



Proposed Part VII Insurance Business

Transfer relating to:

USAA Limited

and

USAA S.A.

Supplemental Report of the Independent
Expert

14 November 2022

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Key acronyms and definitions

This Supplemental Report contains various acronyms, shorthand names for companies and technical terms. To aid readability, these were defined in a consolidated glossary in Appendix E.8 of my Report dated 19 July 2022. Where used, the first letter has been capitalised. Shaded entries below supersede those definitions contained in the Report, indicating a change or addition. Other bold items below are key items from the Report's glossary.

Companies	USAA	United Services Automobile Association, ultimate owner of all the companies within the USAA Group ; including USAA SARL, USAA LTD and USAA SA. A company domiciled in the US.
	USAA LTD	USAA Limited, the Transferor and a wholly-owned subsidiary of USAA SARL. A non-life insurance company domiciled in the UK.
	USAA SA	USAA S.A., the Transferee and a wholly-owned subsidiary of USAA SARL. A non-life insurance company domiciled in Luxembourg.
	USAA SARL	USAA International Services SARL, a wholly-owned subsidiary of USAA. A Luxembourg-regulated insurance holding company that employs all USAA Staff in the UK and EU. It has delegated responsibility to perform insurance and operational activities on behalf of USAA LTD and USAA SA.
	USAA Staff	Employees of USAA SARL or another company within the USAA Group.
Legal, regulatory and Part VII Transfer Terms	Brexit	The departure of the UK from the European Union; or the date of departure (i.e. 31 January 2020).
	CAA	Commissariat aux Assurances. The Luxembourg insurance regulator for both prudential and conduct matters.
	Court	The High Court of Justice of England and Wales, which is responsible for approving the Transfer.
	EEA and EEA member states	For the avoidance of doubt, unless explicitly expressed otherwise, this refers to countries that are <i>currently</i> EEA member states and excludes the UK (which was an EEA member state at the time when some of the Affected Policies were underwritten).
	European Business	Business written by USAA LTD and USAA SA in the UK (UK Business) and EEA member states (EEA Business).
	FCA and PRA	The two insurance regulators in the UK (the Financial Conduct Authority and the Prudential Regulation Authority). Both are consulted prior to the Transfer going ahead. References to SUP18 and the SoP are references to regulatory guidance that set out respectively the expectations of each regulator for the Report.
	Freedom of Establishment	In the context of insurance business, the permission for a firm authorised in one EEA member state to establish a branch office in any other state within the EEA to underwrite insurance business while remaining supervised by the prudential regulator of its home state.
	Freedom of Services	In the context of insurance business, the permission for a firm authorised in one EEA member state to underwrite insurance business anywhere within the EEA as if they were an authorised firm in the EEA member state where the risk is underwritten.
	FSMA 2000	The UK legislation enabling the Transfer to take place. Its full name is the Financial Services and Markets Act 2000. Part VII of FSMA 2000 relates to insurance business transfers, commonly referred to as Part VII Transfers .
	Parties	The Transferor: USAA LTD; and the Transferee: USAA SA.
	Report and Supplemental Report	The report of the Independent Expert prepared for the Court in accordance with FSMA 2000 setting out the effect of the Transfer on policyholders affected by it. A Supplemental Report is prepared for the Court before it is asked to approve the Transfer to update the Court on any significant matters arising since the Report was prepared.
	First Witness Statement	The first witness statement of Mr Simon Patrick Kendall Keith, a Director of USAA LTD and USAA SA. This was submitted as evidence for the Directions Hearing.
	Second Witness Statement	The second witness statement of Mr Simon Patrick Kendall Keith, a Director of USAA LTD and USAA SA. This will be submitted as evidence for the Sanction Hearing. USAA Staff have supplied me with a draft of this document. USAA Staff have told me that they do not expect any material changes to the draft second witness statement I have received at the time of finalising this Supplemental Report.

	Transfer	The proposed Part VII Transfer of certain assets and liabilities from USAA LTD to USAA SA. This is set out in the Scheme submitted to the Court . This will take place on the Transfer Date , expected to be on or around 31 December 2022.
Policyholders	Affected Policyholders	These comprise the Existing Policyholders and the Transferring Policyholders . As all policyholders of USAA LTD will transfer, there are no Remaining Policyholders .
	Existing Policyholders	Policyholders of USAA SA prior to the Transfer.
	Transferring Policyholders	The policyholders of USAA LTD whose policies will transfer to USAA SA under the Transfer. These comprise: <ul style="list-style-type: none"> (i) EEA Transferring Policyholders, being those with EEA Transferring Policies written in respect of EEA risks. USAA LTD ceased writing such business on 31 December 2018. (ii) UK Transferring Policyholders, being those with UK Transferring Policies written in respect of UK risks. USAA LTD ceased writing such business on 31 March 2022. Transferring Policyholders have Transferring Policies that will move from USAA LTD to USAA SA under the Transfer and there will be no Remaining Policyholders in USAA LTD.
	EOF or Eligible Own Funds	This is the surplus of assets over liabilities as determined under Solvency II. There are limits on the proportion of the SCR that can be met by certain types of Eligible Own Funds.
Other Insurance Terminology	GAAP	Generally Accepted Accounting Principles. USAA LTD's Statutory Financial Statements are prepared using UK GAAP, while USAA SA's Statutory Financial Statements are prepared using Luxembourg GAAP (Lux GAAP).
	GWP	Gross written premium.
	NWP	Net written premium. Premium written net of ceded reinsurance.
	SCR or Solvency Capital Requirement	The regulatory capital requirement for a firm under Solvency II. Most firms use the prescribed Standard Formula to determine their SCR.
	Solvency Ratio	A quantitative measure of financial strength used in this Report, formally: $\text{Solvency Ratio \%} = \frac{\text{financial resources}}{\text{capital requirements}}$ Under Solvency II, EOFs are normally used for measuring financial resources, and SCR is used for capital requirements.
	Technical Provisions	These are the amounts set aside by insurance companies, at a given date, to pay for all potential future cashflows that would be incurred in meeting liabilities to policyholders from existing insurance and reinsurance contracts. The principles which are followed to calculate these provisions will differ depending on their purpose, e.g. regulatory (Solvency II) or annual accounts reporting (UK GAAP or Lux GAAP). In this report, the term Technical Provisions is used interchangeably with the term Reserves .
Other	Comparative terms	I use the term remote to describe terms that I believe are sufficiently unlikely so as to be immaterial to my conclusions. This is discussed in greater detail in Section 5 of my Report.
	COVID-19	Coronavirus disease 2019, an infectious disease caused by severe acute respiratory syndrome coronavirus 2 (SARS-CoV-2). First identified in December 2019 in Wuhan, China, and since spread globally resulting in an ongoing pandemic.

