Solvency II: Capital resilience in uncertain times

An early insight into Solvency II reporting across the UK and Ireland

June 2020

Contents

The data analysed in this report was sourced from Solvency II Wire Data and the company disclosures. Solvency II Wire Data provides detailed information about the Solvency II figures, enabling users to build reports and view changes over time to better understand the impact of Solvency II.

The data is available via subscription from: https://solvencyiiwiredata.com/about/

For further copies of the report, please download a PDF copy from our website www.lcp.uk.com, email enquiries@lcp.uk.com or contact Lauren Keith on +44 (0)20 7432 6745.

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Opening remarks

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COVID-19 has had a profound impact on the world we live in. In addition to the serious health implications, the pandemic continues to significantly affect financial markets, the global economy and businesses.

Material changes to claims experience, significant market volatility and operational issues have impacted insurers, with some fearing significant hits to their capital buffers as a result. To help insurers manage this situation, regulators extended some of the Solvency II reporting deadlines by up to two months for firms with years ending 31 December to 31 March, but with interim disclosures of some key metrics and the additional requirement to report how COVID-19 has impacted their businesses.

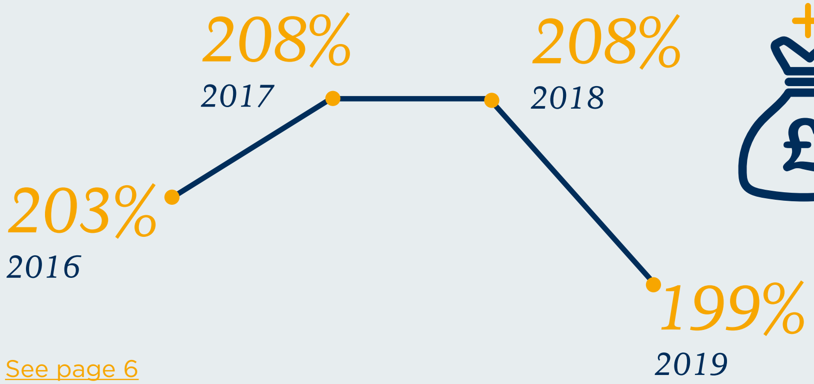
Some firms have taken advantage of these extensions, whereas others have published in line with the original deadlines.

This report sets out an early insight into the disclosures, based on 50 insurers who had published by early May 2020. We have considered the financial strength of these insurers at their year ends, together with the potential financial impacts of COVID-19, how insurers are responding to the situation and their strategies for supporting employees and customers through this difficult time.

This report sets out an early insight into the Solvency II disclosures, based on 50 insurers who had published by early May 2020.

At a glance

Average eligible own fund ratios



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52%

of firms saw an increase to their eligible own funds ratio over their years ending 2019

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70%

of firms with a higher than average exposure to equities have eligible own funds ratios below average

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52% *of insurers have confirmed that they expect to continue to meet regulatory capital requirements in the wake of COVID-19*

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37% 85%

85% of firms mentioned COVID-19 and its possible impact on claims experience but only 37% gave further details

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52%

of firms considered conduct or regulatory risks as key risks to their businesses

See page 13

46%

of firms mentioned climate change in their SFCRs with the majority considering it as a key risk - a significant increase from last year

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1. Introduction and executive summary

On 20 March 2020, EIOPA published its recommendations on supervisory flexibility regarding the Solvency II reporting deadlines in the wake of the COVID-19 pandemic.

In response, both the PRA and the CBI extended Solvency II reporting and disclosure deadlines for insurers with year ends from 31 December 2019 to 31 March 2020 (inclusive). The extensions included:

- A two-week extension for group and solo deadlines (from 7 April to 21 April for solo companies and from 19 May to 2 June for groups) for Quantitative Reporting Template (QRT) submissions covering the balance sheet, long term guarantees, own funds and the Solvency Capital Requirement (SCR) calculation; and
- An eight-week extension for the group and solo Solvency and Financial Condition Report (SFCR) reporting deadlines and all other QRT submissions, bringing this deadline to 2 June for solo companies and 14 July for groups.

By the end of the week of the first submission deadline for the initial QRTs, only **47 of the 100 insurers** featured in our main analysis - due later this year - had published at least partial QRTs. This report sets out our initial analysis of the 50 firms which had published full SFCRs and QRTs by 11 May 2020.

