



Group Solvency & Financial Condition Report – SFCR

2023

Hastings

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Introduction

Hastings Group ("Group") comprises Hastings Group Holdings limited ("HGH") and its directly and indirectly owned subsidiaries. The immediate parent company of the Hastings Group is Hastings Group Consolidated Limited ("HGC") and the ultimate parent company of the Hastings Group ("Group") is Sampo plc, which is categorised as an insurance holding company and is regulated by the Swedish FSA (Finansinspektionen). Sampo was regulated by the Finnish Financial Services Authority (FIN-FSA) up to the 30th September 2023 and following the completion of the demerger of Mandatum from Sampo, the Swedish FSA, acknowledges the prudential supervision of the Group's sole insurance undertaking, Advantage Insurance Company Limited ("Advantage"), and the Group, by the GFSC. Since the 1st January 2023 the GFSC supervision of Advantage and Hastings Group has been on a SII UK Perimeter Group basis. This has meant the Group is being supervised on an equivalent basis to those insurers based in the UK.

The GFSC has confirmed that the UK perimeter point for SII UK group supervision is Hastings Group Holdings Limited ("HGH") acknowledging that Hastings Group governance is exercised by the HGH Board and its committees. This approval noted that Hastings Group Consolidated Limited ("HGCL"), whilst being the ultimate UK parent of Hastings Group served no role in the governance of Hastings Group.

As part of this SII UK group supervision, waivers were obtained from the GFSC in respect of Solvency information relating to both the Group and Advantage. As part of these waivers, it was agreed that a single SII reporting at Group level would take place, including specific reference, as appropriate, to the activities of Advantage. This Group SFCR focuses on prudential supervision matters pertinent to activities within the UK perimeter as well as within Advantage.

This Group SFCR has been prepared in accordance with relevant applicable Solvency II legislation and GFSC waivers enabling stakeholders to access concise information for all relevant Group entities in one report, recognising there is significant overlap in the disclosures for the Hastings Group and Advantage.

The Group's culture and values are based on its 4Cs' cultural framework: serving and investing in Colleagues, Customers, Community, for the benefit of the organisation. The organisation uses the 4Cs' framework to ensure a clear, consistent, and balanced approach to measuring the Hastings Group's performance and success from the perspective of its key stakeholders. To foster a supportive and inclusive workplace culture, management promote a flexible approach to working and employee wellbeing initiatives.

During the year, the Hastings Group continued to focus on delivering good outcomes for customers through the products and services it provides, the price and value of its products, ensuring its customers understand the products and services delivered and that they receive appropriate support. The heightened emphasis on the customer by the Financial Conduct Authority ("FCA") that led to the implementation of Consumer Duty requirements in 2023 resonate with the Group's existing commitment to ensure that its products and services meet the highest standards of transparency, fairness, and suitability for our customers. The Advantage and HISL Boards monitor fair value of products, to ensure continued and competitive value to policyholders, which form an integral component of the annual Value Measures reporting submission to the FCA.

Across the Group a robust operational resilience framework has operated throughout the year. Within Advantage, work has been undertaken to identify the Important Group Business Services and to adopt the Important Customer Business Services, with supported impact tolerances. Advantage is enhancing its operational resilience framework in line with local regulatory requirements. There are mature conduct risk governance systems in place and during the year conduct risk featured as a top risk across the Group, encapsulating the activities that are undertaken and those that are conducted as part of the outsourced services provisions. The Conduct Risk Framework was reviewed further to Consumer Duty implementation. The Group operates Recovery and Resolution Plans to minimise customer service disruption to safeguard policyholders' interests.

Executive Summary

Hastings Group

The Hastings Group (the Group) is a growing, agile, digitally focused general insurance provider to the UK market offering car, van, bike, and household insurance products and services. Group governance is operated at the level of HGH. In 2023, the Group had two main insurance businesses: Hastings Insurance Services Limited ("HISL"), the UK-based insurance intermediary and service provider, trading as Hastings Direct, responsible for end customer pricing, fraud management, product design, distribution, and management of the underlying customer relationships; and Advantage, the Gibraltar-based insurance undertaking engaged in risk selection, underlying technical pricing, reserving and claims handling (outsourced to HISL). The Group's business model deliberately separates underlying product manufacturing from its distribution.

The Group's combined operations feature:

- A differentiated, highly focused approach, with digital distribution built for the way in which customers buy insurance.
- An agile, data-driven model underpinned by the ability to react rapidly to the movements in the market, creating a sustainable competitive advantage.
- Underwriting built on a bedrock of sophisticated risk selection and pricing with leading integrated fraud management, competitive loss ratios, a track record of strong, profitable growth and cash generation.

This Solvency and Financial Condition Report ("SFCR") is organised into the following sections:

Section A – Business and performance

This section provides further information on the Group and provides details of its underwriting performance in the reporting period, relevant comparatives to the previous reporting period, and commentaries on any material performance differences. It covers underwriting and investment performance along with any other material elements of the Group's performance.

Significant events during reporting period

With effect from 1st January 2023, the Group became subject to SII UK group supervision at the UK perimeter. This single report has been prepared on a SII UK group supervision basis.

Both Hastings Group and Advantage each operate to strong solvency margins, within Board approved ranges for Solvency Capital Requirement ("SCR") Cover. At 31st December 2023 the Group SCR Cover stood at 143% and the Solo SCR coverage level was 158%.

The Group successfully completed its preparations for Consumer Duty ahead of the FCA's required implementation date of 31st July 2023 with ongoing focus in this area.

Section B – Systems of Governance

This section includes a description of the Group's corporate and governance structure, key function roles and responsibilities, remuneration policy and practices, and Fit and Proper requirements.

Section C – Risk profile

This section sets out the risk dimensions of the Group's operations in the context of Solvency II capital requirements.

The Group operates in the UK in the following personal lines of business:

- Motor (car, van & bike) Insurance;
- Household Insurance; and
- Consumer lending.

Gross Written Premiums ("GWP") increased by 32% year on year reflecting continued rate increases applied to offset claims inflationary pressures. This led to a 43% increase in Net Written Premiums ("NWP"). Notwithstanding these claims inflation driven rating actions, total Live Customer Policies ("LCP") grew by 8% year on year. The growth in household insurance policies was even greater, to in excess of 530,000 Customers.

Throughout the Group there are robust process for all SII reporting and the Own Risk and Solvency Assessment ("ORSA") report is prepared on a SII UK group supervision basis. For 2023, this included an expanded suite of stress and sensitivity tests, challenges which again validated the strength of the Group.

Section D – Valuation for solvency purposes

This section details the Solvency II metrics for valuing the Group's assets and liabilities. The Solvency II representation of the Group balance sheet differs from that published in statutory accounts: that difference is explained in this section.

Section E – Capital management

The Group's goal is to always maintain sufficient Own Funds to cover its SCR and Minimum Capital Requirement ("MCR") with an appropriate buffer. A straightforward capital structure reflects the Group's risk appetite and prudent investment strategy. The Group's Own Funds comprise share capital, prior years' retained underwriting profits and investment gains.

Group SCR and MCR

Solvency	YE 2023	YE 2022
Solvency II Own Funds (pre-dividend) (Tiers 1 and 3)	735.1	452.8
Foreseeable dividend	-	-
Solvency II Own Funds (post dividend) (Tiers 1 and 3)	735.1	452.8
SCR (All Tier 1)	513.2	360.1
SCR Cover %	143.2%	125.7%
MCR (All Tier 1)	142.2	116.2
MCR Cover %	488.9%	351.4%

All amounts in £m

Capital is reviewed and managed on an ongoing basis across the Group and on an entity specific basis. Therefore, Advantage as the sole insurance undertaking within the Hastings Group operates to a target capital profile agreed with the GFSC which ensures that at all times Advantage can maintain a prudent level of solvency which reflects not only its strategic objectives, but also provides a contingency in the event of adverse events occurring.

John Worth
Chief Financial Officer
17 May 2024

Advantage SCR and MCR

Solvency	YE 2023	YE 2022
Solvency II Own Funds (pre-dividend) (Tier 1)	649.3	439.9
Foreseeable dividend	-	-
Solvency II Own Funds (post dividend) (Tier 1)	649.3	439.9
SCR (All Tier 1)	410.4	311.3
SCR Cover %	158.2%	141.3%
MCR (All Tier 1)	142.3	109.1
MCR Cover %	456.3%	403.2%

All amounts in £m

Section F – Appendices & Glossary

This section comprises the Annual Quantitative Reporting Templates (“QRTs”) for Group and Advantage and a glossary of all key abbreviations used in this report.

A Business and Performance

A.1 Business

1. Name and legal form

Hastings Group Holdings Limited
 Registered office:
 Conquest House
 Colington Avenue
 Bexhill-on-Sea
 United Kingdom
 Registered in England Wales, Number: 09635183.

2. Name and contact details of supervisory authority

Gibraltar Financial Services Commission
 PO Box 940
 Suite 3, First Floor
 Atlantic Suites, Europort Avenue
 GX11 1AA, Gibraltar

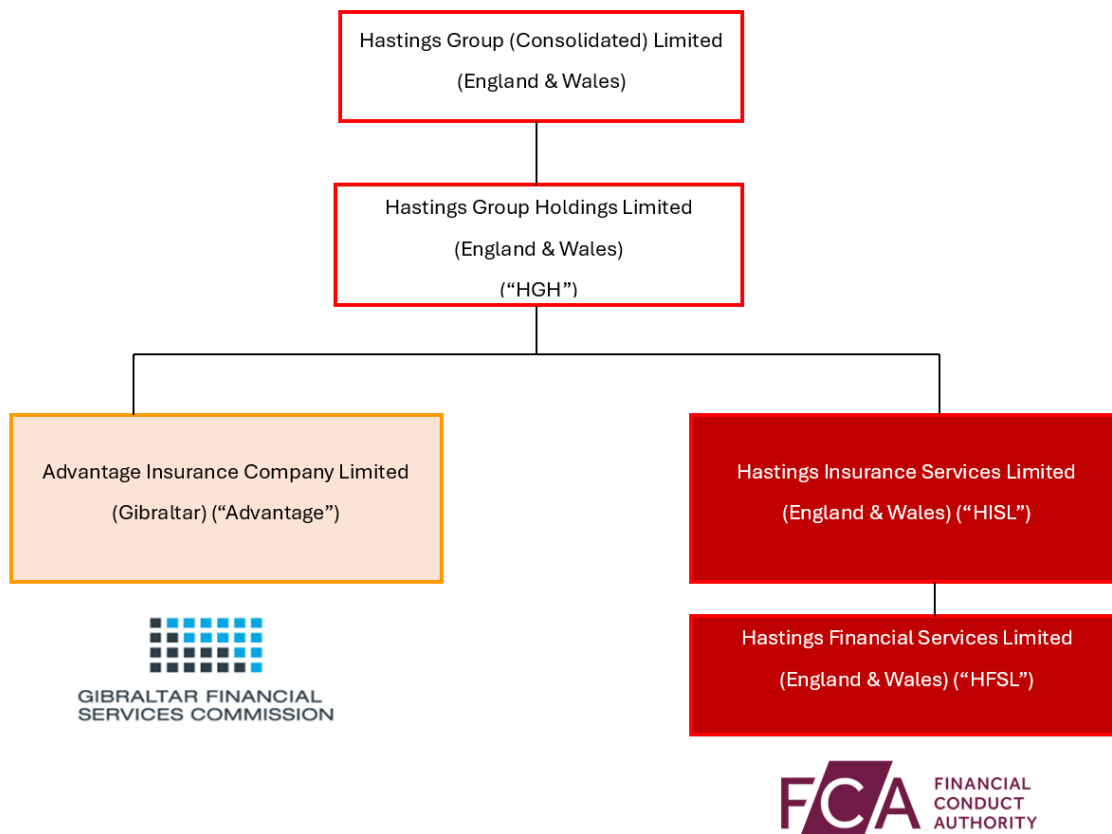
3. Name and contact details of external auditors

Deloitte LLP
 1 New Street Square,
 London
 United Kingdom
 EC4A 3HQ

4. Holders of qualifying holdings

The Group is a 100% owned subsidiary of Sampo Group plc.