Except where indicated, all amounts in this Report have been converted to Sterling at £1 = €1.147 = US\$1.112



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A. Introduction and Executive Summary

1. Introduction

1.1. General matters

- 1.1.1. I, Alex Marcuson, prepared a Report for the Court dated 19 July 2022 entitled "Proposed Part VII Insurance Business Transfer relating to: USAA Limited and USAA S.A. – Report of the Independent Expert". A copy of the Report has been available since 4 August 2022 on this website: <https://www.usaa.com/Brexit>.
- 1.1.2. This Supplemental Report has been prepared since I completed my Report to update the Court with more recent information surrounding the actual and projected positions of the Parties. In addition, I highlighted various matters in my Report that I would revisit in this Supplemental Report. I also comment on the handling of the communications and publicity exercise and any other developments that I believe would be of interest to the Court, including my opinion on any issues raised by the Affected Policyholders. This work enables me to confirm that there have not been any changes to the main conclusions set out in my Report. The scope and purpose of this Supplemental Report is to update the Court on any changes to the conclusions set out in the Report.
- 1.1.3. This Supplemental Report should be read together with the Report as its findings relate to the conclusions of the Report. The reliances, limitations, assumptions and sources of uncertainty in the Report apply in full in this Supplemental Report.
- 1.1.4. A list of the data provided to me for the purposes of compiling my Supplemental Report is set out in Appendix C.1. I am satisfied that it is appropriate for me to rely upon the data based upon the representations made to the Court in the Second Witness Statement.
- 1.1.5. When marked as final: This Supplemental Report, taken together with the Report dated 19 July 2022, has been prepared in compliance with the Financial Reporting Council’s Framework for FRC Technical Actuarial Standards and relevant Technical Actuarial Standards (TAS 100 and TAS 200) together with the relevant Actuarial Profession Standard of the Institute and Faculty of Actuaries (APS X2: Review of Actuarial Work).
- 1.1.6. When marked as final: This Supplemental Report, taken together with the Report dated 19 July 2022, follows the guidance set out in the SoP and SUP18, and considers the guidance set out in FCA FG 22/1: The FCA’s approach to the review of Part VII insurance business transfers.
- 1.1.7. The PRA (in consultation with the FCA) has approved the form of this Supplemental Report in the context of the Transfer.

1.2. Structure of this report

- 1.2.1. This Supplemental Report contains the following sections:

<p>Section A: Introduction and Executive Summary</p> <ul style="list-style-type: none"> 1. Introduction 2. Executive Summary
<p>Section B: Updates arising</p> <ul style="list-style-type: none"> 3. Financial matters 4. Non-financial matters 5. Notification and Publicity Arrangements
<p>Section C: Appendices</p>

2. Executive Summary

2.1. Changes to financial position of the Parties

- 2.1.1. Since I completed my Report, USAA Staff have prepared a set of updated projections of the balance sheets of the Parties as at year-end 2022. These reflect emerging underwriting and investment experience of each of the Parties as well as providing updated amounts in respect of some of the bottom-line adjustments that I had included in the Report.
- 2.1.2. Based on my review of these updated financial forecasts, together with my discussions with USAA Staff, I have satisfied myself that there are no changes to any of my conclusions relating to the financial impact of the Transfer. This review has included consideration of the various emerging issues I highlighted in my Report, in particular the impact of the COVID-19 pandemic and the Ukraine-Russia conflict. In addition, I have updated some of my analysis to test the resilience of the Parties to scenarios involving higher levels of inflation in the UK and Europe in light of what I consider to be a more uncertain outlook.
- 2.1.3. The amounts quoted in this Supplemental Report are based on the financial position of the Parties projected to 31 December 2022 and allow for the following movements arising post year-end 2021:
- The dividend from USAA LTD to USAA SARL of €35 million (£30 million) and simultaneous capital injection of the same amount by USAA SARL into USAA SA. This was paid on 15 September 2022 in the form of cash and bond investments and comprised Tier 1 Eligible Own Funds.
 - Updated forecast underwriting and investment returns for 2022 trading and market performance. In addition, adjustments have been made for changes in foreign exchange rates between Sterling, Euros and US Dollars. The combined effect of these changes is a loss of £4 million for USAA LTD (previously forecast to be a £3 million loss) and a profit of €3 million for USAA SA (previously forecast to be a loss of €4 million).
 - Allowances for the buy-out of USAA LTD's UK and German pension schemes. These have been increased from the allowance included in the Report of £9 million to a revised allowance of £17 million. The increase reflects the inclusion of (i) the booked UK pension scheme surplus held in USAA LTD's 2021 year-end accounts; and (ii) the expected buy-out cost of the German pension scheme.
- 2.1.4. The Transfer has been arranged so that it will not give rise to a material change to the combined GAAP net assets of either of the Parties. Updated modelling of the impact of the Transfer on a Solvency II basis shows that it will result in the reduction of approximately £4 million in the Eligible Own Funds of USAA LTD and a corresponding increase for USAA SA. As the intention is for all of the remaining Eligible Own Funds of USAA LTD to be moved to USAA SA once USAA LTD has been wound up, this updated modelling accelerates the timing of when these financial resources will be available to USAA SA and does not change its position in the medium term.
- 2.1.5. Allowing for all of these elements in the updated financial projections, both of the Parties continue to have financial resources that are significantly greater than their regulatory capital requirements, albeit slightly reduced from the levels indicated in my Report. As a result, I am satisfied that the updated financial projections do not cause me to change any of my conclusions regarding the Transfer.

COVID-19 PANDEMIC

- 2.1.6. USAA Staff have confirmed that there continues to be no material financial effects from the COVID-19 pandemic to either of the Parties, either in terms of increased insurance losses or investment returns.

UKRAINE-RUSSIA CONFLICT

- 2.1.7. USAA Staff have confirmed to me that they are not aware of any material changes in announced or anticipated US troop deployments since I completed my Report.

