018: £22,765k) 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 £5,097 (2018: £6,613k) is driven by changes in assets and liabilities in the Company’s technical provisions, investment portfolio and the pension scheme investments. At 31 December 2019 interest rate risk decreased by £1,516k from movements in the UK and German pension schemes.
- Equity risk £5,316k (2018: £3,904k) 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 main reason for the £1,412k increase in equity risk is the changes in the composition of the equity investments in the pension schemes.

- Spread risk £4,803k (2018: £5,769k) 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 2019, spread risk decreased by £965k based on the decrease in the value of bonds in the investment portfolio.

- Currency risk £8,490k (2018: £16,147k) is the largest component of market risk arising from the exposure of the Company's assets and liabilities denominated in foreign currencies. The Company collects 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 2019, currency risk decreased by £7,657k because of a significant decrease in US Dollar denominated liabilities reducing the currency charge on total US dollar net assets.

- Concentration risk £140k (2018: £0) 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 £17,136k (2018: £27,080k) is the largest component of Standard Formula SCR. and is made up of:

- Premium and Reserve risk £16,524k (2018: £23,186k) 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 £6,662k from decreases in premium and claims provisions within non-life technical provisions as a result the Company only writing UK business, and starting to run-off its European claims provisions.
- Catastrophe risk £1,998k (2018: £9,157k) arises from the Company's exposure to man-made catastrophe and natural catastrophe risks. Catastrophe risk decreased significantly by £7,159k mainly due to the run-off of existing European business.
- Lapse risk £311k (2018: £2,392k) covering the risk of insurance policy lapses decreased by £2,081k relative to the change in premium provisions.

The Management hold the view that the non-life underwriting risk is overstated as no credit is being taken for the non-proportional stop-loss reinsurance treaty in the standard formula. This is a limitation of the standard formula calculation which does not allow credit for non-proportional reinsurance in premium and reserve risk.

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.

The amount of the MCR for the reporting period is £7,088k (2017: £11,880k). The following table shows the MCR calculation:

Overall MCR calculation - £'000	31 December 2019	2018
Linear MCR	4,892	11,880
SCR	28,351	42,806
MCR cap	12,758	19,263
MCR floor	7,088	10,702
Combined MCR	7,088	11,880
Absolute floor of the MCR	3,187	3,288
Minimum Capital Requirement	**7,088**	**11,880**

There is minimal change to the Company's MCR during the reporting period.

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.

31 December Eligible Own Funds - £'000	2019 SCR Coverage	2019 MCR Coverage	2018 SCR Coverage	2018 MCR Coverage
Available Eligible Own Funds	79,183	79,183	86,983	86,983
SCR/MCR	(28,351)	(7,088)	(42,806)	(11,880)
Excess Eligible Own Funds	50,832	72,095	44,177	75,103
Ratio of Eligible Own Funds to SCR/MCR	279%	1117%	203.2%	732.2%

The decrease in available own funds and a reduced SCR has increased the ratio of eligible own funds to SCR by 75.8% and MCR by 384.8%.

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

At the time of the approval of this SFCR there continue to be rapid developments in the COVID-19 outbreak. This illustrates the importance of ongoing measures to ensure financial and operational resilience. The Company has created a pandemic risk register and is monitoring the developments of COVID 19. The Company has successfully moved to a work from home business model to continue its business operations during this pandemic.

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.19.01.21	Non-Life insurance claims
S.23.01.01	Own Funds
S.25.01.21	Solvency Capital Requirement – for undertakings on Standard Formula
S.28.01.01	Minimum Capital Requirement – Only life or only non-life insurance or reinsurance activity

USAA LIMITED

Solvency and Financial Condition Report

Disclosures

31 December

2019

(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 2019
Currency used for reporting	GBP
Accounting standards	Local GAAP
Method of Calculation of the SCR	Standard formula
Matching adjustment	No use of matching adjustment
Volatility adjustment	No use of volatility adjustment
Transitional measure on the risk-free interest rate	No use of transitional measure on the risk-free interest rate
Transitional measure on technical provisions	No use of transitional measure on technical provisions

List of reported templates

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

S.02.01.02

Balance sheet

		Solvency II value
	Assets	C0010
R0030	Intangible assets	
R0040	Deferred tax assets	
R0050	Pension benefit surplus	2,753
R0060	Property, plant & equipment held for own use	98
R0070	Investments (other than assets held for index-linked and unit-linked contracts)	120,448
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*	120,448
R0140	*Government Bonds*	44,411
R0150	*Corporate Bonds*	74,486
R0160	*Structured notes*	0
R0170	*Collateralised securities*	1,551
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:	11,683
R0280	*Non-life and health similar to non-life*	11,683
R0290	*Non-life excluding health*	11,683
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	176
R0370	Reinsurance receivables	
R0380	Receivables (trade, not insurance)	7,947
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	10,935
R0420	Any other assets, not elsewhere shown	467
R0500	**Total assets**	154,507