5. Simplified legal structure of the Group - Overview



Main trading entities illustrated only.

A Business and Performance continued

6. Trends and factors regarding development, performance and position over business planning period, the competitive position and any significant legal or regulatory issues

During the reporting period, the Group developed its 3-year plan ("3YP") for 2024-2026, including:

- How the Group considers the market will change and its responses to those changes;
- The Group's strategies and plans for delivering continued sustainable growth and competitive advantage, building on what has already been achieved;
- The Group's financial targets and associated KPIs.

Market Profile:

Overall market size and structure

Little overall change in the size and structure of either the motor or household markets is forecast over the medium term, although intensive competition, particularly for motor business may lead to some rationalisation across the market.

Consumer buying behaviour

The Group expects no material change in consumer behaviour over the plan period with Price Comparison Websites ("PCWs") remaining the preferred customer buying channel. Inflationary pressures driven by repair costs (parts and paint, third party injury costs and energy prices for repair network) have resulted in increased "shopping around" for alternative pricing at renewal. This is expected to return to normal levels in H2 2024.

The increased focus on the customer as a result of the FCA's General Insurance Pricing Practices ("GIPP") reforms in 2022 and Consumer Duty rules in 2023 has driven greater transparency and had a modest impact on consumer shopping behaviour.

Claims and premium inflation

Market claims inflation in 2023 was a significant factor at around 12%. 2024 should see inflation reduce with levels of between 6-9% anticipated. Long term view is a return to historical rate of 3-6% annually.

Regulatory developments

Hastings Group embedded SII UK group supervision with effect from 1st January 2023. This regulatory designation by the GFSC was part of post Brexit preparation for the Gibraltar Authorisation Regime agreed with the UK Treasury which is presently due to come into force from 1st January 2025 and be the new framework for direct UK market access for Gibraltar authorised Insurers.

As part of this SII UK group supervision, waivers were obtained from the GFSC in relation to certain Solvency II permissions and reporting for both Hastings Group and Advantage, as the Group's sole insurance undertaking, for the purposes of this report.

During the reporting period, the GFSC reconfirmed use of the approved Solvency II Standard Formula with Undertaking Specific Parameters ("USPs") and Volatility Adjustment ("VA") by the Group and Advantage. USPs enable the Group to use its own historical underwriting data to quantify the capital required for premium and reserving risks.

Sampo plc is the ultimate parent company of the Sampo Group (comprising If P&C, and Topdanmark as well as Hastings Group). As Sampo plc is classified by the Swedish FSA as an insurance holding company under SII, Hastings Group and therefore Advantage form part of the Sampo group for SII purposes.

Technology will continue to advance

The Group expects ongoing growth in Insurtech and other digital innovation, leading to new approaches in the motor and household markets. The Group continues to invest in its digital strategy, with more consumers continuing to adopt digital/mobile for new business, account management and claims services.

7. Description of the business objectives, including strategies and time frames.

Simple and straightforward insurance

The Group uses agile, real-time pricing, data-driven risk-selection and anti-fraud capabilities, as well as having a primary focus on distribution via PCWs. These capabilities are supported by a low-cost underwriting platform, a capital efficient reinsurance strategy and conservative claims reserving and investment management strategies.

The Group recognises that the main determinant for customers in selecting their motor and household insurance is price.

Compulsion

The legal requirement to have a motor insurance policy is a key purchase driver for customers, notwithstanding the protection it gives them, and similarly buildings insurance is a requirement of most mortgage products in the UK.

Expansion

The Group sees opportunities to increase live customer policy volumes and overall profitability in its footprint, in new segments by utilising data to price and underwrite these risks prudently and within its core market via multi-car and telematics offerings.

A Business and Performance continued

In addition, the Group continues its expansion into the household insurance market where its business model is well placed to benefit from increased demand via PCWs.

A.2 Underwriting performance

1. Qualitative and quantitative information on underwriting performance by line of business

Advantage is the sole insurance undertaking in the Hastings Group. This Gibraltar-based general insurance company provides motor and home insurance products to the UK market. For Solvency II reporting purposes the lines of business are:

- Motor vehicle liability insurance (Motor liability).
- Other motor insurance (Motor other).
- Fire and other damage to property.

Advantage's disciplined and robust technical pricing of products demonstrates strong risk selection practices. Claims cost inflation pressures which can lead to a deterioration loss ratio are mitigated by implementing early price increases.

Customer satisfaction continues to be a high priority for the Group as a whole. Renewal retention reduced in late 2023 driven by inflationary increases on renewal premiums leading to Policyholders re-entering the New Business marketplace seeking "cheaper" insurance. The Live Customer Policies ("LCP") were 3.5m at year end. The business continues to maintain a healthy mix of customers across the UK Motor market.

During the year, the UK motor insurance market saw significant market price increases in response to elevated claims inflation. Market wide claims inflation has remained persistent in the UK and is estimated to have been around 12% for most of the year, with a modest reduction observed in the fourth quarter. In this environment, Hastings increased prices ahead of the market whilst also benefiting from increased demand as consumers continue to use digital channels in order to find a more competitive price. As result, Hastings Group live policy count was up 8% whilst GWP was up 32% to £1,484m, Advantage GWP up 30% to £1,535m.

Net insurance service result, an IFRS measure of underwriting performance, for Group increased to £137m and Advantage reduced to £70m, with earned rate increases offset to by claims inflation, the weather events experienced in the first quarter

and increased claims frequencies in line with changing driving behaviours. The rate increases implemented by Hastings during 2023 are expected to support profitability as these continue to earn through into 2024.

A Business and Performance continued

Hastings Group 2023	Motor liability	Motor other	Fire & other damage to property	Annuities*	Total	Geographic area
Gross written premiums	1038.8	404.0	40.8	-	1483.6	GB
Insurance revenue	1,052.7	409.4	33.0	-	1,495.1	GB
Insurance expenses	(814.6)	(320.4)	(65.6)	(9.3)	(1,209.9)	GB
Reinsurance share of claims incurred	(111.2)	(40.3)	(4.0)	7.4	(148.1)	GB
Net insurance result	126.9	48.7	(36.6)	(1.9)	137.1	GB
Investment income					68.6	GB
Net finance income/ (expense)					(38.5)	GB
Other operating items (net)					(17.9)	GB
Profit before tax					149.3	GB

All amounts in £m

* Stemming from non-life insurance contracts and relating to insurance obligations other than health insurance obligations

Hastings Group 2022	Motor liability	Motor other	Fire & other damage to property	Annuities*	Total	Geographic area
Gross written premiums	764.4	328.9	23.9	-	1,120.2	GB
Insurance revenue	800.9	343.3	57.7	-	1,201.9	GB
Insurance expenses	(680.4)	(298.7)	(50.2)	(16.5)	(1,045.8)	GB
Reinsurance share of claims incurred	(29.7)	(5.9)	(1.0)	(15.8)	(20.8)	GB
Net insurance result	90.9	38.6	6.5	(0.7)	135.3	GB
Investment income					13.5	GB
Net finance income/ (expense)					(0.3)	GB
Other operating items (net)					(25.8)	GB
Profit before tax					122.7	GB

All amounts in £m

* Stemming from non-life insurance contracts and relating to insurance obligations other than health insurance obligations

A Business and Performance continued

Advantage 2023	Motor liability	Motor other	Fire & other damage to property	Annuities*	Total	Geographic area
Gross written premiums	1,075.2	418.1	41.8	-	1,535.1	GB
Insurance revenue	947.4	368.4	32.2	-	1,348.0	GB
Insurance expenses	(770.0)	(303.1)	(47.6)	(9.3)	(1,130.0)	GB
Reinsurance share of claims incurred	(111.1)	(40.3)	(4.0)	7.4	(148.1)	GB
Net insurance result	66.3	25.0	(19.4)	(2.0)	69.9	GB
Investment income					72.0	GB
Net finance costs					(30.0)	GB
Other operating items (net)					(1.0)	GB
Profit before tax					110.9	GB

All amounts in £m

* Stemming from non-life insurance contracts and relating to insurance obligations other than health insurance obligations

Advantage 2022	Motor liability	Motor other	Fire & other damage to property	Annuities*	Total	Geographic area
Gross written premiums	810.4	347.3	24.4	-	1,182	GB
Insurance revenue	743.9	318.8	19.0	-	1,081.6	GB
Insurance expenses	(646.4)	(284.1)	(28.6)	(16.5)	(975.7)	GB
Reinsurance share of claims incurred	(26.6)	(5.1)	(3.9)	15.8	(19.8)	GB
Net insurance result	70.9	29.6	(13.5)	(0.8)	86.2	GB
Investment income					13.0	GB
Net finance costs					10.0	GB
Other operating items (net)					(1.0)	GB
Profit before tax					108.2	GB

All amounts in £m

* Stemming from non-life insurance contracts and relating to insurance obligations other than health insurance obligations

A Business and Performance continued

A.3 Investment performance

With the exception of certain money market funds as described below, investments are held and managed by Advantage. Performance in 2023 was enhanced by higher bond yields and unrealised gains on the portfolio. The portfolio was managed in accordance with the Advantage investment risk appetite, which is conservative.

1. Qualitative and quantitative information on investment performance

HISL and HFSL hold investments in money market funds and with major banks. The Group's core investment portfolio is held by Advantage. The core investment portfolio of debt securities is supplemented by a diversified portfolio of holdings in collective investment schemes.