INFLATION, INTEREST RATES AND FOREIGN EXCHANGE RATES

- 2.1.8. The Ukraine-Russia conflict continues to have a significant impact on UK and European economies, in particular amplifying levels of inflation and shifts in foreign exchange rates that were emerging as economies started to recover from the effects of the pandemic. One policy response that is arising in these economies is an increase in central bank interest rates. These changes have a mixed impact on the Parties: while greater actual and forecast inflation and interest rates reduce their financial resources, each of them has benefitted from the recent strengthening of the US Dollar. This is because policyholder premiums are fixed in US Dollars (reflecting their policyholders being US Military service personnel) while claims and some expenses are payable in Sterling or Euros.
- 2.1.9. In this Supplemental Report I have updated some of the scenario analysis that I set out in my Report in order to test the resilience of the Parties to more adverse economic scenarios. This analysis has not led me to change my conclusions regarding the Transfer.

2.1.10. *Based on my updated analysis set out in this Supplemental Report, I have satisfied myself that there are no changes to my conclusions surrounding the financial effects of the Transfer on the Affected Policyholders.*

2.1.11. *This updated conclusion has taken account of developments in the following significant current issues that I highlighted in my Report:*

- *The COVID-19 pandemic;*
- *The Ukraine-Russia conflict; and*
- *Uncertainty over the outlook for increased inflation, interest rates and foreign exchange rates.*

2.2. Changes to the Scheme

2.2.1. *There have been no material changes to the Scheme since my Report that change my conclusions regarding the Transfer.*

2.3. Non-financial matters

2.3.1. *There have been no material changes to any non-financial matters that change my conclusions regarding the Transfer.*

2.4. Notifications and Publicity

2.4.1. *I have reviewed the progress of the policyholder communications work carried out by USAA Staff. While I have not carried out a detailed audit of this exercise, I am satisfied that the work has been carried out consistently with the descriptions in the First Witness Statement and that no material issues have arisen that have led me to change my conclusions.*

2.5. Policyholder and Other Objections to the Transfer

2.5.1. *I have reviewed summaries prepared by USAA Staff of the correspondence received by the Parties in response to their publicising the Transfer and notifying Affected Policyholders. At the time of finalising this Supplemental Report, I am not aware of any policyholder objections or complaints that have been raised regarding the Transfer.*

2.6. Expert's declaration

- 2.6.1. I confirm that I fully understand my overriding duty to the Court and that I must help the Court on matters within my expertise. My duty to the Court overrides any obligation to those from whom I have received instructions or by whom I am paid. I believe that I have complied, and will continue to comply, with this duty.
- 2.6.2. I confirm that I am aware of the requirements of Part 35 and Practice Direction 35 of the Civil Procedure Rules, and the Guidance for the Instruction of Experts in Civil Claims 2014.
- 2.6.3. I confirm that I have made clear which facts and matters referred to in this report are within my own knowledge and which are not. Those that are within my own knowledge I confirm to be true. The opinions I have expressed represent my true and complete professional opinions on the matters to which they refer.

Alex Marcuson

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Alex Marcuson MA FIA

14 November 2022

B. Updates Arising

3. Financial matters

3.1. Introduction

3.1.1. This section contains information relating to:

- Updated projected financial position and Solvency Ratios of the Parties;
- Developments in significant emerging issues highlighted in my Report;
- Scenario Testing; and
- Overall Conclusions regarding the Financial Effects of the Transfer.

3.2. Updated projected financial position and Solvency Ratios of the Parties

3.2.1. I have reviewed material provided to me by USAA Staff showing updated projected balance sheets of the Parties. This has comprised:

- Unaudited mid-year GAAP and Solvency II balance sheets for the Parties;
- Board papers; and
- Updated year-end financial forecasts for the Parties on a GAAP and Solvency II basis.

3.2.2. Using this information, I have constructed pro-forma balance sheets (see Appendix C.3) and estimated SCRs with which to test whether my conclusions regarding the financial effects of the Transfer remained unchanged from the Report. USAA Staff have reviewed these projected balance sheets and SCRs and have confirmed to me that they are consistent with the Parties' expected position at the Transfer Date.

3.2.3. This updated analysis has focussed on the pre-Transfer position of USAA LTD and the post-Transfer position of USAA SA. This is because:

- USAA LTD is not expected to have any policyholders post-Transfer, and in any case is expected to have financial resources well in excess of its regulatory capital requirements.
- USAA SA is expected to be financially stronger pre-Transfer than post-Transfer because the Transfer will result in it receiving a portfolio of assets and insurance liabilities accompanied by only a minimal level of additional financial resources¹. As shown in Table 3 of the Report, its Solvency Ratio is expected to reduce significantly as a result of the Transfer, while remaining in excess of 150%. Owing to the additional €35 million capital injection, USAA SA post-Transfer will have a similar Solvency Ratio to its pre-Transfer Solvency Ratio at year-end 2021.

3.2.4. For these two positions, I have used the data provided to me by USAA Staff to produce an approximate estimate of the Solvency II balance sheets for USAA LTD post-Transfer and USAA SA pre-Transfer. USAA Staff have reviewed these and confirmed that they believe that they are reasonable.

3.2.5. Table 1 shows the elements of change between:

- The GAAP net assets and Solvency II EOF shown in the Parties' audited year-end 2021 financial statements and the adjusted as-if basis used in the Report; and

¹ The change in financial resources is expected to be nil when measured on a GAAP basis, but approximately €4 million when measured on a Solvency II basis.

- The corresponding figures projected to the 2022 year-end that I have used for assessing the Transfer in this Supplemental Report.