This review considers:

- The Solvency II balance sheets and regulatory capital positions of insurers
- The expected impact of COVID-19 and other key risks insurers are exposed to
- Market-wide observations that may help with benchmarking insurers against their peers
- Key changes over the last year and any emerging trends

Our key conclusions are:

- Insurers continue to be sufficiently capitalised at their 2019 year ends, with eligible own funds that are, on average, nearly double their SCR.
- The requirement to disclose additional information on the expected impact of COVID-19 has been met by all except one insurer, but the quality of disclosures varies significantly.
- 52% of the companies have confirmed that they expect to continue to meet regulatory capital requirements in the wake of COVID-19. The remaining 48% either remained silent or said there was still too much uncertainty to confirm the position.
- Significant financial market volatility is a key concern, with 54% of firms noting its impact on their investment holdings.
- 85% of firms mentioned COVID-19 and its possible impact on claims experience, but only 37% gave further details, such as assessing their exposures by lines of business or providing commentary on the expected impacts.
- The risk of "unanticipated coverage" from COVID-19 was also flagged. This is supported by the result of a poll at one of our recent CRO roundtable events, where 50% of CROs ranked it as one of the top 3 risks arising from COVID-19.
- The proportion of firms that consider Brexit as a key risk has halved from 60% to 30% compared to last year, whereas the proportion that consider cyber risk as a key risk has increased slightly from 46% to 52%.
- 52% of firms considered conduct risk as a key risk to their businesses, typically mentioning it alongside regulatory risk.
- 46% of firms mentioned climate change, with the majority of these considering it as a key risk, a significant increase from 18% last year.

2. Financial strength

2.1. Overall financial strength at 31 December 2019

A key metric for measuring an insurer's financial strength is its eligible own funds ratio. This is how many times an insurer can cover its regulatory Solvency Capital Requirement (SCR) with the net assets available on its Solvency II balance sheet[1].

The higher the ratio, the more likely an insurer will be able to withstand unexpected future volatility, remain solvent and protect their policyholders, but very high ratios may suggest that firms are missing the opportunity to use some of the excess capital for other purposes.

The average eligible own funds ratio for our sample of 50 insurers was 199% at their 2019 year ends. This is a decrease from the 208% observed at both their 2018 and 2017 year ends and 203% as at their 2016 year ends, for the same sample of insurers.

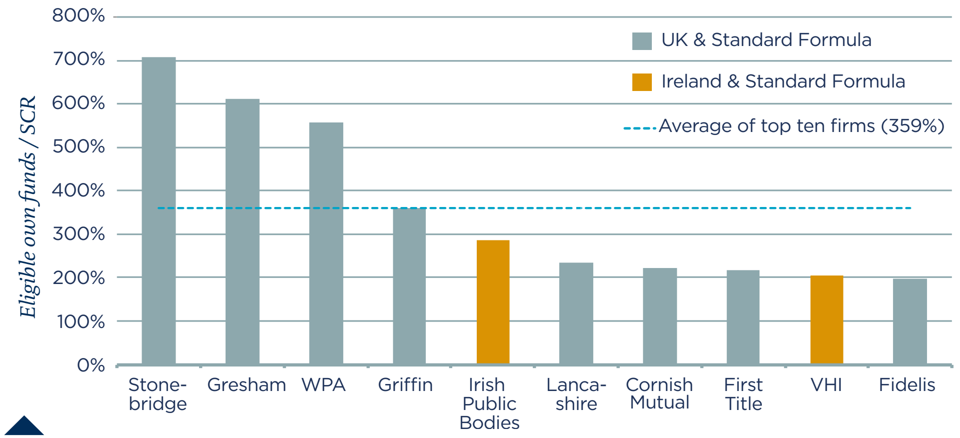
52% of firms saw an increase to their eligible own funds ratio over their years ending 2019. The average overall decrease was driven by significant reductions in coverage for some individual firms. The chart below shows the top ten firms by eligible own funds ratio as at their 2019 year ends.

Stonebridge has overtaken **Gresham** as the most capitalised firm in our analysis with an eligible own funds ratio of 707%, an increase from 533% as at its 2018 year end. **Stonebridge**'s shrinking portfolio as a result of its temporary suspension of new business, together with a reduction in its currency risk capital has driven its SCR to reduce over the year. At the same time, its eligible own funds increased, driven by a reduction in the technical provisions and other liabilities, as well as an increase in the value of its investments.

Gresham (part of the Aviva group) on the other hand has seen a material reduction in its ratio from 1222% at its 2018 year end to 610% at its 2019 year end. This has been driven primarily by a £46.1m reduction in eligible own funds due to a capital reduction of £51.4m and dividend distribution of £50m offset by capital generated by operations during the year.