The Advantage Board works with investment managers and investment consultants to maximise return whilst minimising risk and preserving capital.

2023						
Corporate bonds	Sovereign bonds	Investment funds	Derivatives	Cash	Property	Total
873.9	151.6	348.2	(1.6)	71.2	-	1,372.1

All amounts in £m

2022						
Corporate bonds	Sovereign bonds	Investment funds	Derivatives	Cash	Property	Total
726.1	183.1	199.8	0.1	71.2	-	1,109.1

All amounts in £m

2023						
Corporate bonds	Sovereign bonds	Investment funds	Derivatives	Cash	Property	Total
873.9	151.6	321.2	-	44.6	-	1,391.3

All amounts in £m

2022						
Corporate bonds	Sovereign bonds	Investment funds	Derivatives	Cash	Property	Total
726.1	183.1	178.8	-	36.5	3.9	1,128.4

All amounts in £m

2. Information on income and expenses

Investment income is detailed in the table below:

2023	Corporate bonds	Government bonds	Investment funds	Cash	Property	Total
Interest	21.3	4.0	7.0	0.7	-	33.0

All amounts in £m

A Business and Performance continued

2022	Corporate bonds	Government bonds	Investment funds	Cash	Property	Total
Interest	11.4	1.3	1.8	0.9	-	15.4

All amounts in £m

2023	Corporate bonds	Government bonds	Investment funds	Cash	Property	Total
Interest	21.3	4.0	-	0.1	-	25.3

All amounts in £m

2022	Corporate bonds	Government bonds	Investment funds	Cash	Property	Total
Interest	11.4	1.3	-	-	-	12.7

All amounts in £m

3. Information on gains and losses

Net gains and losses for government and corporate bonds represent cash realised in selling investments above or below the purchase price of these bonds, after selling costs.

Net unrealised gains and losses for government and corporate bonds represent movements in the fair value of holdings over the reporting period.

Net gains and losses for investment funds and/or Collective Investment Undertakings represent cash realised in selling units in these Investment funds and/or Collective Investment

Undertakings above or below the purchase price of these units, after selling costs.

Net unrealised gains and losses for Investment funds and/or Collective Investment Undertakings represent movements in the fair value of holdings in these Investment funds and/or Collective Investment Undertakings over the reporting period.

2023	Corporate bonds	Government bonds	Investment funds	Cash	Property	Total
Realised	-	-	1.2	-	-	1.2
Unrealised	31.3	6.1	2.8	-	-	40.2
Total	31.3	6.1	4.0	-	-	41.4

All amounts in £m

2022	Corporate bonds	Government bonds	Investment funds	Cash	Property	Total
Realised	(0.1)	-	0.1	-	-	-
Unrealised	(44.6)	(7.4)	(0.7)	-	-	(52.7)
Total	(44.7)	(7.4)	(0.6)	-	-	(52.7)

All amounts in £m

2023	Corporate bonds	Government bonds	Investment funds	Cash	Property	Total
Realised	-	-	1.2	-	1.0	2.2
Unrealised	31.3	6.1	2.8	-	-	40.2
Total	31.3	6.1	4.0	-	1.0	42.4

All amounts in £m

A Business and Performance continued

2022	Corporate bonds	Government bonds	Investment funds	Cash	Property	Total
Realised	(0.1)	-	0.1	-	-	0.1
Unrealised	(44.6)	(7.4)	(0.7)	-	-	(52.8)
Total	(44.7)	(7.4)	(0.6)	-	-	(52.8)

All amounts in £m

4. Information on investment securitisation

During the reporting period, Advantage held no securitized investments.

A.4 Performance of other activities

1. Information on other material income and expenses

In respect of insurance liabilities, the Group had no other income or expenses other than those attributable to underwriting and investments.

The Group has recognised income of £118.7m in respect of other insurance related activities and other operating expenses of £136.6m.

A.5 Any other information

1. Any other material information

Nothing to report.

B System of governance

B.1 General Information

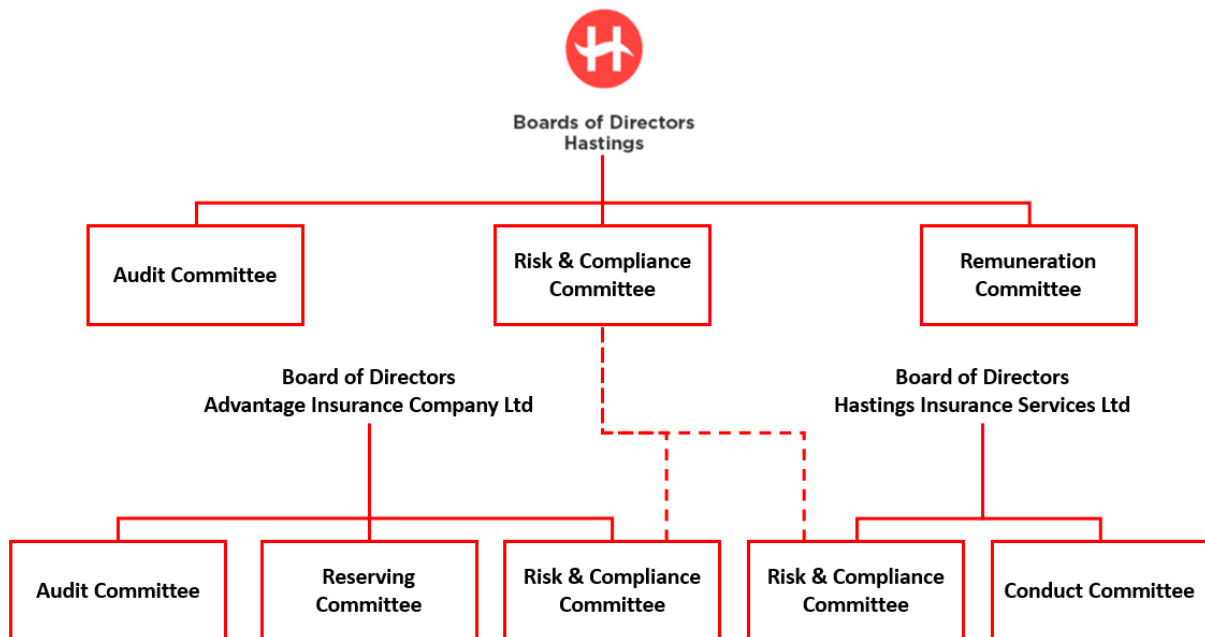
1. Board Structure and Roles

The primary governing body of each of the main trading subsidiaries (HISL, HFSL and Advantage) is its respective Board of Directors, The HGH Board acts as the co-ordinating and consolidation body for Group.

The Group has formally adopted the Wates Principles as its corporate governance code, although adopts certain elements of the UK Corporate Governance Code as best practice. Day to day management of the business is delegated to senior executives under the leadership of the CEO.

Hastings Group has established both risk management and governance frameworks to reflect SII UK group supervision,

which extended the remit of the HGH Board and its Risk and Compliance Committee. It also established a Group Supervision Committee with a remit to ensure Hastings Group's continued adherence to SII Requirements and to oversee the management of group related deliverables under SII. These committees form part of the governance process to review the ORSA and formally approve this SFCR report.



HISL, HFSL and Advantage have embedded risk management cultures. Their respective Boards set each company's risk appetite and reviews key risks, (both existing and emerging) on a regular basis in the context of reviewing the company's strategy and objectives. The GFSC's Regulated Individuals Regime has been fully embedded at Advantage since inception. In 2023, the GFSC approved the Group CEO, Group CFO and Group CRO as executive management at a Group level for SII UK Group Supervision. These individuals are considered to be Fit and Proper by the GFSC and are complicit with the requirements of the FCA's Senior Managers and Certification

Regime ("SM&CR") to carry out crucial Regulated Functions. SM&CR is fully embedded into HISL.

The Boards, together with their committees, exercise oversight of each company's affairs. Each Board sub-committee operates within Board-defined Terms of Reference:

B System of governance continued

2. Board Committees

Hastings Group (HGH) - Board

Responsibilities include:

- Determine key financial, strategic, and 3 year Plans of the Group;
- Ensure that the necessary financial and human resources are in place for the Group to meet its objectives;
- Review management performance;
- Set the Group's values and standards, including ensuring that the 4Cs principles are upheld across all Group operations;
- Approval of the Group long term objectives, commercial strategy and financial forecasts;
- Approval of the annual operating and capital expenditure budgets and any material changes to them;
- Review of performance in the light of the Group's strategy, objectives, Strategic Plan, Business Plan and the Financial Plan;
- Extension of the Group's activities into new business or geographic areas;
- Any decision to cease to operate all or any material part of the Group's business;
- Approving all material actions taken by the Group (and the Board shall determine "material" for these purposes);
- Approval of half year-yearly report or other periodic financial report;
- Approval of annual report and accounts and dividend policy;
- Ensuring that there is an effective system of internal control, risk management and compliance in place;
- Approval of the Group's corporate governance framework and monitoring compliance; and
- Approval and monitoring of Group policies.

Hastings Group (HGH) – Audit Committee

Responsibilities include:

- Monitor the integrity of the financial statements of the Company and the Group;
- Where requested by the Board, the Committee shall review the content of the annual report and accounts;
- Review regular assurance reports from management, internal audit, external audit, and other matters related to risk and control;

- Review the Group's procedures for detecting fraud and review Group's controls for prevention of bribery and money laundering;
- Provide oversight to ensure independence and effectiveness of the internal audit function;
- Review and monitor the annual internal audit plan and all internal audit reports;
- Oversee the selection process for new auditors and the relationship with the external auditor;
- Review and improve the annual external audit plan and review findings of the external audit with the external auditor; and
- Ensure the Group remains materially compliant with relevant Sampo policies.

Hastings Group (HGH) – Risk & Compliance Committee

Responsibilities include:

- Advise the Board on the Group's overall risk appetite, tolerance and strategy;
- Oversee and advise the Board on the current risk exposures to the Group and future risk strategy;
- Regularly review and assess compliance with all matters required under SII UK group supervision;
- Regularly assess the Group's capital position under Solvency II requirements and review the Group's ORSA, SFCR, and RSR; The committee is assisted in this regard by the Group Supervision Committee.
- Ensure the risk management and regulatory compliance frameworks are formally reviewed at least annually; and
- Consider the quarterly review reports of the respective risk committees of each of the Regulated Subsidiaries.

Hastings Group (HGH) – Remuneration Committee

Responsibilities include:

- Maintaining a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of Senior Employees; and
- Ensuring that responsibility for managing and monitoring such matters in each of the regulated subsidiaries has been effectively delegated to the respective Board of Directors and or Board Committee.