Table 1 GAAP net assets and Solvency II EOF

Company	USAA LTD £m	USAA LTD €m	USAA SA €m
GAAP			
A. Net assets on 31 December 2021 (as reported in the 2021 year-end accounts)	73.5	87.7	65.6
Post-balance sheet as-if adjustments included in Scheme Report			
B. Dividend payment / Capital injection via USAA SARL ²	(29.4)	(35.0)	35.0
C. UK pension scheme payment ³	(9.4)	(11.2)	-
D. Unrealised investment losses expected at Q2 2022 ⁴	(3.0)	(3.6)	(3.5)
E. 21YE "as-if" net assets = A+B+C+D	31.8	37.9	97.1
F. Updated GBP : EUR FX adjustment (from £1:€1.1924 to £1:€1.1468)	(1.2)	(2.8)	-
G. 2022 projected P&L profit / losses including investment losses	(0.2)	(0.3)	5.9
H. Updated UK and German pension scheme adjustments	(6.7)	(7.7)	-
I. 22YE projected pre-Transfer net assets = E+F+G+H	23.6	27.1	103.0
J. Transferring net assets	-	-	-
K. 22YE projected post-Transfer net assets	23.6	27.1	103.0
L. Ultimate position post-Transfer net assets	-	-	130.1
Solvency II			
M. EOF on 31 December 2021 (as reported in the 2021 year-end SFCR)	75.1	89.6	61.7
N. Post-balance sheet as-if adjustments as per GAAP = B+C+D	(41.8)	(49.8)	31.5
O. 21YE "as-if" EOF = J+K	33.4	39.8	93.2
P. Updated GBP : EUR FX adjustment (from £1 : €1.1924 to £1 : €1.1468) = F	(1.2)	(2.8)	-
Q. 2022 adjustments as per GAAP = G+H	(7.0)	(8.0)	5.9
R. GAAP to SII adjustments	2.3	2.7	(2.8)
S. 22YE projected pre-Transfer EOF = L+M+N+O	27.6	31.6	96.3
T. Transferring net assets	(3.7)	(4.3)	4.3
U. 22YE projected post-Transfer EOF	23.9	27.4	100.5
V. Ultimate position post-Transfer EOF	-	-	127.9

3.2.6. Consolidated projected balance sheets are each as at 31 December 2022, and a conversion of the GAAP reserves to Solvency II Technical Provisions are shown for each of the Parties in Appendix C.3 and Appendix C.4 respectively.

USAA LTD

3.2.7. USAA LTD is expected to have a reduction in its Solvency II EOF at year-end 2022 compared to the as-if position shown in the Report. The largest component of this change is the updated analysis of the impact of the buyouts of the UK and German defined benefit pension schemes provided to me by USAA Staff. The previous allowance of £9.4 million has been increased to c. £17 million to allow for the write-off of the booked pension surplus and the expected cost of

² See Paragraph 2.1.7 in the Scheme Report for more details.

³ See Paragraphs 8.5.1 and 8.5.2 in the Scheme Report for more details.

⁴ See Paragraphs 8.5.1 and 8.5.2 in the Scheme Report for more details.

buying out the liabilities of the German pension scheme. The other adjustments are relatively small, and include:

- Updates to projected claims experience, including an increased allowance for claims inflation in the Technical Provisions;
- Updated investment returns; and
- Changes in foreign exchange rates.

3.2.8. I have reviewed the updated estimated Technical Provisions and projected future profits for 2022 and believe that they provide an acceptable basis upon which I can continue to review the effects of the Transfer.

3.2.9. USAA Staff have confirmed to me that there have not been any new large claims or material increases in case reserves for existing claims during 2022 that I consider need to be reflected in the Technical Provisions for my purposes. The movements in reserves for individual claims were within the range that I would have expected within portfolios of their size or nature.

USAA SA

3.2.10. USAA SA is expected to have a small increase in its Solvency II EOF at year-end 2022 compared to the as-if position shown in the Report. The adjustments, which are each small, comprise:

- Updates to projected claims experience, including an increased allowance for claims inflation in the Technical Provisions;
- Updated investment returns; and
- Changes in foreign exchange rates.

3.2.11. I have reviewed the updated estimated Technical Provisions and projected future profits for 2022 and believe that they provide an acceptable basis upon which I can continue to review the effects of the Transfer.

3.2.12. USAA Staff have confirmed to me that there have not been any new large claims or material increases in case reserves for existing claims during 2022 that I consider need to be reflected in the Technical Provisions for my purposes. The movements in reserves for individual claims were within the range that I would have expected within portfolios of their size or nature.

3.2.13. *Based on this analysis, I consider that the financial resources of the Parties continue to provide an appropriate basis upon which I can reach my conclusions regarding the Transfer.*

UPDATED SOLVENCY RATIO CALCULATIONS PRE AND POST-TRANSFER

3.2.14. Table 2 shows the projected EOF, SCR and Solvency Ratio for the Parties as at 31 December 2022. These figures are shown in comparison to the year-end 2021 figures in Table 15 of the Report. The projected EOF were taken from Table 1 and the projected SCRs were calculated by USAA Staff. I have reviewed these calculations and consider that they are suitable for use in this analysis.

3.2.15. Note that no projected SCR has been calculated for USAA SA pre-Transfer. Based on the fact that the SCR of USAA SA must increase as a result of the Transfer (owing to the increase in assets and liabilities on its balance sheet) with only a minimal increase in its EOF arising at the same time, it is reasonable to conclude that the Solvency Ratio of USAA SA pre-Transfer will be greater than

the amount calculated post-Transfer. I note that this change is consistent with the analysis shown in Table 15 of the Report.

3.2.16. The Transfer has been arranged so that it will not give rise to a material change to the GAAP position of the Parties. Updated modelling of the impact of the Transfer on a Solvency II basis shows that it will result in the reduction of approximately £4 million in the Eligible Own Funds of USAA LTD and a corresponding increase for USAA SA. In the Report, it was assumed that there would be no change to the EOF of either of the Parties as a result of the Transfer. As the intention is for all of the remaining Eligible Own Funds of USAA LTD to be moved to USAA SA once USAA LTD has been wound up, this change accelerates the timing of when these financial resources will be available to USAA SA and does not change its position in the medium term.

Table 2 Pre and post-Transfer Solvency Ratio Comparison - € million, IE Report vs Supplemental Report

	USAA LTD				USAA SA			
	Year-end 2021	Projected Year-end 2022		Ultimate position	Year-end 2021	Projected Year-end 2022		Ultimate position
	Pre-Transfer		Post-Transfer		Pre-Transfer		Post-Transfer	
EOF	89.6	31.6	27.4	-	61.7	96.3	100.5	127.9
SCR	23.3	11.2	3.7	-	36.4	NA ⁵	59.4	59.4 ⁶
Solvency Ratio	384%	282%	746%	-	169%	NA	169%	215%
Table 15 in the Report, based on year-end 2021 figures								
	USAA LTD				USAA SA			
	Year-end 2021	Allowing for €35 million dividend and other adjustments ⁷		Ultimate position	Year-end 2021	Allowing for €35 million capital injection and other adjustments ⁸		Ultimate position ⁹
	Pre-Transfer		Post-Transfer		Pre-Transfer		Post-Transfer	
EOF	89.6	39.8	39.8	-	61.7	93.2	93.2	133.0
SCR	23.3	23.3	3.8	-	36.4	36.4	54.0	54.0
Solvency Ratio	384%	171%	1043%	-	169%	256%	173%	246%

3.2.17. Relative to the results set out in Table 15 of the Report, Table 2 shows that:

- USAA LTD’s Solvency Ratio immediately pre-Transfer of 282% is significantly higher than the Solvency Ratio of 171% assumed in the year-end 2021 as-if balance sheet. This is mainly because the updated SCR has allowed for the run-off of USAA LTD’s Technical Provisions during 2022. The post-Transfer Solvency Ratio of 746% is lower than previously indicated

⁵ See paragraph 3.2.15.