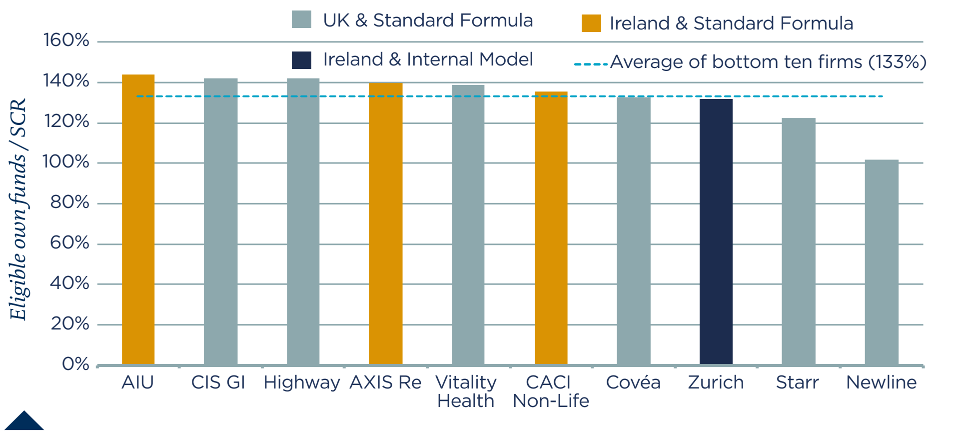
The chart below shows the bottom ten firms by eligible own funds ratio as at their 2019 year ends.

Top ten insurers by eligible own funds ratio



The average eligible own funds ratio for the top ten insurers is 359%.

Bottom ten insurers by eligible own funds ratio



The average eligible own funds ratio for the bottom ten insurers is 133%.

[1] Subject to certain restrictions on the funds eligible to cover the SCR.

Newline has reported a reduction in its eligible own funds ratio from 116% at 2018 year end to 102% at 2019 year end. Newline's eligible own funds ratio has fallen each year since Solvency II came into force in 2016 (see section 2.2). Over the most recent year, increases in gross written premium (in particular in "fire and other damage" business), the run-off of Quota Share recoveries on prior years and increase in market risk meant that its SCR increased by more than its eligible own funds increased. Since the 2019 year end, however, its Board approved the issue of £10m in ordinary share capital to its immediate parent (Newline Holdings UK), in line with its agreement with Odyssey Reinsurance Company (the owner of Newline Holdings UK) to provide financial support should the eligible own funds ratio fall below 115%. Assuming the same SCR as at the 2019 year end and no other changes in eligible own funds, this additional capital would result in the eligible own funds ratio increasing to 132%.

Starr's eligible own funds ratio of 122% is the second lowest of our sample of 50 insurers, but is above its stated risk appetite of 120%. Starr also has an arrangement with its parent undertaking to provide additional funding if the solvency ratio was to deteriorate below its Board's risk tolerance.

Actions taken to improve capital coverage

A number of insurers disclosed their target solvency coverage ratios in their 2018 SFCRs – ie the minimum amount of excess capital that would be in line with their risk appetite. For those that disclosed this information, we found that some firms have either breached or come close to breaching their stated target during 2019 (and before any allowance for the impact of COVID-19), leading to specific actions to restore buffers. For example:

- **AXIS Re**'s eligible own funds ratio of 132% as at its 2018 year end was at the lower end of its target range of between 130% and 150%. In 2019, it received a capital contribution of $60m from its parent to bring its eligible own funds ratio up to 140% — the mid-point of its target range.
- **Equine and Livestock** increased its capital risk appetite tolerance level from 107% in 2018 to 141% in 2019, compared with a monitoring trigger of 146% and a target of 151%. In 2019, it issued £1.7m of share capital which, combined with a reduction in SCR, improved its eligible own funds ratio from 117% in 2018 to 156% in 2019.
- **esure** aims to maintain its solvency coverage within a range of 140% to 160%. At its 2018 year end, the eligible own funds ratio was below this target at 110% due to higher than expected claims costs and against a backdrop of lower premiums across the market. In 2019, its eligible own funds ratio improved to 152% as it took out new reinsurance arrangements, including a loss portfolio transfer, adverse development cover and a quota share arrangement.

Several other insurers also received capital support from their parent companies during 2019.