B System of governance continued

Hastings Group – Group Supervision Committee

The Group Supervision Committee, although not a Board Committee, is an executive forum created to support the Group in matters relating to SII UK group supervision.

Responsibilities include the:

- Consideration of all matters required under SII UK group supervision and the SII requirements;
- Preparation, review and recommendation of the ORSA to the Risk and Compliance Committee for onward Board approval;
- Preparation, review and recommendation of the SCR Cover to the Risk and Compliance Committee, at least quarterly;
- Preparation, review and recommendation of the SFCR and RSR to the Risk and Compliance Committee for onward Board approval;
- Review of the Group's risk management and SII requirements compliance frameworks at least annually;
- Review of policies at least on an annual basis.

Advantage – Board

Responsibilities include:

- Set Advantage's strategic aims (in context of those of the Group);
- Determine key financial objectives and 3 Year Plans;
- Ensure that the necessary financial and human resources are in place for Advantage to meet its objectives;
- Review management performance;
- Approve the annual operating and capital expenditure budgets and any material changes to them;
- Set Advantage's values and standards;
- Ensure that Advantage's obligations to all its stakeholders are understood and met;
- Consider material emerging issues;
- Review changes to Advantage's senior executive management and control structure;
- Ensure the maintenance of a sound system of internal control and risk management;
- Review changes to the structure, size and composition of the Board;
- Approve Company policies; and
- Responsible for scrutinising Board and senior management appointments as well as engagement in Executive remuneration.

Advantage - Reserving Committee

Ensure that adequate and reasonable reserves are in place for insurance exposures and that reserving activities are consistent with applicable insurance accounting policies and standards, actuarial standards of practice, Solvency II requirements and other related policies.

Responsibilities include:

- Establish, and ensuring the necessary review and update of, Advantage's Reserving Policy;
- Recommend to the Board the level of reserves to be booked in the Advantage's financial statements;
- Ensure that the Board is provided with sufficient information to make an informed decision when approving reserves;
- Review and scrutinise reserving reports from the Group Chief Actuary and the Advantage Actuarial Function Holder; and
- Scrutinise reports received from third parties in relation to reserving matters.

Advantage - Risk & Compliance Committee

Provide oversight and advice to the Board on current and potential future risk exposures and risk strategy of Advantage. It reviews performance against risk appetite and oversees the effectiveness of the Enterprise Risk Management Framework ("ERMF").

Responsibilities include:

- Oversee the risk management and compliance arrangements of Advantage;
- Recommend for approval by the Board, at least annually, the Advantage's Risk Strategy and Risk Appetite;
- Recommend for approval by the Board, at least annually, Advantage's ORSA and SFCR;
- Ensure that the material risks facing the Advantage have been identified, owned by the respective director or key function holder and that appropriate arrangements are in place to manage and mitigate those risks effectively;
- Ensure Advantage is kept abreast of external trends in the industry developments of relevance; and
- Advise the Board on risk management and compliance issues.

Advantage - Audit Committee

Assist the Board in discharging its responsibilities for the disclosure of the financial affairs of the Advantage. The

B System of governance continued

committee oversees compliance with accounting policies, financial reporting and regulatory compliance practices, the adequacy of the system of internal controls and monitors Advantage's processes for internal and external audit.

Responsibilities include:

- Monitor and review the integrity of Advantage's financial statements;
- Review the effectiveness of the systems of internal control and financial and regulatory risk management systems;
- Consider and approve the remit of the internal audit function; and
- Monitor the effectiveness and objectivity of the internal and external auditors.

3. Roles and responsibilities of Key Functions

Risk Management Function

The Risk Management function for each operating subsidiary provides assurance to the Board, senior management and other internal and external stakeholders that the Group operates within the Board approved ERMF. This Framework provides a disciplined and structured process to reduce the potential of internal or external events that may adversely affect the business through the proactive identification, measurement, management, monitoring and reporting of risks. Through a set of continuous and developing processes, the function ensures that all material risks are effectively addressed and mitigated.

Compliance Function

The Compliance function for each operating subsidiary provides assurance to the relevant Boards, senior management, and other internal and external stakeholders that the main subsidiaries are acting in accordance with legislative, regulatory requirements and internally approved policies. Compliance frameworks and the compliance plans stipulate how the objectives above will be met through a combination of reviewing, testing, reporting and validating of procedures and information together with evidencing of continued compliance.

Actuarial Function

The Hastings Group Actuarial Function ("HGAF") provides assurance to the Board, senior management and other internal and external stakeholders that key pricing and reserving decisions as well as solvency assessments have been correctly undertaken and calculated. The key tasks performed by the Actuarial Function Holder ("AFH") are to coordinate the calculation of technical provisions, provide opinion on the underwriting policy and reinsurance arrangements, contribute to the effectiveness of the risk management system, and assume responsibility for the preparation of the annual Actuarial Function Holder Report.

Internal Audit Function

The Internal Audit function is managed and resourced via a third party relationship with Grant Thornton and brings an independent, systematic, disciplined approach to the evaluation and improvement of the effectiveness of risk management control and governance processes.

The independence of the Internal Audit function helps to ensure that accurate reports are provided to each governing body, without undue management influence on the function's activities.

Grant Thornton reports directly to each relevant governing body at Group and subsidiary level This helps to ensure that accurate reports are provided to the Board, Audit, and Risk and Compliance Committees without undue management influence of the audit and its processes. The independence of the Internal Audit service provider firm is regularly reviewed.

4. Material changes to systems of governance

During the reporting period, one Advantage Non-Executive Director ("NED") resigned following election to public office, with another retiring after serving for two full terms. New appointments were made to both positions

HGH introduced the executive management Group Supervision Committee which was responsible for oversight of the transition to SII UK group supervision and its implementation from 1st January 2023 and subsequent reporting at a SII UK perimeter level.

5. Remuneration policy and practices

The Group's remuneration policy identifies the following principles:

For the Group, remuneration arrangements should:

- Enable achievement of business goals and creation of value for shareholders;
- Encourage and reward good outcomes for customers;
- Allow the Group to pay what it needs to attract and retain people with the capabilities, mindsets and attitudes to help the business achieve its strategy (whilst not paying more than is necessary);
- Align individual interests to those of the Group on reflecting the results, behaviours and contribution made by individuals and aligning their remuneration to the performance of the Group, with appropriate returns for outperformance;
- Be aligned to the Group's risk management strategy and frameworks, and not generate conflicts of interest; and

B System of governance continued

- Be compliant with relevant legislation and regulation.

For colleagues, remuneration should:

- Reward fairly, with competitive pay against internal and external benchmarks and incentives reflecting the results achieved and the contribution made by individuals;
- Encourage colleagues to achieve and surpass their goals and demonstrate appropriate conduct and behaviours;
- Be transparent, simple to understand and clearly explained and communicated;
- Be consistent in approach throughout the organisation; and
- Encourage colleagues and leaders to take appropriate but not excessive risks, whilst operating within agreed risk appetites and avoiding conflicts of interest.

The Group exercises oversight of remuneration through the HGH Remuneration Committee, with the Boards of the main subsidiaries liaising on remuneration matters and being engaged in key appointments.

6. Fixed and variable remuneration and performance criteria

Competitive Salary

It is the Group's policy to set basic salaries, based on the value of roles in the market, taking into account individual skills, capabilities and experience. Salary levels aim to be competitive and fair, at levels necessary to attract and retain talent required for our business and strategy, but not excessive in the market. Basic salary should support financial stability by representing a sufficiently high share of total remuneration opportunity, so that colleagues do not rely on variable remuneration to meet normal costs of living.

Colleague Benefits

The Group provides a range of colleague benefits as an important part of the overall remuneration offering. The benefits available aim to be market competitive, flexible to meet individual needs, and support broader physical, mental and financial wellbeing, including an appropriate provision to support colleagues in saving/planning for their retirement.

Variable Remuneration

All colleagues are eligible (but not entitled) to receive a variable remuneration element as part of their overall remuneration package. Variable remuneration aims to align individual, team and organisation interests, and reward colleagues and teams for achieving and surpassing their goals (in an appropriate manner) and for their contribution to the success of the business.

Variable pay arrangements can take the form of short-term incentives (e.g., an annual bonus scheme) or, for more senior colleagues, long-term incentive arrangements.

7. Individual and collective performance criteria

Variable pay is performance related, taking into account Group, business area and individual performance as appropriate. Financial and non-financial KPIs are weighted and balanced appropriately based on the seniority of colleagues and what they are most able to influence. Risk and conduct considerations are also used to determine variable pay outcomes.

The proportion of total pay delivered through variable pay mechanisms (and which is therefore "at risk" and directly linked to business results) generally increases with the seniority of individuals in the organisation, reflecting the increased accountability of these individuals to directly impact the success of the business.

A suitable proportion of variable pay for senior colleagues (including but not limited to those designated as "Senior Managers" under the FCA's SMCR regime) should be deferred (typically via the use of long-term incentive arrangements). This will be released subject to the Company being satisfied that colleagues have operated within relevant risk management frameworks and authorisations and regulatory requirements as appropriate.

Variable pay is always discretionary and fully flexible (as opposed to a contractual entitlement) and there is a possibility of zero awards being made should the performance of the Group, relevant business areas or individuals require this. At senior levels, this includes the ability to cancel existing awards or "claw back" awards already made (in whole or in part), for example, if a participant has engaged in misconduct or actions detrimental to the reputation of the Group.

8. Supplementary pension and early retirement schemes

All colleagues are offered the opportunity of participating in a defined contribution pension scheme with matching company contributions up to a limit. There are no supplementary pension or early retirement schemes for Directors or key function holders.

9. Material transactions with shareholders and Board members

In December 2023, Sampo plc transferred £80m of capital to the Group, further demonstrating its long-term commitment and support of strategic decision making on pricing and reinsurance. The funds were transferred to Advantage to supplement SII Own Funds and enhance its SCR coverage.

B System of governance continued

B.2 Fit & proper requirements

1. Skills, knowledge and expertise of Board members and Key Function holders

The Group ensures that the individuals running each of the operating subsidiaries or fulfilling key functions have the appropriate skills, knowledge, and experience. Advantage meets these requirements by ensuring that such individuals are both fit and proper, in accordance with the European Insurance and Occupational Pensions Authority ("EIOPA") Guidelines on Systems of Governance Guideline number 11 – Fit Requirements 1.42.

Members of the Advantage Board, and those carrying out other significant key functions have extensive knowledge and experience across a variety of areas. This ensures that there is an appropriate spread of skills for managing the business. Similar provisions apply to Group and HISL Board members and senior executives.