⁶ USAA SA’s SCR has been assumed here to be the same as immediately post-Transfer. In practice the SCR will depend upon the assets held by USAA SA. Although the additional EOF transferred to USAA SA once USAA LTD is wound up may increase USAA SA’s SCR, the extent of any such increase will depend upon the actual investments held. In addition, USAA SA’s SCR immediately post-Transfer will reduce over time. This is because USAA SA is initially holding some illiquid Sterling investment bonds (transferred to it as part of the €35 million dividend from USAA LTD). Once these bonds have matured, USAA Staff have told me that USAA SA will reinvest the proceeds in assets that will attract a lower amount of regulatory capital.

⁷ Other adjustments relate to UK pension scheme buyout and of unrealised investment losses as at 30 June 2022.

⁸ Other adjustments relate to unrealised investment losses as at 30 June 2022.

⁹ Includes an allowance for the other adjustments noted in Footnote 3.

at 1043%, owing to the lower estimated pre-Transfer EOF (discussed in paragraph 3.2.7) and the change in EOF that arises from the Transfer (described in paragraph 3.2.16.)

- USAA SA’s Solvency Ratio immediately post-Transfer of 169% is similar to, albeit slightly lower than 173%, the estimated Solvency Ratio shown in Table 15 of the Report.
- USAA SA’s estimated ultimate post-Transfer Solvency Ratio of 215% is lower than previously indicated at 246% because the projected EOF is lower (combining the net effect of updated estimates of the EOFs of USAA LTD and USAA SA since those in the Report). In addition, the estimated SCR is higher than had been estimated in the projections in the Report.

3.2.18. Relative to the pre-Transfer Solvency Ratios, Table 2 shows that:

- The Transferring Policyholders will move to a company with a lower Solvency Ratio (from 282% to 169%), than I had previously anticipated in the Report.
- The Existing Policyholders will continue to have a reduction in Solvency Ratio as I had previously anticipated in the Report.
- In each case, the Solvency Ratio for the Parties will remain in excess of 150% of their respective regulatory capital requirements, well in excess of the Parties’ risk appetite of 120% of SCR.

3.2.19. USAA Staff have confirmed to me that the proportion of Tier 2 and Tier 3 EOFs used to meet each company’s SCRs are unchanged from the Report and continue to be well within Solvency II quantitative limits.

3.2.20. *I continue to expect the Parties will maintain excess financial resources over and above their projected SCR.*

3.2.21. *Using this measure, the estimated financial effects of the Transfer for:*

- *Existing Policyholders are consistent with those previously described in the Report.*
- *Transferring Policyholders are that the Solvency Ratio of their insurer will decrease rather than increase. I do not believe that this change is material, because I continue to believe that the Solvency Ratios of the Parties indicates that the risk of Affected Policyholders not having their claims paid in full will continue to be remote.*

3.2.22. *As a result, I am satisfied that these updated projected financial positions of the Parties do not lead me to change my conclusions regarding the financial effects of the Transfer.*

3.3. COVID-19 pandemic impacts

3.3.1. Since my Report, USAA Staff have told me that there continues to be no materially adverse financial effects from the pandemic in terms of increased insurance losses or investment exposures.

3.3.2. *I have concluded that the updated COVID-19 pandemic information available to me since my Report does not change my overall conclusions regarding the Transfer.*

3.4. Ukraine-Russia conflict impacts

3.4.1. Since my Report, USAA Staff have confirmed to me that there are no material changes in their exposure arising from troop deployments from US bases as a result of this conflict. Therefore, there continues to be no materially adverse financial effects from the Ukraine-Russia conflict.

3.4.2. *Based on this information, I have concluded that the developments in the Ukraine-Russia conflict since my Report do not change my overall conclusions regarding the Transfer.*

3.5. Inflation, interest rates and changes to foreign exchange rates

- 3.5.1. The Ukraine-Russia conflict continues to have a significant impact on UK and European economies, in particular as a result of increased inflation and shifts in foreign exchange rates, and in response increased central bank interest rates. In addition, since I completed my Report there has been an increased level of political and economic instability in the UK resulting in increased interest rates and a fall in the value of Sterling against overseas currencies.
- 3.5.2. These changes have a mixed impact on the Parties: while greater actual and forecast inflation and interest rates reduce their financial resources, each of them has benefitted from the recent strengthening of the US Dollar. This is because policyholder premiums are fixed in US Dollars (reflecting their policyholders being US Military service personnel) while claims and some expenses are payable in Sterling or Euros.
- 3.5.3. I have reviewed the allowance made in the projected balance sheets of the Parties for future inflation (which has increased since I completed my Report) and believe that the allowance made means that it remains appropriate for me to use them as a base upon which I can form my conclusions regarding the Transfer.
- 3.5.4. In light of the anticipated, yet uncertain, outlook for further increases in inflation and higher interest rates (including the potential for these to continue at such levels for a prolonged period), I have performed six additional scenario tests which assess the impact of more severe increases in inflation and interest rates than those considered for my Report. Because (for the reasons given in paragraph 3.5.2), falls in the value of Sterling improve the financial position of the Parties, I have not introduced additional scenarios relating to foreign exchange rate movements. The findings from my further analysis are set out in Appendix C.2.

3.5.5. *Based on my review, I have satisfied myself that changes in the outlook for inflation, interest rates and foreign exchange rates do not cause me to change my conclusions regarding the Transfer.*

3.6. Updated Scenario Testing

- 3.6.1. In my Report, I carried out a series of stress, scenario and reverse stress tests to compare the financial position of the Affected Policyholders before and after the Transfer, using data as at 2021 year-end.
- 3.6.2. For this Supplemental Report, I have re-performed these scenario tests using the updated financial information provided to me by USAA Staff. Updating these tests did not cause me to change the conclusions set out in my Report.
- 3.6.3. As discussed in paragraph 3.5.4, I also performed six additional tests relating to future inflation and interest rate scenarios. These tests did not cause me to change the conclusions set out in my Report.
- 3.6.4. The additional tests and a high-level summary of the results are set out in Appendix C.2.