- **Fidelis** received two capital injections during 2019 totalling $108.3m thereby improving its eligible own funds ratio from 129% to 197%.
- **Everest Re** received $100m, eligible own funds ratio increased from 170% to 194%.
- **Covéa** received £49m, eligible own funds ratio increased from 125% to 133%.
- **XL Catlin** received £53m, eligible own funds ratio increased from 136% to 156%.

In addition, we note that some firms have raised additional capital since the 2019 year end to offset the impact of COVID-19. We discuss this in further detail in section 3.

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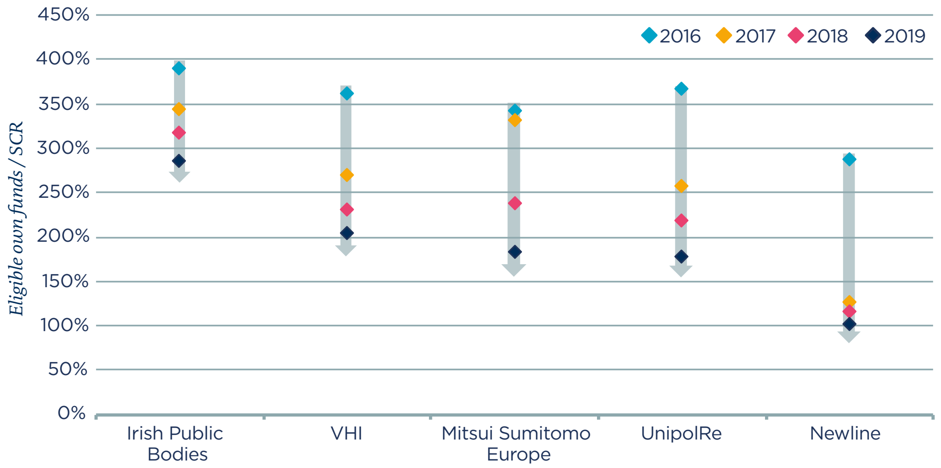
insurers have seen consecutive decreases in their eligible own funds ratio each year since Solvency II reporting began in 2016

2.2. Consecutive decreases in financial strength since 2016

Of our initial sample of 50 insurers, we found that 5 have seen consecutive decreases in their eligible own funds ratio each year since Solvency II reporting began in 2016.

The yearly decrease in eligible own funds ratio for these insurers since 2016 is shown below.

Consecutive decreases in eligible own funds ratios



Newline saw the largest decrease over the four year period, with the sharpest decrease occurring over the financial year ending 2017. This was driven by an increase in its SCR, and specifically non-life underwriting risk, following the cancellation of a reinsurance arrangement.

Two of the remaining four firms (**Mitsui Sumitomo Europe** and **UnipolRe**) now have eligible own funds ratios as at 2019 year end that are below the average of 199%.

The downward trend for **UnipolRe** has been driven by large year-on-year increases in its SCR due to substantial growth that has more than offset increases in eligible own funds. The trend for **VHI** has been driven by a combination of increases in the market risk and health underwriting risk elements of its SCR and dividend payments to its parent acting to reduce eligible own funds.

Mitsui Sumitomo Europe has seen decreases of 95% and 54% over the years ending 2018 and 2019 respectively. The decrease over the year ending 2018 was driven by a sharp decrease in eligible own funds following the firm's decision to return £30m of share capital to its parent company. Mitsui's counterparty default risk, which has always been the most material element of its SCR due to a heavy reliance on reinsurance, has risen further over the year due to a material increase in premium debtors. This has been a key driver of the reduction in eligible own funds ratio over the year ending 2019.

While the ratio has consistently fallen for **Irish Public Bodies**, the decrease is less pronounced than the other four firms. Its eligible own funds ratio at its 2019 year end was 285% — significantly above the overall average of 199%. The decrease has been driven by a combination of consistent increases in the SCR between 2016 and 2019 and consistent reductions in eligible own funds between 2016 and 2018.

3. COVID-19

The COVID-19 pandemic continues to present the industry with significant challenges.

The situation is considered a “major development” under Article 54 of the Solvency II Directive, where regulators require insurers to publish additional narrative alongside their SFCRs on how COVID-19 is expected to affect the information being disclosed.

The additional requirements affect those firms with year ends occurring between 31 December 2019 and 31 March 2020, ie 46 insurers from our list of 50. At the time of writing, all but one insurer (**WPA**) met this requirement. The absence of WPA’s COVID-19 disclosure is particularly noteworthy, given its core business is medical insurance which is exposed to pandemic risk.