S.02.01.02

Balance sheet

		Solvency II value
	Liabilities	C0010
R0510	Technical provisions - non-life	65,653
R0520	*Technical provisions - non-life (excluding health)*	65,653
R0530	*TP calculated as a whole*	0
R0540	*Best Estimate*	61,179
R0550	*Risk margin*	4,474
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	245
R0770	Deposits from reinsurers	
R0780	Deferred tax liabilities	312
R0790	Derivatives	
R0800	Debts owed to credit institutions	
R0810	Financial liabilities other than debts owed to credit institutions	
R0820	Insurance & intermediaries payables	667
R0830	Reinsurance payables	
R0840	Payables (trade, not insurance)	8,139
R0850	Subordinated liabilities	0
R0860	*Subordinated liabilities not in BOF*	
R0870	*Subordinated liabilities in BOF*	0
R0880	Any other liabilities, not elsewhere shown	306
R0900	**Total liabilities**	75,323
R1000	**Excess of assets over liabilities**	79,183

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				8,707	3,259		1,273	460									13,699
R0120	Gross - Proportional reinsurance accepted																	0
R0130	Gross - Non-proportional reinsurance accepted																	0
R0140	Reinsurers' share				3,566	2,079		335	132									6,113
R0200	Net				5,141	1,180		937	328									7,586
	Premiums earned																	
R0210	Gross - Direct Business				23,721	24,852		4,193	1,653									54,418
R0220	Gross - Proportional reinsurance accepted																	0
R0230	Gross - Non-proportional reinsurance accepted																	0
R0240	Reinsurers' share				3,566	2,079		335	132									6,113
R0300	Net				20,154	22,773		3,858	1,520									48,306
	Claims incurred																	
R0310	Gross - Direct Business				16,050	9,369		1,479	731									27,629
R0320	Gross - Proportional reinsurance accepted																	0
R0330	Gross - Non-proportional reinsurance accepted																	0
R0340	Reinsurers' share				1,515													1,515
R0400	Net				14,535	9,369		1,479	731									26,114
	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**				7,590	6,841		1,139	471									16,041
R1200	**Other expenses**																	
R1300	**Total expenses**																	16,041

S.05.02.01

Premiums, claims and expenses by country

Non-life

		C0010	C0020	C0030	C0040	C0050	C0060	C0070
		Home Country	Top 5 countries (by amount of gross premiums written) - non-life obligations			Top 5 countries (by amount of gross premiums written) - non-life obligations		Total Top 5 and home country
R0010			DE	IT	ES	BE	NL	
		C0080	C0090	C0100	C0110	C0120	C0130	C0140
	Premiums written							
R0110	Gross - Direct Business	17,425	-2,507	-868	-138	-131	-43	13,737
R0120	Gross - Proportional reinsurance accepted							0
R0130	Gross - Non-proportional reinsurance accepted							0
R0140	Reinsurers' share	2,983	2,130	747	101	92	39	6,093
R0200	Net	14,442	-4,637	-1,616	-239	-223	-83	7,644
	Premiums earned							
R0210	Gross - Direct Business	17,153	25,368	8,882	1,205	1,102	472	54,181
R0220	Gross - Proportional reinsurance accepted							0
R0230	Gross - Non-proportional reinsurance accepted							0
R0240	Reinsurers' share	2,983	2,130	747	101	92	39	6,093
R0300	Net	14,170	23,238	8,135	1,104	1,009	432	48,088
	Claims incurred							
R0310	Gross - Direct Business	6,574	13,381	6,786	401	423	-54	27,511
R0320	Gross - Proportional reinsurance accepted							0
R0330	Gross - Non-proportional reinsurance accepted							0
R0340	Reinsurers' share	1,276	-283	418			104	1,515
R0400	Net	5,298	13,664	6,368	401	423	-158	25,996
	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	0	0
R0550	**Expenses incurred**	4,738	7,553	2,958	324	304	95	15,972
R1200	**Other expenses**							
R1300	**Total expenses**							15,972

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				-902	-580		-198	-162									-1,842
R0140	Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default				-1,088	-116		-34	-13									-1,251
R0150	**Net Best Estimate of Premium Provisions**				186	-464		-164	-149									-591
	Claims provisions																	
R0160	Gross				61,033	1,162		397	430									63,022
R0240	Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default				12,934	0		0	0									12,934
R0250	**Net Best Estimate of Claims Provisions**				48,099	1,162		397	430									50,088
R0260	**Total best estimate - gross**				60,131	582		199	268									61,179
R0270	**Total best estimate - net**				48,284	698		233	282									49,497
R0280	**Risk margin**				4,296	104		35	38									4,474
	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**				64,427	686		234	307									65,653
R0330	**Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total**				11,846	-116		-34	-13									11,683
R0340	**Technical provisions minus recoverables from reinsurance/SPV and Finite Re - total**				52,581	802		268	320									53,971

S.19.01.21

Non-Life insurance claims

Total Non-life business

Z0020	Accident year / underwriting year	Accident Year

Gross Claims Paid (non-cumulative)