3.6.5. *Based upon the updated scenario testing analysis that I have performed, I have not changed my conclusions regarding the financial effects of the Transfer.*

3.7. Overall Conclusions regarding the Financial Effects of the Transfer

3.7.1. *Based on this updated analysis, I have satisfied myself that there are no changes to my conclusions regarding the financial effects of the Transfer on the Affected Policyholders.*

4. Non-financial matters

4.1. Introduction

4.1.1. In this section, I have commented upon the following matters:

- Changes to the Scheme;
- Pension funds;
- Tax effect on the Scheme;
- COVID-19 pandemic impacts;
- Policyholder protection schemes and policyholder complaints; and
- Any other non-financial matters.

4.2. Changes to the Scheme

4.2.1. *There have been no material changes to the Scheme since my Report that change my conclusions regarding the Transfer.*

4.3. Pension funds

4.3.1. USAA Staff have told me that, in respect of the UK defined benefit pension scheme, the review of membership data being conducted by Just, the insurance company that has taken on the liabilities, has not to date given rise to any issues. USAA Staff therefore believe that the risk of any additional liabilities arising is now remote.

4.3.2. At the time of finalising this Supplemental Report, USAA Staff have told me that they have received firm insurance quotes for the buyout of USAA LTD's German pension scheme. The quotes amount in total to c. €3m for all 5 members in the scheme. The impact on own funds will depend upon the value of the scheme assets at the time that the transaction completes, but the maximum impact will be the premium payable of c.€3m. As this amount is c.5% of USAA SA's post-Transfer SCR and USAA SA's Solvency Ratio is expected to be in excess of 200% once USAA LTD has been wound up, the arrangements made for USAA LTD's German pension scheme liabilities does not change my conclusions regarding the Transfer.

4.3.3. *Based on this information, I am satisfied that my conclusions regarding the Transfer are unchanged.*

4.4. Tax effect of the Scheme

4.4.1. USAA Staff have confirmed to me that they believe the Transfer will not give rise to any material tax liabilities to either of the Parties after seeking advice from their tax advisors.

4.4.2. *There are no changes to the conclusions described in my Report arising from the tax effects of the Scheme.*

4.5. COVID-19 pandemic impacts

4.5.1. The Parties have confirmed that no new operational issues as a result of the COVID-19 pandemic have arisen since I completed my Report.

4.5.2. *Based on this information, I am satisfied that my conclusions regarding the Transfer are unchanged.*

4.6. Policyholder protection schemes and policyholder complaints

4.6.1. I am not aware of any material developments since I completed the Report regarding the ability of Affected Policyholders to access the Financial Services Compensation Scheme or the Financial Ombudsman Service that affect my conclusions.

4.6.2. *There are no changes to my conclusions regarding the Transfer arising from policyholder protection schemes or policyholder complaints arrangements.*

4.7. Other regulatory and non-financial matters

4.7.1. In my Report I indicated that the CAA has been provided with my contact details should there be any regulatory matters they wish to discuss with me directly. The CAA has not raised any matters directly with me in relation to the Transfer.

4.7.2. *Since completing my Report, I have not become aware of any new non-financial matters that would in my view have a material effect on the Transfer. This is based on my discussions with USAA Staff, my review of the Second Witness Statement and having considered the general characteristics of this Transfer.*

4.8. Overall Conclusions regarding the Non-Financial Effects of the Transfer

4.8.1. *Based on this updated analysis, I have satisfied myself that there are no changes to my conclusions regarding the non-financial effects of the Transfer on the Affected Policyholders.*

5. Notification and Publicity Arrangements

5.1. Introduction

5.1.1. In this section, I have commented upon the following matters:

- Notification documents;
- Implementation of the notification exercise;
- Implementation of the publicity exercise; and
- Responses to the notification and publicity exercises.

5.2. Notification documents

5.2.1. The First Witness Statement contains the draft notification documents which I used to reach the conclusions in my Report. USAA Staff have provided me with the actual notification documents used for the notification exercise. I have compared these to the drafts and have satisfied myself that they are not materially different.

5.2.2. The Second Witness Statement has confirmed that USAA Staff have obtained a certificate from Language Link (UK) Limited verifying the accuracy of the communications material translated into German, and these were then proof-read by appropriate USAA Staff or claims representatives of USAA SA. This translation was prepared in response to requests from claimants that the Parties had contacted as part of the notification exercise.

5.2.3. *I am therefore satisfied that there have been no changes to my previous conclusions in the Report that the communications material is appropriate.*

5.3. Implementation of the notification exercise

5.3.1. The notification documents been available since 4 August 2022 on this website <https://www.usaa.com/Brexit>, together with the Legal Notice, the Report and the Summary of the Report.

5.3.2. USAA's notification exercise (by either post or email) took place between 7 and 9 September 2022. The Second Witness Statement provides a detailed analysis of the results of this exercise.

5.3.3. A total of 44,707 notices were sent to Affected Policyholders¹⁰, comprising:

- 1,093 notification letters sent by post; and
- 43,614 notification emails.

5.3.4. A total of 687 notices were sent to Claimants (including their third-party representatives), comprising:

- 50 notification letters sent by post (of which 24 were unsuccessfully originally sent by email); and
- 637 notification emails (excluding those that were not successfully delivered by email and were subsequently sent by post).

5.3.5. USAA Staff have told me that there were 5 claimants for whom they were unable to locate any postal address, email address or contact telephone number and have therefore not been able to notify of the Transfer.

5.3.6. A total of 12 notices were sent to reinsurers of Transferring Policies, all by email.

¹⁰ Note that this includes the Claimants described in paragraph 5.3.4.

5.3.7. As of 11 November 2022, the Parties have not received any returns of mailings sent out to reinsurers.

5.3.8. *Based on these results provided to me by USAA Staff, I am satisfied that the Parties carried out the policyholder notification exercise appropriately and in line with my expectations as set out in the Report.*

5.4. Implementation of the publicity exercise

5.4.1. USAA Staff have confirmed that notices were placed in publications as planned during August 2022.

5.4.2. In addition, USAA Staff have confirmed that they wrote to the various trade bodies indicated in the First Witness Statement. Some of these bodies have agreed to notify their members, while others have required the Parties to place an advertisement in their publications (which the Parties have purchased).