The level of detail included in the COVID-19 disclosures varies significantly, but all insurers agree that it is too early to assess the full impact as the situation is developing rapidly.

Capital coverage

We found that 52% of the companies analysed said that they expected to continue to meet regulatory capital requirements in the wake of COVID-19. The remaining 48% either remained silent or said there was still too much uncertainty to confirm the position. The majority of firms noted that they are undertaking ongoing monitoring of their solvency levels, in addition to conducting stress and scenario testing to investigate the potential impact of COVID-19.

For example, **TransRe London** disclosed that it monitors its SCR on a weekly basis as part of ongoing reporting to the PRA.

Some firms have taken additional steps to improve their solvency position, largely as a result of the pandemic.

- **Zurich** raised €305m of additional capital on 23 March 2020.
- **CIS GI** disclosed its plans to call £70m of subordinated debt on 8 May 2020.
- **Direct Line Group** (where **UKI** is one of its regulated entities) also announced the suspension of its earlier approved share buyback programme of up to £150m.
- **Aviva plc** (which includes **Aviva**, **Aviva International** and **Gresham**) announced the suspension of dividend payments to ordinary shareholders alongside a freeze in basic pay increases and bonuses for its executive directors.

52%

of the companies analysed said that they expected to continue to meet regulatory capital requirements in the wake of COVID-19

Underwriting impact

85% of firms mentioned COVID-19 and its possible impact on claims experience but only 37% gave further details, such as assessing their exposures by line of business or providing commentary on the expected impacts.

It is evident that COVID-19 will impact many lines of business. Classes that are expected to be hardest hit include contingency (eg event cancellation), credit and surety, travel, business interruption, D&O, medical expenses and income protection insurance. Other lines of business such as motor, home and public liability are expected to see better than expected claims experience in response to significantly lower human and economic activity as a result of the lockdown measures in place.

Secondary impacts resulting from poor economic conditions, such as volatile claims experience, lower new business volumes, and possible changes in customer claims behaviour were also noted.

The risk of "unanticipated coverage" was also flagged. This is supported by the result of a poll at one of our recent CRO roundtable events, where 50% of CROs ranked it as one of the top 3 risks arising from COVID-19.

- **Aviva**, **Aviva International**, **AXA UK**, **Highway**, **LV=** and **TransRe London** disclosed that they expect an increase in travel insurance claims. Highway and LV= anticipate these to be more than offset by fewer claims on motor, home and pet insurance products.
- **Bupa** also expects to see lower medical claims in the short term as elective surgery is delayed but that the cost of claims could go up in the long term due to delays in treating undiagnosed or under-treated illnesses.
- Although most firms have not provided quantitative indicators, **CIS GI** did disclose that notified claims have been "around 60% below normal levels" during lockdown, and **UKI** reported claims incurred of around £1m as at 3 March 2020 on its travel insurance product.

The following firms disclosed direct exposures to pandemic risks:

- **Aviva** and **Aviva International** noted that although the majority of their business interruption policies exclude new and emerging diseases like COVID-19, they have exposure under a specific pandemic risk policy for Canadian dentists. It has since been widely reported that this exposure could run into hundreds of millions of dollars.
- **Irish Public Bodies** has exposure through "notifiable disease" extensions to its business interruption cover.
- **Fidelis** writes a specific catastrophic pandemic cover for hospitals in the US which is expected to be impacted by COVID-19. The policy covers medical expenses over and above historic norms caused by individuals claiming for treatment for a World Health Organisation designated pandemic illness.

Mitsui Sumitomo Europe also cited the impact of possible legislative changes, particularly if policies were forced to retrospectively cover notifiable or infectious diseases. Despite the recent press attention, **Hiscox**'s SFCR makes no reference to its business interruption policies.