2. The Fit & Proper requirements and process

The Group ensures those individuals holding Board and designated regulatory responsibilities in both operating subsidiaries are fit and proper for their roles. The Fit and Proper Policy defines the principles and processes. An annual review, including verification checks is undertaken of all persons subject to this policy to confirm their ongoing fitness, probity and competence.

3. Hastings Executive Accountability Framework

Executive accountabilities are specified within the Group's overarching Executive Accountability Framework which encompasses RIR and SMCR obligations. Executives are required to regularly attest that they have taken reasonable steps to ensure that their accountabilities have been suitably and appropriately carried out. This provides assurance that the identification, measurement, monitoring, management and control of risks across the business has been adequately conducted.

B.3 Risk management system (including ORSA)

1. Risk management system

The Group has an internal control framework based on the three lines model approach:

First line – Business Operations

The first line has ownership, responsibility and accountability for day-to-day risk identification, assessment and mitigation. It directly owns and operates risk mitigating policies and controls, including remedial actions, seeking to ensure compliance with all regulatory obligations and internal policies. The first line provides management assurance by monitoring and reporting risk, control, and compliance matters for oversight by the Governing Bodies of the respective entities within the Group. This is achieved using an embedded risk management framework and the operation of effective corporate governance framework for outsourced services.

Second line – Control and Oversight Functions – Compliance and Risk Management

The second line is accountable to the Board for providing internal assurance that the risk management system is adequate and operating effectively. This is achieved through monitoring the risk profile of the relevant entity and undertaking compliance monitoring activities. The second line establishes boundaries by proposing policies and frameworks, for Board approval, and standards to align Group-wide

practices to defined strategy, facilitating guidance on effective risk, control and compliance management practices. The second line applies Group-wide best practice providing oversight, challenge, monitoring and assurance reporting directly to governance forums.

Third line – Independent Assurance

As the third line, external actuaries, internal auditors and statutory external auditors are accountable for providing wholly independent assurance on the adequacy and effectiveness of risk management and control exercised by both first and second line functions. They also confirm these are adequate for the Group to identify, quantify and manage its risks consistent with its regulatory requirements under SII.

2. ORSA, risk processes and reporting procedures

The Group's risk strategy is to ensure fully informed risk taking that supports delivery of the business strategy. The Group operates a dynamic ORSA process with quarterly risk reporting by management for review and challenge by the HGH and Advantage Risk and Compliance Committees, Advantage Reserving Committee and the HGH and Advantage Boards. This process involves a systematic approach to risk identification, measuring, monitoring, managing and reporting against risk appetite. This gives management and the Board visibility of key risk exposures (current and emerging) as well as informing strategic risk assessments and thematic risk reviews.

B System of governance continued

An annual Group ORSA report, prepared by the risk function, which consolidates these results is approved by the Advantage Board and the HGH Board and a copy is submitted annually to the GFSC.

As part of the ORSA, regulatory permissions that apply within the Group are reviewed annually, including the key assumptions that relate to each of these. The most notable of these being an update of the USP calculation to include the latest years loss experience.

3. Risk and Capital management profile with risk management system

The Group's risk profile, based on the Standard Formula with USPs is:

	Percentage of total SCR 2023	Percentage of total SCR 2022
Non-life underwriting risk (Premium & Reserve risk)	71.2%	69.3%
Life underwriting risk	0.4%	0.4%
Operational risk	12.0%	16.3%
Market risk	9.3%	11.7%
Counterparty risk	5.4%	7.0%
Diversification and other benefits	(10.8%)	(13.7%)
HFSL capital requirement:	1.9%	1.1%
Group capital add-on	10.6%	8.0%

	Percentage of total SCR 2023	Percentage of total SCR 2022
Non-life underwriting risk (Premium & Reserve risk)	78.0%	73.4%
Life underwriting risk	0.2%	0.2%
Operational risk	14.7%	18.0%
Market risk	12.0%	13.6%
Counterparty risk	9.7%	11.8%
Diversification and other benefits	(14.5%)	(17.1%)

The Group aims to operate to an optimal SCR Cover range of 120-140% and GFSC agreed capital management principles. During 2023, the Group maintained a strong capital profile throughout the reporting period, enhanced by USP and VA approval, within or above that range. Additionally, the Advantage Dividend Policy informs dividend distributions by Advantage.

4. Assessment of adequacy of the system of governance

All decision making in the Group is subject to the system of governance process which adequately assesses the risk exposure of material decisions during the reporting period.

B System of governance continued

B.4 Internal control system

The Group maintains a system of internal controls both financial and regulatory, to ensure risks faced by the Group within its Standard Formula risk taxonomy are maintained within appetite. Each operating subsidiary defines its own audit scope, with additional Group-guided thematic audits.

The internal control system is also subject to review by Internal Audit and the results submitted to governance forums. The production of the IFRS financial statements are subject to controls, whilst the actuarial liabilities are calculated according to best practice, scrutinised by the Advantage Reserving Committee and subject to external actuarial review.

1. Description of internal control system

The Group control framework consists of key controls broken down by each risk type together with a comprehensive suite of management key performance indicators that link to these controls. These controls are attested to for ongoing appropriateness and effectiveness by both risk owners and control owners.

Internal Audit reviews the scope and effectiveness of key controls in key areas in line with agreed annual plans. This includes an assessment of both appropriateness and effectiveness, making recommendations for enhancement.

2. Description of how the Compliance function is implemented

The Compliance function operates as a trusted business partner, supporting innovation and delivery of the business strategy. The function provides guidance and challenge to ensure regulatory obligations are met. It helps to ensure the Group's behaviours and business activities put stakeholders' interests first and that the Group conducts itself with integrity in the marketplace. The tools used to operate the compliance function under each subsidiaries' Compliance Framework consist of:

- An annual Compliance Assurance Plan, approved by the relevant subsidiary operating committee against which there is quarterly reporting;
- Compliance policies, which capture the processes, internal controls and reporting requirements;
- Colleague training which provides guidance to colleagues in respect of regulatory requirements and the firm's overall systems of governance; and
- Reporting relevant information to subsidiary committees.

B.5 Internal Audit Function

1. Description of how the internal audit function is implemented

The Group outsources its Internal Audit function to Grant Thornton UK LLP. This brings a systematic, disciplined approach to the evaluation and improvement of the effectiveness of risk management control and governance processes. Internal audit provides insight and recommendations based on the assessment of data and business processes.

2. Independence and objectivity

The independence of the internal audit function helps to ensure that accurate and wholly independent reports are provided to governance forums without undue management influence.

The internal audit function service provider is chosen through a tender process involving reputable audit firms. The independence and objectivity of that firm is regularly reviewed and the individuals within the internal audit team rotate periodically. Internal audit also reviews the effectiveness of the Group's risk and control functions.

B.6 Hastings Group Actuarial Function

1. Description of how the function operates

HGAF performs assurance and technical analysis and support on reserving adequacy, Solvency II matters, including technical provisions, Own Funds and capital requirements. The key tasks performed by the actuarial function are:

- Second line assurance on BEL;
- Calculation of technical provisions;
- Calculation of the SCR and MCR;
- Providing opinion on the underwriting policy and reinsurance arrangements and producing an Actuarial Function Report to the Advantage Board; and
- Contributing to the effectiveness of the risk management system including the annual review of regulatory permissions.

2. Description of how the function contributes to the risk management system

The HGAF provides assurance to the HGH Board, Advantage Board, senior management and external stakeholders regarding reserving levels, solvency assessments and pricing adequacy.

B System of governance continued

B.7 Outsourcing

1. Description of the outsourcing policy

The Group makes use of both external and intragroup outsourcing arrangements and has in place Group procurement procedures and a Group Supply Chain Policy, including an Outsourcing Policy at Advantage. These set out the processes for outsourcing from the assessment and decision to outsource, contract negotiations, the inception of the service to contract termination. These include:

- The selection process for an outsourced provider and how often that outsourced provider's performance and results are assessed;
- The details to be included in the contract with the outsourced provider including jurisdiction; and
- The criteria for determining if a function, activity or service is an outsourced key function and the contingency plans for outsourced key functions.

Managing the Hastings Group supply chain is underpinned by the following core principles:

- Establishing and maintaining robust processes for the identification, selection, and management of suppliers to optimise commercial benefit and mitigate risk;
- All supplier dealings are conducted in an open, transparent way and consistent with fair market competition;
- Ensure that all business partners and service providers conduct their business, and their dealings with us, in a way

that does not compromise our own standards of conduct and behaviour and in accordance with all legal and regulatory obligations, in particular in relation to data protection and modern slavery;

- Ensuring all critical supply relationships have adequate and appropriate resilience and contingency plans to maintain continuity of service;
- Ensure that there are clearly defined roles and responsibilities in the management and monitoring of supplier dealings.

Advantage's insurance products are distributed exclusively in the UK by HISL under the terms of a Services Agreement. The Services Agreement governs the provision of intermediary services and outsourced services, such as underwriting support, claims handling and anti-fraud services.

Nature of services or activities outsourced by Advantage	Jurisdiction of arrangement
External Actuarial Review	UK
Asset management	UK
Internal audit	UK

B.8 Any other information

1. Any other material information

There are no further disclosures to add.

C Risk profile

The Group operates in the UK in following lines of business:

- Motor (car, van & bike) Insurance; and
- Household Insurance.
- Consumer lending.

There was modest growth in motor LCP as rating increases were prioritised ahead of the market in anticipation of inflationary headwinds resulting from the continued invasion of Ukraine by Russia, conflict in the Middle East, increased energy prices, supply chain challenges, increased labour costs, interest

rate increases, and the more competitive environment since the implementation of GIPP and Consumer Duty.

Household insurance growth was ahead of plan. The Group household account grew by almost a third, passing 530,000 live customer policies in 2023.

There were no material changes in the product range, customer profile, operating model or investment profile which would result in a significant change to the Group's overall risk profile.

C.1 Underwriting risk

1. Information on the underwriting risk exposure

The non-life underwriting risk of the Group comprises premium and reserve risk, catastrophe risk and lapse risk.

The Group SCR position at the reporting date:

Non-life underwriting risk by SCR sub-module		
	2023	2022
Premium and reserve risk	344.2	243.0
Catastrophe risk	63.5	21.9
Lapse risk	5.5	0.7
Undiversified total	413.2	265.7
In-module diversification	(47.9)	(16.2)
Diversified total	365.3	249.4

All amounts in £m

Non-life underwriting risk by SCR sub-module		
	2023	2022
Premium and reserve risk	297.2	222.1
Catastrophe risk	63.5	21.9
Lapse risk	23.8	0.7
Undiversified total	384.5	244.8
In-module diversification	(64.6)	(16.1)
Diversified total	319.9	228.6

All amounts in £m

2. Measures to assess the risks

The Group assesses the underwriting risk through:

- The Standard Formula with USPs to assess the risks; and
- The Group ORSA report to assess the performance of key risks, including those outside of the standard formula, together with analyses of the risks under stressed circumstances; see C.1.5.