5.4.3. *I am satisfied that the Parties have carried out the publicity exercise appropriately and in a manner consistent with the descriptions provided in the First Witness Statement.*

5.5. Responses to the notification and publicity exercise

5.5.1. USAA Staff have confirmed that, as at 11 November 2022, there were 5 emails / calls directly raised with the Parties through the communication channels related to the Transfer. These enquiries can be summarised as follows:

- 3 were from policyholders or claimants requesting further information regarding the Transfer and how it would affect them;
- 2 were from claimants requesting a translation of the notification documents into German;
- There were no policyholders who requested policy cancellations;
- There were no objections raised relating to the Transfer;
- There were no policyholders who raised complaints in relation to their policies.

5.5.2. I have reviewed a summary of the enquiries received by USAA and the way in which they have been handled. They appeared to me to have been addressed appropriately.

5.5.3. *I am satisfied that the small number of policyholder responses have been addressed appropriately.*

5.5.4. *I have satisfied myself that there do not appear to be any issues that have arisen relating to the Transfer or the communication of them to Affected Policyholders that I believe I need to draw to the attention of the Court.*

C. Appendices

Appendix C.1. Additional data items received for the Supplemental Report

In preparing this Supplemental Report, I relied upon the accuracy of certain documents and information provided by USAA Staff. The items that were used to prepare this Supplemental Report included but were not limited to the following:

Balance sheet and Reserving

- Unaudited GAAP financial statements for USAA LTD and USAA SA as at 30 June 2022
- Unaudited Solvency II balance sheets for USAA LTD and USAA SA as at 30 June 2022
- Projected P&L, balance sheets and SCR calculations as at 31 December 2022
- Claims triangulations for USAA LTD and USAA SA as at 31 July 2022

Business plan, Risk and Capital

- Business plan forecast for USAA LTD and USAA SA
- Finance Report as at Q2 2022 for USAA LTD and USAA SA containing Actual versus Expected comparison for the 6-month period to 30 June 2022
- Standard Formula calculations for USAA LTD and USAA SA as at 31 December 2022

Communications

- Policyholder communications pack
- Reports from USAA to the FCA with summary statistics
- Translation certificate for policyholder communications pack in German
- List of publications and confirmed publication dates for the publicity exercise during August 2022

Non-financials and other documents

- Draft Second Witness Statement of Mr. Simon Patrick Kendall Keith
- Final Scheme document

Other information has been gathered from email correspondence and meetings with staff and representatives of USAA.

Appendix C.2. Additional scenario tests

As noted in paragraph 2.1.9, I carried out updated scenario analysis which involved performing the following six new scenarios, five of which were driven by inflation and one to reflect high interest rates:

1. S.6: Inflation sensitivity – Short-term spike in 2022 and 2023: superimpose excess inflationary expectations on the reserve cashflows for each firm. After the inflation spike, inflation is assumed to settle back to its previous average level. Inflation expectations use the recent inflation forecast published by the OECD¹¹.
2. L.6: Moderate inflation scenario – After the short-term inflation spike at the same level as assumed in S.6; subsequently, inflation settles to 1% above its previous average level.
3. H.9a: Severe inflation scenario 1 – The short-term inflation is double that assumed in S.6; subsequently, inflation settles to 2% above its previous average level.
4. H.9b: Severe inflation scenario 2 – Superimpose inflation of 10% for five years (2022 to 2026).
5. H.9c: Severe inflation scenario 3 – Superimpose inflation of 15% for five years (2022 to 2026).
6. H.10: High interest rate scenario – Increase in interest rate by 5% (500 basis points) at all durations.

Only one of the additional scenarios (H9.c – Severe inflation scenario 3) above gives rise to a material change in the risk exposure as a result of the Transfer. This is because:

- For the inflation scenarios, the stop loss reinsurance absorbs the increases in claims arising.
- For the interest rate scenario, the relative duration of the Parties’ assets and liabilities are sufficiently similar for the Transfer not to give rise to a material change in risk exposure.

The interest rate scenario results in the Solvency Ratio of USAA SA (but not USAA LTD) falling to approximately 100%. This is because the stop loss reinsurance does not respond to the effects of interest rate movements.

The table below shows a comparison of the risk exposures in the Report versus the updated scenario analysis results for Transferring Policyholders.

Group of Affected Policyholders (and associated Firm comparison)	Increased risk exposure	Reduced risk exposure
Transferring Policyholders (USAA LTD vs. USAA SA post-Transfer)	H.1 +30% reserve deterioration H.5 +50% business volume scenario H.7 Severe investment scenario H.9c severe inflation scenario 3	H.2 +10% reserve deterioration combined with 50% reduction in cover from stop loss reinsurance H.8 Data/Cyber loss scenario
IE Report results:		
Transferring Policyholders (USAA LTD vs. USAA SA post-Transfer)	H.5 +50% business volume scenario	H.7 Severe investment scenario H.8 Data/Cyber loss scenario

There are two scenarios that now give rise to an increased risk exposure compared to the scenario testing results shown in the Report and one additional scenario H.9c (severe inflation scenario 3) with an increased risk exposure. These are scenario H.7 (severe investment scenario) and scenario H.1 (+30% reserve deterioration). This is for the following reasons:

- Scenario H.1: because (i) updating USAA LTD’s balance sheet to year-end 2022 means that it now has materially smaller reserves than as at year-end 2021, the basis for the analysis shown in my Report; and (ii) the updated business plans of USAA SA anticipate significantly greater profits (that must be eroded before recoveries can be made from the stop loss reinsurance) than was the case in the testing performed in my Report.

¹¹ OECD (2022), “Inflation forecast” (indicator), <https://doi.org/10.1787/598f4aa4-en> (Accessed on 23 August 2022)

- Scenario H.7: because the analysis in the Report allowed for the possibility of ongoing exposure to investment losses arising from the UK defined benefit pension scheme. USAA Staff have now confirmed to me that USAA LTD no longer has any such investment risk exposure. As a result, the impact on USAA SA post-Transfer of severe investment scenarios is greater than it is pre-Transfer to USAA LTD.

Scenario 9.c is the only one of the new inflation risk scenarios performed that has a materially greater impact on the Solvency Ratio of USAA SA than on USAA LTD. This reflects the low and reducing exposure to insurance liabilities of USAA LTD as its claims liabilities have run off during 2022.