85%

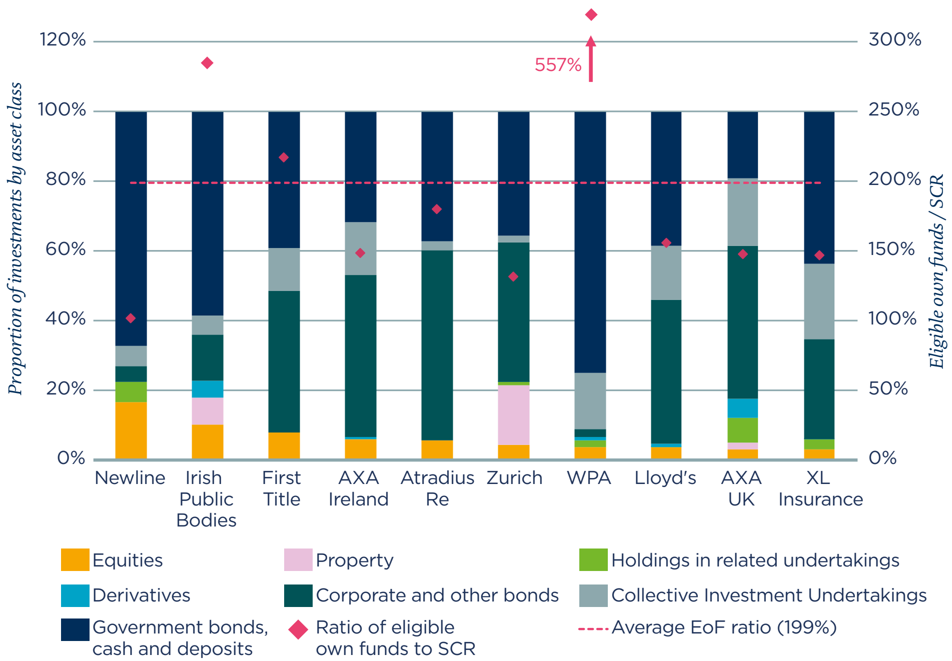
of firms mentioned COVID-19 and its possible impact on claims experience

54%
of firms mentioned the impact of recent market turmoil on their investment holdings

Investments

54% of firms mentioned the impact of recent market turmoil on their investment holdings. The widening of credit spreads, decreases in interest rates and falls in equity markets have been key drivers of recent volatility on insurers' balance sheets. Although insurers typically have limited exposure to equities, we would expect those that have higher than average exposures to disclose more on the expected impact of recent falls.

Top ten insurers by proportion of investments in equities



The graph opposite shows the top 10 firms with the highest proportion of their investments in equities as at their 2019 year end. For each firm, the proportion of their investments in each type of asset are shown alongside their eligible own funds ratios.

The graph shows that 70% of firms with a higher than average exposure to equities have eligible own fund ratios below the average. Whilst many of these firms remained well capitalised at their 2019 year ends, high and unhedged exposures to equity markets make them more vulnerable to adverse market movements.

Although **Newline** did not provide an update to its value of assets post 31 December in its SFCR, it did indicate that a 25% drop in equities would result in its assets falling by £1.3m, around 1.2% of its total invested assets.

Similarly, **Irish Public Bodies** did not disclose specific details on the financial impact of recent market movements, but it did acknowledge that COVID-19 is expected to notably impact its investment portfolio and that it is currently taking "a number of steps" to mitigate the impact.

Some firms have provided preliminary indicators of the impact of COVID-19 on their investments by disclosing the losses suffered in the year up to March 2020. For example, over Q1 2020:

- **CIS GI** stated that its investment portfolio suffered a net loss of £5m (0.6% of its invested assets).
- **Starr** disclosed an unrealised loss of $7.2m (2.3% of its invested assets).
- **Lloyd's** estimated a drop in its market-wide solvency ratio from 156% as at 31 December 2019 to 146% as at 19 March 2020 due to adverse market movements.

We also note that that a number of firms have taken measures to lessen the impact of market volatility. For example, **Aviva** and **Aviva International** have purchased tactical derivatives and rebalanced their investment portfolios to reduce their exposures to equity and interest rate risk.

Operational resilience

At our recent CRO roundtable event, all CROs agreed that their firm had coped better than expected with the lockdown and 72% of CROs flagged "looking after staff" as a priority. This was also reflected in the COVID-19 disclosures with the majority including commentary on operational resilience, including implementing business continuity plans and prioritising the health and well-being of staff.

- **AXIS Re** and **AXIS Speciality** mentioned that their operational resilience allowed them to continue to trade effectively with no material adverse operational impact.
- **Lloyd's** has closed its Underwriting Room and successfully implemented emergency trading protocols whereby a dedicated contact point has been set up to provide policyholders with assistance.
- **Sabre** noted that on top of paying all its staff full salaries, it is also offering all employees paid leave each week to support the NHS or take on other volunteering activities.
- **TransRe London** disclosed that it received generally positive employee feedback on remote working.

Policyholder support

Firms also recognised that these are difficult times for their customers and disclosed ways they are offering support for policyholders.