(absolute amount)

		C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0170	C0180
	Year	Development year											In Current year	Sum of years (cumulative)
		0	1	2	3	4	5	6	7	8	9	10 & +		
R0100	Prior											261	261	261
R0160	2010	15,451	7,468	1,444	892	766	1,040	102	5	2	33		33	27,203
R0170	2011	15,978	4,891	1,524	1,899	949	104	703	168	252			252	26,468
R0180	2012	15,851	5,989	2,124	1,154	2,986	470	19	307				307	28,900
R0190	2013	16,146	5,667	1,539	599	634	184	180					180	24,949
R0200	2014	18,176	6,488	1,218	4,668	642	81						81	31,273
R0210	2015	25,619	7,948	2,876	1,864	1,161							1,161	39,468
R0220	2016	25,166	8,090	2,630	1,696								1,696	37,582
R0230	2017	26,647	7,860	2,933									2,933	37,440
R0240	2018	27,689	8,409										8,409	36,098
R0250	2019	17,843											17,843	17,843
R0260												Total	33,156	307,485

Gross Undiscounted Best Estimate Claims Provisions

(absolute amount)

		C0200	C0210	C0220	C0230	C0240	C0250	C0260	C0270	C0280	C0290	C0300	C0360
	Year	Development year											Year end (discounted data)
		0	1	2	3	4	5	6	7	8	9	10 & +	
R0100	Prior											10,436	0
R0160	2010	0	0	0	0	0	0	1,662	1,666	1,577	1,438		0
R0170	2011	0	0	0	0	0	2,489	1,328	977	973			0
R0180	2012	0	0	0	0	3,440	1,012	506	318				0
R0190	2013	0	0	0	3,292	1,633	746	420					0
R0200	2014	0	0	7,111	3,389	2,130	1,975						0
R0210	2015	0	18,203	13,845	9,517	7,637							0
R0220	2016	25,485	17,460	12,764	9,738								0
R0230	2017	21,173	12,039	6,433									0
R0240	2018	22,168	12,404										0
R0250	2019	11,498											0
R0260												Total	0

S.23.01.01

Own Funds

	Basic own funds before deduction for participations in other financial sector as foreseen in article 68 of Delegated Regulation 2015/35	Total	Tier 1 unrestricted	Tier 1 restricted	Tier 2	Tier 3
		C0010	C0020	C0030	C0040	C0050
R0010	Ordinary share capital (gross of own shares)	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	65,956	65,956			
R0090	Preference shares	0		0	0	0
R0110	Share premium account related to preference shares	0		0	0	0
R0130	Reconciliation reserve	-220	-220			
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**	79,183	79,183	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	79,183	79,183	0	0	0
R0510	Total available own funds to meet the MCR	79,183	79,183	0	0	
R0540	Total eligible own funds to meet the SCR	79,183	79,183	0	0	0
R0550	Total eligible own funds to meet the MCR	79,183	79,183	0	0	
R0580	**SCR**	28,351				
R0600	**MCR**	7,088				
R0620	**Ratio of Eligible own funds to SCR**	279.30%				
R0640	**Ratio of Eligible own funds to MCR**	1117.19%				

	Reconcilliation reserve	C0060
R0700	Excess of assets over liabilities	79,183
R0710	Own shares (held directly and indirectly)	0
R0720	Foreseeable dividends, distributions and charges	
R0730	Other basic own fund items	79,403
R0740	Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	0
R0760	**Reconciliation reserve**	-220
	Expected profits	
R0770	Expected profits included in future premiums (EPIFP) - Life business	
R0780	Expected profits included in future premiums (EPIFP) - Non- life business	776
R0790	**Total Expected profits included in future premiums (EPIFP)**	776

S.25.01.21

Solvency Capital Requirement - for undertakings on Standard Formula

		Gross solvency capital requirement	USP	Simplifications
		C0110	C0090	C0120
R0010	Market risk	15,883		
R0020	Counterparty default risk	814		
R0030	Life underwriting risk	0		
R0040	Health underwriting risk	0		
R0050	Non-life underwriting risk	17,136		
R0060	Diversification	-7,318		
R0070	Intangible asset risk	0		
R0100	**Basic Solvency Capital Requirement**	26,516		

	Calculation of Solvency Capital Requirement	C0100
R0130	Operational risk	1,835
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**	28,351
R0210	Capital add-ons already set	0
R0220	**Solvency capital requirement**	28,351
	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

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

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

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	4,892

		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	48,284	5,141
R0060	Other motor insurance and proportional reinsurance	698	1,180
R0070	Marine, aviation and transport insurance and proportional reinsurance	0	
R0080	Fire and other damage to property insurance and proportional reinsurance	233	937
R0090	General liability insurance and proportional reinsurance	282	328
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	4,892
R0310	SCR	28,351
R0320	MCR cap	12,758
R0330	MCR floor	7,088
R0340	Combined MCR	7,088
R0350	Absolute floor of the MCR	3,187
R0400	**Minimum Capital Requirement**	7,088