3. Description of material risks

The material underwriting risks are defined in the table below:

Risk Category	Definition
Premium Risk	The risk of not collecting enough premium to achieve target loss ratio.
Reserve Risk	The risk that the provisions for outstanding claims will be inadequate to cover the cost of the claims as they are settled.

4. Risk mitigation techniques

The Group adopts a range of risk mitigation techniques to manage risk.

A key component of the Group's risk mitigation within its footprint risk profile is reinsurance. Advantage's reinsurance programme includes both Non-Capitalised Excess of Loss ("XoL") and Quota Share ("QS") protection. Under the 2023 arrangements the motor exposure risk is capped at £1m per loss, net of XoL, and home exposure is capped at £16m per loss.

Other mitigations:

C Risk profile continued

- A well-defined and segmented 'Underwriting footprint' for each class of business it accepts;
- Experience-led technical pricing reviews;
- Pricing governance to ensure the correct application of pricing factors and monitor key underwriting metrics;

5. Risk sensitivity analysis

Under the ORSA process, the Group undertakes a range of sensitivity and scenario testing against its material risks. During the reporting period, commensurate with the underwriting risk being the largest risk in ranking terms, 16 individual tests were carried out. The outcomes were articulated using the impact to SCR Cover at both a Group level and at an Advantage level.

The most severe tests included many combined unlikely events together with two separate claims cost inflation scenarios. At the request of the GFSC, the Group conducted two material stress tests, one on the failure to secure funds in HFSL and a Group reserve stress test which had no impact on Advantage. The Group is comfortable that these stress and scenario tests are comprehensive and adequately convey the solvency of the Group.

- Reserving governance to ensure the adequacy of case reserves on a BEL basis; and
- Continuous open dialogue between risk pricing, reserving and claims handling teams around emerging loss experience.

6. If used: Use of off-balance sheet positions and Special Purpose Vehicles ("SPVs")

Not applicable.

C.2 Market risk

1. Information on the market risk exposure

The SCR position at the reporting date was:

Market risk by SCR sub-module		
	2023	2022
Interest rate risk	22.1	21.1
Equity risk	5.0	3.5
Spread risk	38.0	32.5
Currency risk	0.0	1.2
Property risk	1.0	1.2
Concentration risk	0.0	3.0
Undiversified total	66.0	62.5
In-module diversification	(18.2)	(20.4)
Diversified total	47.8	42.1

All amounts in £m

Market risk by SCR sub-module		
	2023	2022
Interest rate risk	26.5	23.2
Equity risk	5.0	3.5
Spread risk	37.6	32.2
Currency risk	0.0	0.0
Property risk	0.0	1.0
Concentration risk	0.0	3.1
Undiversified total	69.1	62.9
In-module diversification	(19.9)	(20.5)
Diversified total	49.2	42.4

All amounts in £m

2. Measures to assess the risks

The Group assesses the market risk by:

- The standard formula; and

C Risk profile continued

- The ORSA, to assess the performance of key risks, including those outside of the standard formula, together with analyses of the risks under stressed circumstances.

3. Description of material risks

Risk Category	Definition
Market Risk	Market risk is the risk that the value of invested assets is less than anticipated.

4. Use of prudent person principles

The criteria for the portfolio structure, classes of holdings and individual limits are designed for very cautious risk exposure. These investment rules are monitored on a quarterly basis both internally and using an external consultancy.

6. Risk sensitivity analysis

Under the ORSA process, the Group undertakes a range of sensitivity and scenario testing against its material risks. During the year, the Group undertook a number of sensitivity tests of market risk, investment risk and reinsurance failure. Stress tests are also carried out combining multiple events. The outcomes are articulated using the resulting SCR Cover on a Group and Advantage basis.

5. Risk mitigation techniques

Cash and cash equivalents balances are held in short duration current or deposit accounts, or in short term money market instruments, with low sensitivity to movements in interest rates compared to longer duration assets. The investment portfolio is split between core and surplus assets to segregate risk where liabilities are matched.

Other mitigations:

- An Investment risk appetite and tolerances together with asset allocation limits by investment type; and
- Investment governance to monitor performance supported using external investment advisors.
- The weighted average credit quality of the core portfolio should aim to be A- or higher, with a maximum of 80% in securities rated single A or less and a maximum of 5% in securities rated sub-investment grade.

7. If used: Use of off-balance sheet positions and SPVs

Not applicable.

C.3 Credit risk

1. Information on the credit risk exposure

Credit risk is the risk of loss or adverse change in the financial position, due to the fluctuations in the credit standing of issuers of securities, counterparties, or any other debtors. The Group's credit risk arises predominantly from investment activities, reinsurance activities and dealings with intermediaries.

The SCR position at the reporting date:

Credit risk by SCR sub-module		
	2023	2022
Type 1 Counterparty risk	27.3	24.7
Type 2 Counterparty risk	0.7	0.6
Undiversified total	28.0	25.3
In-module diversification	(0.2)	(0.1)
Diversified total	27.9	25.1

All amounts in £m

Credit risk by SCR sub-module		
	2023	2022
Type 1 Counterparty risk	24.9	23.2
Type 2 Counterparty risk	17.5	16.2
Undiversified total	42.4	39.3
In-module diversification	(2.7)	(2.5)
Diversified total	39.7	36.9

All amounts in £m

2. Measures to assess the risks

The Group assesses the credit risk by:

- The standard formula; and
- The ORSA to assess the performance of material risks, including those outside of the standard formula, together

C Risk profile continued

with analyses of the risks under stressed circumstances, see C.3.6.

3. Description of material risks

Risk Category	Definition
Credit Risk / Counterparty Risk	Credit risk is the risk of loss or adverse change in the financial position, due to fluctuations in the credit standing of issuers of securities, counterparties or any other debtors.

4. Risk mitigation techniques

The Group imposes rules regarding the criteria for both types of counterparty risks, using credit ratings, individual concentration limits and monthly monitoring of performance which are reviewed as part of the ongoing governance process in the Group.

Other mitigations:

- Risk appetite and credit risk tolerances together with counterparty limits by type;
- An established governance process and regular monitoring of external and intragroup counterparty exposures. This is supported by the use of external investment advisers.

C.4 Liquidity risk

1. Information on the liquidity risk exposure

The Group has a robust liquidity risk management framework in place, commensurate with the nature and complexity of its operations. Liquidity is managed at both Group and on a subsidiary level.

2. Measures to assess the risks

The Group assesses the liquidity risk exposure by:

- The standard formula; and
- The ORSA to assess the performance of material risks, including those outside of the standard formula, together with analyses of the risks under stressed circumstances.

3. Description of material risks

Liquidity risk management is focussed upon the ongoing ability to meet the payment obligations to policyholders and other creditors across a wide range of operating conditions without suffering any significant additional cost. This includes the ability to meet expected and unexpected requirements for cash given

5. Risk concentrations

The Group has credit risk concentrations with reinsurance counterparties and other debtors. These are all subject to well established governance processes including regular monitoring and reporting.

6. Risk sensitivity analysis

During the ORSA process the Group undertook two stress tests of this risk. The first test investigated the failure of a major reinsurer and associated knock-on impacts, the second test investigated a combined Investment event & reinsurer failure. This analysis disclosed a moderate fall in SCR cover but was still within risk appetite for the Reinsurer Failure test, and within risk appetite at the end of a 3 year horizon for the Combined stress test.

7. If used: Use of off-balance sheet positions and SPVs

Not applicable.

the unpredictable nature of when insurance exposures may materialise.

UK motor and home insurance generates significant premium income in-flows in advance of claims and expenses being paid. This reduces the risk of a liquidity strain.

4. Risk Mitigation techniques

Management of liquidity risk includes asset and liability management strategies. The assets held to back insurance liabilities consist predominantly of investments in approved government securities and other very high-quality corporate securities, which can generally be readily sold or exchanged for cash in accordance with the definition of cash equivalent assets as per IAS 7 and IFRS 9. The money market securities are restricted to investment grade securities with concentrations of investments managed by various criteria including issuer, industry, geography and credit rating.

Other mitigations:

- Reinsurance arrangements with acceptable counterparties and low concentration limits;

C Risk profile continued

- Liquidity tolerances as part of investment risk appetite which are reflective of the Group's liquidity needs; and
- Liquidity risk reporting as an integral part of risk governance.

5. Total amount of the expected future profit in future premiums

The expected future profit on future premiums at the valuation date is £43.9m (2022: £0.5m) for the Group and £52.9m (2022: £9.1m) for Advantage.

6. Risk sensitivity analysis

Various liquidity risk scenarios were modelled as part of the Group's budget and ORSA processes and no scenarios represented a significant risk to operational liquidity at any point throughout the planning cycle.

7. If used: Use of off-balance sheet positions and SPVs

Not applicable.

C.5 Operational risk

1. Information on the operational risk exposure

The nature of operational risks faced by the Group include, but are not limited to, the following:

- Failure and/or underperformance of delivery, processes or colleagues;
- A failure to adequately address legal or regulatory changes satisfactorily within the Group's business model;
- Data security and cyber-crime, IT platform failure; and
- Failure and/or under performance of an outsourced service provider.

The SCR operational risk position at the reporting date:

Operational risk by SCR sub-module		
	2023	2022
Operational risk	61.5	58.6

All amounts in £m

Operational risk by SCR sub-module		
	2023	2022
Operational risk	60.1	56.1

All amounts in £m

2. Measures to assess the risks

The Group assesses the operating risk by:

- The standard formula calculations; and
- The ORSA to assess the performance of material risks, including those outside of the standard formula, together with analyses of the risks under stressed circumstances.

3. Description of material risks

Risk Category	Definition
Operational Risk	Operational risk refers to the risk of loss arising from inadequate or failed internal processes, people and systems or from external events, and includes legal and regulatory risk.

4. Risk sensitivity analysis and scenario stress testing

During the ORSA process the Group undertook stress and scenario testing of major operational events. These analyses focused on the options open to the Group and Advantage in such events and the associated management actions that would be necessary. An additional test was taken to demonstrate the impact of IT failure due to cyber-attack/system failure. The results demonstrated that the Group would remain within the SCR year on year but would incur lost income and increased costs to remediate.

5. Risk mitigations

The mitigations for operating risks across each business area for technology/cyber are from the control framework and general systems of governance, all of which are constructed in line with the risk appetite statements for this risk.

Examples include: Supplier Management Framework; Cyber and Information Security programme; Ongoing investment in the Operational Resilience Framework; Change Management Controls, Governance ; and effective management and control of Colleague Related Risks.