- **Bupa** has waived the pandemic exclusion for its international and UK domestic private medical insurance products enabling customers hospitalised with COVID-19 to claim on their policies. In addition to providing access to virtual consultation services, Bupa also pledged to pass back any exceptional financial benefits to its customers (via a rebate or other appropriate means) as it expects to see a reduction in overall claims as a result of COVID-19.
- **FBD** disclosed that it is offering refunds on employers' liability, public liability and business interruption sections of policies in cases where businesses must close and no longer require part of the cover provided by its insurance policies.
- As well as prioritising claims from essential workers, **Sabre** recognised that some policyholders are struggling financially and are supporting them by taking a more flexible approach to risk changes or claims events.

In addition, although **Admiral** has not published its SFCR at the time of writing, it was recently the first UK insurer to announce its intention to refund £110m of insurance premiums to car and van customers through a £25 premium refund for each car and van covered, at the same time as committing millions of pounds more to reducing prices and supporting customers, NHS staff and the local community.

Several firms disclosed details of how they were supporting their employees and policyholders through lockdown and beyond.

4. Key risks

Firms' SFCRs provide useful insights into the key risks facing non-life insurers in the UK and Ireland.

Brexit

Following the UK's exit from the European Union on 31 January 2020, the proportion of firms that considered Brexit a key risk has halved from 60% to 30% compared with last year. Over recent years, firms have taken measures such as Group restructures and transferring businesses through Part VII transfers to manage and mitigate Brexit risks. Firms have continued to mention uncertainty around future claims cost due to the uncertain economic outlook and legislative changes. As the UK's future relationship with the EU unfolds over the transition period, this will likely remain a key risk for a number of firms over the next year.

Conduct risk

There has been increased regulator scrutiny over customer protection issues. In October 2019, the FCA found that "competition is not working well in the home and motor insurance markets, and pricing practices are not delivering good outcomes for all consumers" as published in its interim report on general insurance pricing practices. 52% of firms considered conduct risk as a key risk, typically mentioning it alongside regulatory risk. For example, **UKI** considered the impact of conduct risk in its internal model, within its operational risk modelling. Only a few firms also mentioned the risk of breaching data protection laws, although **CACI Non-Life** and **CIS GI** specifically note that they had considered the maximum GDPR fines in their internal stress and scenario testing work.

As customer protection issues get more public attention, it will be interesting to see how firms view conduct risk over the next year.

Cyber risk

The proportion of firms that mentioned cyber risk as a key operational risk has increased slightly from 46% to 52% over the year. We expect this trend to continue as even greater use of and reliance on technology make firms more vulnerable to cyber attacks. Techniques such as greater investment in cyber defences, alongside stronger oversight and controls, are disclosed as the key tools to help firms mitigate and manage this risk.

Non-affirmative cyber or "silent" cyber risk continues to be a hot topic. This is exposure to cyber perils that have not been explicitly considered in policies, making the risk hard to identify and quantify.

In January 2019, the PRA reported that "firms almost all agreed that a number of traditional lines of business have considerable exposure to non-affirmative cyber risk". At the end of 2019, the IFoA Cyber Risk Working Party also proposed a framework to help firms address non-affirmative cyber risk. In 2019 however, only 5 insurers from our sample of 50 considered silent cyber as a key risk, despite the majority of them writing considerable amounts of traditional lines.

52%

of firms considered conduct risk as a key risk, typically mentioning it alongside regulatory risk

Climate change and ESG

The PRA has set out its expectations concerning firms' responses to the financial risks of climate change in its Supervisory Statement (SS3/19) on "Enhancing banks' and insurers' approaches to managing the financial risks from climate change" published on 15 April 2019.

46% of firms mentioned climate change, with the majority considering it as a key risk. This is a significant increase from last year where only 18% of firms considered this as a key risk.

A small number of insurers mentioned environmental, social and governance (ESG) factors influencing their decision making.

Examples include:

- Restricting underwriting risks related to fossil fuels and arctic drilling (eg **XL Catlin** and **XL Insurance**)
- Sustainable investment practices (eg **Bupa** and **CIS GI**)
- Supporting research and development in climate-related projects including renewable energy (eg **AXA UK** and **Lancashire**)
- Monitoring carbon emissions from their operations (eg **Fidelis**' Carbon Positive Policy)

As climate change rises up the social and corporate agendas, we expect to see more firms mentioning climate change and ESG factors going forward.