Because none of these severe scenarios that indicate an increase in the risk exposure of the Transferring Policyholders also gives rise to USAA SA breaching its SCR, I am satisfied that I can continue to consider the risk of policyholders not having their claims paid in full as being remote.

There is now a reduced exposure for Transferring Policyholders in scenario H.2 because changes in USAA LTD's risk profile during 2022 (owing to the buy-out of its UK defined benefit pension scheme liabilities and it ceasing to write new insurance business from 1 April 2022) mean that it is more exposed to this scenario than USAA SA.

Appendix C.3. Consolidated Balance Sheets (anticipated positions)

The following tables set out the projected pre-and post-Transfer position of USAA LTD and USAA SA on a GAAP and Solvency II basis as at 31 December 2022.

C.3.1. GAAP basis as at 31 December 2022

This section of the appendix sets out a summary of the projected positions of the Parties before and after the Transfer as at 31 December 2022.

Readers of this Supplemental Report are warned that the actual figures at the Transfer Date may differ from the amounts shown in the tables. Such differences may be material, and could arise as a result of emerging claims experience, changing business plans or the timing of cashflows differing from those assumed. The purpose of their inclusion is solely to help readers of this Supplemental Report understand the Transfer and its anticipated effect on the Parties.

ASSETS	Pre-Transfer		Post-Transfer		Post-Transfer, ultimate position	
	USAA LTD €m	USAA SA (Total) €m	USAA LTD €m	USAA SA (Total) €m	USAA LTD €m	USAA SA (Total) €m
Investment & Cash in Hand	49.5	145.3	28.0	166.8		194.7
Reinsurers' share of Technical Provisions	15.8	0.0	0.0	15.8		15.8
Debtors, prepayments & other assets	12.9	67.1	0.1	79.9		80.0
	78.2	212.4	28.1	262.4		290.5
LIABILITIES & CAPITAL						
Technical provisions	48.6	95.6	0.0	144.3		144.3
Creditors & other liabilities	2.5	13.7	1.0	15.1		16.1
Total liabilities	51.1	109.3	1.0	159.4		160.4
Net assets	27.1	103.0	27.1	103.0		130.1
	78.2	212.4	28.1	262.4		290.5

Net Technical Provisions	32.8	95.6	0.0	128.5		128.5
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C.3.2. Solvency II basis as at 31 December 2022

ASSETS	Pre-Transfer		Post-Transfer		Post-Transfer, ultimate position	
	USAA LTD €m	USAA SA (Total) €m	USAA LTD €m	USAA SA (Total) €m	USAA LTD €m	USAA SA (Total) €m
Investment & Cash in Hand	49.9	146.5	28.4	168.0		196.4
Reinsurers' share of Technical Provisions	14.6	(6.9)	0.0	7.7		7.7
Debtors, prepayments & other assets	9.5	8.5	0.0	18.0		18.0
	74.0	148.1	28.4	193.7		222.1
LIABILITIES & CAPITAL						
Technical provisions	39.0	38.9	0.0	78.0		78.0
Creditors & other liabilities	3.4	12.8	1.1	15.1		16.2
Total liabilities	42.4	51.8	1.1	93.1		94.2
Net assets	31.6	96.3	27.4	100.5		127.9
	74.0	148.1	28.4	193.7		222.1

Net Technical Provisions	24.4	45.8	0.0	70.3		70.3
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SCR	11.2	NA	3.7	59.4		59.4
SII Eligible Own Funds for SCR	31.6	96.3	27.4	100.5		127.9
Solvency Ratio	282%	NA	718%	169%		214%

Appendix C.4. GAAP to Solvency II Technical Provisions conversions

The GAAP and Solvency II TPs shown in the tables below were prepared by actuarial members of USAA Staff. In the projected balance sheets shown in Appendix C.3, updated GAAP TPs were used by USAA Staff. The Solvency II TPs shown in the balance sheets prepared by USAA Staff in Appendix C.3 do not reflect this update. For USAA Ltd, the difference is immaterial for my conclusions. For USAA SA, updating the Solvency II TPs for the lower GAAP amounts increases the net assets and EOF of USAA SA. I therefore do not believe that had this adjustment been made it would have affected my conclusions.

C.4.1. USAA LTD

The following table summarises the UK GAAP to Solvency II Technical Provision conversion as at 31 December 2022 for USAA LTD.

	Pre-Transfer, £m			Post-Transfer, £m			Calculation #
	Gross	RI	Net	Gross	RI	Net	
GAAP Technical Provisions	38.1	13.4	24.7				1
Prudence margin	(4.5)	0.0	(4.5)				2
Future premium receipts on incepted contracts	(0.7)	(0.1)	(0.6)				3
Unearned premium (incepted and unincepted) and associated claims costs	(0.1)	0.0	(0.1)				4
Other SII adjustments	1.4	0.6	0.8				5
Discounting	(1.1)	(1.2)	0.1				6
SII Technical Provisions excl. SII Risk Margin	33.2	12.7	20.5				7 = sum 1 to 6
SII Risk Margin	0.8	0.0	0.8				8
SII Technical Provisions	34.0	12.7	21.3				9 = 7+8

C.4.2. USAA SA

The following table summarises the Lux GAAP to Solvency II Technical Provision conversion as at 31 December 2022 for USAA SA.

	Pre-Transfer, €m			Post-Transfer, €m			Calculation #
	Gross	RI	Net	Gross	RI	Net	
GAAP Technical Provisions	108.7	0.0	108.7	152.5	15	137.1	1
Prudence margin	(4.7)	0.0	(4.7)	(9.8)	0.0	(9.8)	2
Future premium receipts on incepted contracts	(57.9)	(6.3)	(51.7)	(58.7)	(6.3)	(52.4)	3
Unearned premium (incepted and unincepted) and associated claims costs	(18.1)	(0.6)	(17.5)	(17.1)	(0.7)	(16.4)	4
Other SII adjustments	2.5	0.0	2.5	4.2	0.7	3.5	5
Discounting	(1.1)	0.0	(1.1)	(2.3)	(1.4)	(0.9)	6
SII Technical Provisions excl. SII Risk Margin	29.5	(6.8)	36.3	68.8	7.7	61.0	7 = sum 1 to 6
SII Risk Margin	8.3	0.0	8.3	9.2	0.0	9.2	8
SII Technical Provisions	37.8	(6.8)	44.6	78.0	7.7	70.2	9 = 7+8



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Final Audit Report

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