Other mitigations:

- Regular risk & control assessments;
- A formal compliance monitoring programme.

C Risk profile continued

6. If used: Use of off-balance sheet positions and SPVs

Not applicable.

C.6 Other material risks

1. Information on any other material risks

The Group recognises that some of the risks it faces are not explicitly covered in the Solvency II Standard Formula:

- Periodical Payment Orders (“PPOs”): Risk in the propensity and real interest rate risk that is not captured in the ‘life underwriting’ or ‘market risk’ sections of the Standard Formula respectively;
- Guaranteed Premium in Reinsurance Contracts: Risk of being required to pay a guaranteed premium on a reinsurance contract;
- Prepaid Claims Handling Provisions: Risk of HISL default causing Advantage to lose the money prepaid for claims handling; and
- Reinsurance Profit Commissions and HISL Performance Commission: Risk of loss ratio movement impacting the Profit Commission received from reinsurance contracts and the Performance Commission paid to HISL. Advantage links these risks because they are both driven by loss ratio movements. At Advantage, movements in Profit Commission received from reinsurers and those in Performance Commission payable to HISL broadly offset each other. At Group level, there is no such offset because Performance Commission is an intra-group transaction. Therefore, a £54.3m capital add-on to cover the loss of Profit Commission in adverse premium and reserve risk scenarios, to be held at Group level, has been agreed with the GFSC.

These risks are assessed as an integral part of the ORSA process on an ongoing basis. With the exception of the risk of loss of Profit Commission in adverse premium and reserve risk scenarios, for which a capital add-on has been agreed, our

conclusion was that they are sufficiently immaterial that the Standard Formula with Undertaking Specific Parameters is still an appropriate capital model for both Advantage and Group.

C.7 Any other information

1. Any other material information

As at end of year 2023, the tax value of the pre-tax SCR loss is £55.5m and the sources of tax capacity sum to Group SCR is £7.5m.

D Valuation for solvency purposes

D.1 Assets

1. For each class of assets: the value of the assets

At the valuation date the Group held the following assets on its Solvency II balance sheet.

2023 Asset class	Solvency II value	IFRS (statutory accounts) value	Difference
Goodwill	0.0	470.0	(647.5)
Deferred acquisition costs	0.0	1.9	
Non-Goodwill intangibles	0.0	175.6	
Deferred tax assets	52.4	36.2	16.2
Government & corporate bonds	1,025.4	1,025.4	0.0
Investment funds	348.2	348.2	
Derivatives	0.1	0.1	0.0
Loans & Mortgages	291.2	291.2	0.0
Property	6.7	6.7	0.0
Cash	98.8	98.8	0.0
Reinsurance recoverables	1,416.2	1,634.7	(218.6)
Insurance & intermediary receivables	37.1	676.7	(646.3)
Reinsurance receivables	15.5	4.9	
Trade receivables	29.5	46.8	
Any other assets, not elsewhere shown	13.4	10.8	2.6
Total	3,334.5	4,828.0	(1,493.5)

All amounts in £m.

D Valuation for solvency purposes continued

At the valuation date Advantage held the following assets on its Solvency II balance sheet.

2023 Asset class	Solvency II value	IFRS (statutory accounts) value	Difference
Goodwill	0.0	0.0	(45.1)
Deferred acquisition costs	0.0	45.1	
Non-Goodwill intangibles	0.0	0.0	
Deferred tax assets	0.0	0.0	0.0
Government & corporate bonds	1,025.4	1,025.4	0.0
Investment funds	321.2	321.1	
Derivatives	0.0	0.0	0.0
Loans & Mortgages	0.0	0.0	0.0
Property	0.0	0.0	0.0
Cash	44.6	44.6	0.0
Reinsurance recoverables	1,411.0	1,642.0	(231.0)
Insurance & intermediary receivables	90.1	662.2	(591.6)
Reinsurance receivables	80.8	80.8	
Trade receivables	30.7	50.2	
Any other assets, not elsewhere shown	0.7	0.7	0.0
Total	3,004.7	3,872.3	(867.7)

All amounts in £m.

2. Qualitative and quantitative explanations of differences of bases, methods and assumptions used between the valuation for solvency purposes and the financial statements:

Goodwill, non-Goodwill intangibles, Deferred acquisition costs: all of these assets are inadmissible under Solvency II.

Bonds, investment funds, property and derivatives: valued at market value on both Solvency II and IFRS bases.

Loans & mortgages: Valued at face value less a provision for bad debt on both Solvency II and IFRS bases.

Cash: valued at the amount held on both Solvency II and IFRS bases.

Reinsurance recoverables: the same Solvency II adjustments apply on reinsurance as on a gross basis, with the addition of an allowance for losses due to reinsurer default.

Insurance and intermediaries' receivables: the difference between the values on Solvency II and IFRS bases is accounted for by premiums due net of commission less recoveries due to salvage and subrogation.

Reinsurance receivables: the difference between the values on the Solvency II and IFRS bases is due to the absence of the Quota Share DAC commission from the former. This in turn is because the deferral concept does not apply under Solvency II.

Deferred tax assets: Solvency II deferred tax assets and liabilities are derived from their IFRS equivalents by applying the appropriate tax charge or relief to each item in the bridge from IFRS net assets to SII Own Funds. Since the Group is subject to both UK and Gibraltar tax jurisdiction, for this purpose it is broken down into Advantage consolidation adjustments arising at Advantage level (both of which are Gibraltar taxable), and the remainder, which is UK taxable. The UK and Gibraltar corporate tax rates used in the calculation are 25% and 15% respectively.

D Valuation for solvency purposes continued

D.2 Technical provisions

1. For each line of business: the value of technical provisions; the bases, methods and assumptions used

2023 Line of business	Gross SII best estimate liabilities	Gross SII Risk margin	Gross SII technical provisions	Gross IFRS technical provisions	Difference
Motor liability	2,025.6	29.3	2,054.8		
Other motor	(46.9)	0.0	(46.9)		
Damage to property	57.4	1.2	58.6		
Total non-life	2,036.1	30.4	2,066.6		
Life	87.3	0.3	87.6		
Total	2,123.4	30.8	2,154.2	3,002.2	(848.0)

All amounts in £m

2023 Line of business	Gross SII best estimate liabilities	Gross SII Risk margin	Gross SII technical provisions	Gross IFRS technical provisions	Difference
Motor liability	1,985.1	24.3	2,009.5		
Other motor	(40.1)	0.0	(40.1)		
Damage to property	46.9	1.6	48.5		
Total non-life	1,992.0	25.9	2,017.9		
Life	85.0	0.2	85.2		
Total	2,076.9	26.1	2,103.1	2,921.9	(818.8)

All amounts in £m

Notes to table:

On materiality grounds the Group does not subdivide its household business by Solvency II line of business, instead allocating the entirety to 'fire and other damage to property insurance'.

Risk margin is allocated to the three lines of business in proportion to the net BEL, subject to a minimum of zero (this is why the risk margin allocation to other motor insurance is zero).

IFRS technical provisions are available for comparison only at aggregate level.

In the technical provision calculations, BELs and risk margin are calculated separately.

The valuation of the BELs (claims and premium provisions, gross and reinsurers' share) is calculated on a discounted cash flow basis. The steps in the calculation process are:

- Projection of future claims payments based on the IFRS reserves and historic claims payment patterns;

- Addition of loadings for management overhead and investment expenses and, for premium provisions, the cost of future PPOs;
- For premium provisions, the removal of unpaid premiums and adjustments for expected future lapses and 'Bound But Not Incepted' ("BBNI") business;

D Valuation for solvency purposes continued

- For claims and premium provisions, further adjustments for 'Events Not In Data' ("ENID") and, for the reinsurers' share, expected losses due to reinsurer default; and
- Finally, the cash flows are discounted back to the valuation date using the EIOPA prescribed risk-free yield curve at as that date.

The risk margin is estimated by projecting forward the individual components of the SCR and then discounting back to the valuation date using the risk-free yield curve. The cost-of-capital rate in the calculation is 4%.

There are many sources of uncertainty associated with the technical provisions, the most material being:

- Ultimate cost of settling claims incurred at the valuation date – past incurred claims reflect those reported at the

valuation date and those yet to be reported at that date; and

- Claims costs arising from incidents that have yet to occur at the valuation date – there is relatively more uncertainty about future claims costs than about the ultimate cost of past claims because, by definition, little is known with certainty about future claims.

Ultimate claims costs are based broadly on analysis of past claims experience, but several factors act to reduce the reliability of prior experience as a guide to the future. Such factors include claims cost inflation, market-wide changes such as changes to the personal injury ('Ogden') discount rate, changes to internal claims management procedures and changes in claimant and solicitor behaviour.

2. Qualitative and quantitative explanations of differences of bases, methods and assumptions used between the valuation for solvency purposes and the financial statements:

	2023	Comment
Gross IFRS technical provisions	3,002.2	Per previous section
Removal of IFRS risk adjustment	(215.0)	Sum of this plus above item equates to IFRS best estimate
Removal of salvage & subrogation recoveries	(238.8)	IFRS treats this item as an asset
Removal of unpaid premiums from premium provision	(367.0)	IFRS treats this item as an asset
Expense loadings	63.1	Claims handling, management & investment expense loadings in best estimate claims provisions
Loading for events not in data (ENID)	28.4	Adjustment intended to capture the effect of all possible future events
Removal of IFRS discounting	394.5	Following the IFRS 17 implementation, IFRS reserves are subject to discounting
SII discounting	(375.1)	IFRS discounting replaced by discounting using prescribed risk-free yield curve
Other IFRS adjustments	(112.8)	SII recognises unearned broker income (premium finance, fees) as profit
Solvency II technical provision adjustments	(25.4)	SII margin adjustments SII discounting, etc.
Gross SII technical provisions	2,154.2	

All amounts in £m

D Valuation for solvency purposes continued

	2023	Comment
Gross IFRS technical provisions	2,921.9	Per previous section
Removal of IFRS risk adjustment	(215.0)	Sum of this plus above item equates to IFRS best estimate
Removal of salvage & subrogation recoveries	(238.8)	IFRS treats this item as an asset
Removal of unpaid premiums from premium provision	(367.5)	IFRS treats this item as an asset
Expense loadings	7.1	Claims handling, management & investment expense loadings in best estimate claims provisions
Loading for events not in data (ENID)	28.4	Adjustment intended to capture the effect of all possible future events
Removal of IFRS discounting	391.8	Following the IFRS 17 implementation, IFRS reserves are subject to discounting
SII discounting	(372.2)	IFRS discounting replaced by discounting using prescribed risk-free yield curve
Other IFRS adjustments	(5.0)	SII recognises unearned broker income (premium finance, fees) as profit
Solvency II technical provision adjustments	(47.6)	SII margin adjustments SII discounting, etc.
Gross SII technical provisions	2,103.1	