IFRS 17

The International Accounting Standards Board (IASB) has confirmed its decision to defer the new accounting standard for insurance contracts, IFRS 17, by two years from its original implementation date of 1 January 2021 to 1 January 2023. An update to the standard is also expected in mid-2020, incorporating key amendments. This year, only one firm (**UKI**) mentioned its IFRS 17 preparations within their SFCR. With further delays to the implementation date alongside other issues being higher on firms' agendas, it is perhaps unsurprising that IFRS 17 has been a lower priority.

46% of firms mentioned climate change, with the majority considering it as a key risk. This is a significant increase from last year where only 18% of firms considered this as a key risk.

Survey constituents and other notes

To improve the readability throughout this report, we have shortened the names of some insurers when referring to them. The following table sets out the full entity names of the insurers we reviewed, together with the name used in this report, if applicable.

UK-based insurers

Insurance company name	Report name
AMT Mortgage Insurance Ltd	AMT Mortgage
Aviva Insurance Ltd	Aviva
Aviva International Insurance Ltd	Aviva International
AXA Insurance UK PLC	AXA UK
Bupa Insurance Ltd	Bupa
CIS General Insurance Ltd	CIS GI
Cornish Mutual Assurance Company Ltd	Cornish Mutual
Covéa Insurance PLC	Covéa
DAS Legal Expenses Insurance Company Ltd	DAS Legal Expenses
esure Insurance Ltd	esure
Fidelis Underwriting Ltd	Fidelis
First Title Insurance PLC	First Title
Gresham Insurance Company Ltd	Gresham
Highway Insurance Company Ltd	Highway
Hiscox Insurance Company Ltd	Hiscox
Lancashire Insurance Company (UK) Ltd	Lancashire
Liverpool Victoria Insurance Company Ltd	LV=
Mitsui Sumitomo Insurance Company (Europe) Ltd	Mitsui Sumitomo Europe

Insurance company name	Report name
Newline Insurance Company Ltd	Newline
Sabre Insurance Company Ltd	Sabre
Starr International (Europe) Ltd	Starr
Stonebridge International Insurance Ltd	Stonebridge
The Association of Underwriters known as Lloyd's	Lloyd’s
The Equine and Livestock Insurance Company Ltd	Equine and Livestock
The Griffin Insurance Association Ltd	Griffin
TransRe London Ltd	TransRe London
U K Insurance Ltd	UKI
Vitality Health Ltd	Vitality Health
Western Provident Association Ltd	WPA
XL Catlin Insurance Company UK Ltd	XL Catlin
XL Insurance Company SE	XL Insurance

Irish insurers

Insurance company name	Report name
Allianz PLC	Allianz Ireland
Allianz Re Dublin Designated Activity Company	Allianz Re
AmTrust International Underwriters DAC	AIU
Atradius Reinsurance DAC	Atradius Re
AXA Insurance DAC	AXA Ireland
AXIS Re SE	AXIS Re
AXIS Specialty Europe SE	AXIS Speciality
CACI Non-Life DAC	CACI Non-Life
CNP Santander Insurance Europe DAC	CNP
Euro Insurances DAC	Euro Insurances
Everest Reinsurance Company (Ireland) DAC	Everest Re
FBD Insurance PLC	FBD
Greenlight Reinsurance Ireland DAC	Greenlight Reinsurance
IPB Insurance CLG	Irish Public Bodies
Irish Life Health DAC	Irish Life Health
RSA Insurance Ireland DAC	RSA Ireland
UnipolRe Designated Activity Company	UnipolRe
VHI Insurance DAC	VHI
Zurich Insurance PLC	Zurich

Summary of insurers analysed

The firms we analysed wrote £82bn of non-life gross premiums during 2019 and held £120bn of gross best estimate technical provisions on their Solvency II balance sheets at their 2019 year end, reducing to nearly £72bn after allowing for expected reinsurance recoveries. 78% of the firms we analysed use the standard formula, 8% use partial internal models and the remaining 14% use full internal models to calculate their SCRs.

Groups vs solo entities

Some of the entities listed above are part of a larger group. When analysing the QRTs, we have considered only the QRTs of the solo entities listed. Where a firm has produced an SFCR at a group level for multiple solo entities, we have applied their comments to all entities within the group unless they explicitly disclosed otherwise.

Year ends and aggregating figures

A small proportion of firms analysed had a financial year end that was not 31 December 2019. When we have aggregated figures within this report, we have done so for all companies, including those with other year end dates during 2019.

Exchange rates

For those firms that do not report in Sterling, we have taken all of their reported figures and converted them to Sterling using the prevailing exchange rate as at their financial year end.

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