All amounts in £m

3. If used: information on the Matching Adjustment, Volatility Adjustment, Transitional Risk-Free Interest Rate-Term Structure and Transitional Deduction

During the reporting period the Group continued to apply, with regulatory permission the Sterling volatility adjustment ("VA") to value its gross BELs and reinsurance recoverables. The impact of the VA on its capital position at year-end 2023 is summarised in the table below:

below:

	With VA	Without VA	Impact
Gross Technical Provisions	2,154.2	2,176.6	(22.5)
SCR	513.2	514.3	(1.1)
Basic Own Funds	735.1	729.8	5.3
Own Funds Eligible to meet SCR	735.1	729.8	5.3

All amounts in £m

	With VA	Without VA	Impact
Gross Technical Provisions	1,953.8	1,971.5	(17.8)
SCR	311.3	312.4	(1.1)
Basic Own Funds	439.9	436.5	3.4
Own Funds Eligible to meet SCR	439.9	436.5	3.4

All amounts in £m

D Valuation for solvency purposes continued

D.3 Other liabilities

1. For each class of other liabilities: the value of other liabilities; the bases, methods and assumptions used

At the valuation date the liabilities other than technical provisions on the Group's Solvency II balance sheet were as follows:

2023 Non-TP liability class	Solvency II value	IFRS (statutory accounts) value	Difference
Deferred tax liabilities	16.5	12.4	4.1
Derivatives	1.7	1.7	-
Debts to credit institutions	160.4	160.4	-
Financial Liabilities	8.2	8.6	(0.4)
Insurance & intermediaries payables	13.0	430.5	(172.1)
Reinsurance payables	132.4		
Trade payables	113.0		
Total	445.2	613.6	(168.4)

All amounts in £m

2023 Non-TP liability class	Solvency II value	IFRS (statutory accounts) value	Difference
Deferred tax liabilities	4.1	0.0	4.1
Derivatives	0.0	0.0	-
Debts to credit institutions	0.0	0.0	-
Financial Liabilities	0.3	0.7	(0.4)
Insurance & intermediaries payables	48.5	323.6	(75.7)
Reinsurance payables	197.2		
Trade payables	2.2		
Total	252.3	324.3	(72.1)

All amounts in £m

2. Qualitative and quantitative explanations of differences of bases, methods and assumptions used between the valuation for solvency purposes and the financial statements

See comments on deferred tax assets in Section D.12.

Payable: the most material differences between Solvency II and IFRS values are the accrued MIB levy, the reinsurers' share of salvage and subrogation recoveries and the IFRS provision for claims handling. The accrued MIB levy cashflow is included in the Solvency II premium provisions and the IFRS claims handling provision is replaced by an SII equivalent in the claims provisions.

D Valuation for solvency purposes continued

D.4 Alternative methods for valuation

1. If used, information on alternative methods of valuation

Alternative valuation techniques are used in relation to the following assets held by the Group:

Investment in Freehold Property (Conquest House) – This freehold property is held at cost less provision for impairment. No depreciation is provided as the recoverable value of the land is considered a significant proportion of the acquired cost. Management assess the need for impairment at each reporting period. No provision has been required at 31st December 2023.

Investment in Fixtures, Fittings and Office Equipment – These assets are held at cost less accumulated depreciation, which the Company's management consider a reasonable proxy for fair value. Fixtures, Fittings and Office Equipment are immaterial in value and therefore further valuation work is considered unnecessary.

D.5 Any other information

1. Any other material information

There are no further disclosures to add.

E Capital management

E.1 Own Funds

1. Information on objectives, policies and processes for managing own funds

The Group's objectives when managing capital are:

- To ensure it can fully meet all its policyholder obligations in a timely fashion;
- To safeguard Group's ability to continue as a going concern;
- To provide an adequate return to the shareholder by pricing insurance contracts commensurately with the level of risk;
- To comply with the EIOPA Solvency II capital requirements; and
- The Group affirms that matters required in Article 260 have been fulfilled during the reporting period.

Own funds item	2023	2022	Tier
Share capital	17.3	17.0	1
Share premium	613.3	520.1	1
Reconciliation reserve	104.5	(84.4)	1
Own Funds total	735.1	452.8	

All amounts in £m

Own funds item	2023	2022	Tier
Share capital	43.4	43.4	1
Share premium	250.1	170.1	1
Reconciliation reserve	355.8	226.4	1
Own Funds total	649.3	439.9	

All amounts in £m

2. Information on the time horizon used for business planning

During the reporting period the Group refreshed its rolling 3-year business plan for the period 2024 to 2026, based on the existing business model. The annual ORSA process is an integral part of this process allowing robust validation of the plan and appropriate sensitivity and scenario testing for identified or potential changes to the Group's risk profile.

E.2 SCR and MCR

1. For each tier the Own Funds to cover the SCR

The Group's SCR of £513.2m is fully covered by Tier 1 Own Funds. The Advantage SCR of £410.4m is fully covered by Tier 1 Own Funds.

2. For each tier the basic Own Funds to cover the MCR

The Group's MCR of £142.2m is fully covered by Tier 1 Own Funds. The Advantage MCR of £142.3m is fully covered by Tier 1 Own Funds.

E Capital management continued

3. Qualitative and quantitative explanations of differences between excess of assets over liabilities for solvency purposes and the equity in the financial statements:

Reconciliation of IFRS net assets to Solvency II own funds (Group)		
	2023	2022
IFRS net assets	1,212.2	1,048.3
Deduct goodwill and intangibles	(650.8)	(626.2)
Add unearned broker revenue	106.7	-
Add back IFRS risk adjustment	39.3	44.2
Other IFRS adjustments	6.8	30.8
Deduct SII Risk Margin	(30.8)	(38.1)
Recognise profit on UPR	45.7	(30.8)
Unwind IFRS discounting, apply SII discounting	23.9	
Other SII adjustments	(30.0)	(60.5)
Adjust for deferred tax	12.2	36.9
Foreseen dividend	-	-
Solvency II Own Funds	735.1	452.8

All amounts in £m

Reconciliation of IFRS net assets to Solvency II own funds (Solo)		
	2023	2022
IFRS net assets	626.1	410.0
Deduct goodwill and intangibles	(51.7)	(17.8)
Add unearned broker revenue	-	-
Add back IFRS risk adjustment	39.3	44.3
Other IFRS adjustments	17.5	16.3
Deduct SII Risk Margin	(26.1)	(32.5)
Recognise profit on UPR	48.7	(13.3)
Unwind IFRS discounting, apply SII discounting	19.1	56.1
Other SII adjustments	(19.5)	(18.9)
Adjust for deferred tax	(4.1)	(4.3)
Foreseen dividend	-	-
Solvency II Own Funds	649.3	439.9

All amounts in £m

E Capital management continued

Both HGH and Advantage adopted the IFRS 17 accounting standard during 2023, with the result that the values taken by some of the bridging items in the above tables at year-ends 2022 and 2023 are not directly comparable.

4. Information on Transitional Arrangements, Ancillary Own Funds

Not applicable.

5. Information on items deducted from Own Funds

None.

6. Information on significant restrictions affecting the transferability and availability of Own Funds

None.

7. SCR split by risk modules:

2023 SCR risk module	2023		2022	
	£m	%	£m	%
Non-life underwriting risk	365.3	71.2	249.4	69.3
Market risk	47.8	9.3	42.1	11.7
Counterparty risk	27.9	5.4	25.1	6.9
Life underwriting risk	1.9	0.4	1.4	0.4
Diversification benefits	(47.7)	(9.3)	(41.1)	(11.4)
Basic SCR	395.2	77.0	277.0	76.9
Operational risk	61.5	12.0	58.6	16.3
LACDT	(7.5)	(1.5)	(8.4)	(2.3)
HISL capital requirement	9.7	1.9	4.0	1.1
Group capital Add-on	54.3	10.6	28.9	8.0
SCR	513.2	100.0	360.1	100.0

All amounts in £m

2023 SCR risk module	2023		2022	
	£m	%	£m	%
Non-life underwriting risk	319.9	78.0	228.6	73.4
Market risk	49.2	12.0	42.4	13.6

	2023		2022	
	£m	%	£m	%
Counterparty risk	39.7	9.7	36.9	11.8
Life underwriting risk	0.8	0.2	0.5	0.2
Diversification benefits	(52.0)	(12.7)	(44.8)	(14.4)
Basic SCR	357.7	87.2	263.6	84.7
Operational risk	60.1	14.7	56.1	18.0
SCR	410.4	100.0	311.3	100.0

All amounts in £m

8. Information on whether and for which risk modules and sub-modules of the standard formula that undertaking is using simplified calculations.

The only simplification that the Group is using in its SCR calculation is the risk mitigation simplification in the type 1 counterparty risk sub-module.

9. If used: Details of USPs

USP values used	2023		2022	
	%	%	%	%
Premium risk USP – motor vehicle liability	10.34%	8.85%		
Premium risk USP – other motor	10.44%	8.92%		
Reserve risk USP – motor vehicle liability	6.04%	6.71%		
Reserve risk USP – other motor	N/A	N/A		

USP values used	2023		2022	
	%	%	%	%
Premium risk USP – motor vehicle liability	8.11%	7.36%		
Premium risk USP – other motor	8.12%	7.31%		
Reserve risk USP – motor vehicle liability	6.04%	6.71%		
Reserve risk USP – other motor	N/A	N/A		

E Capital management continued

10. If used: Details of Capital Add-Ons

During the reporting period the Group capital add-on was £54.3m.

E.3 Duration-based equity risk sub-module

Not applicable.

E.4 Differences between SF and internal model

Not applicable.

E.5 Non-compliance with SCR and MCR

The Group was fully compliant with both SCR and MCR throughout the reporting period.

E.6 Any other information

There are no further disclosures to add.

F Appendices

F.1 Templates – Hastings Group (2023)

S.02.01.02 Balance sheet					
Assets		C0010	Liabilities		C0010
Deferred tax assets	R0040	52,436	Technical provisions – non-life	R0510	2,066,572
Property, plant & equipment held for own use	R0060	6,669	Technical provisions – non-life (excluding health)	R0520	2,066,572
Investments (other than assets held for index-linked and unit-linked contracts)	R0070	1,374	Best Estimate	R0540	2,036,145
Property (other than for own use)	R0080	-	Risk Margin	R0550	30,427
Bonds	R0130	1,025	Technical provisions - life (excluding index-linked and unit-linked)	R0600	87,593
Government bonds	R0140	151,579	Technical provisions – life (excluding health and index-linked and unit-linked)	R0650	87,593
Corporate bonds	R0150	873,861	Best Estimate	R0670	87,265
Collective Investments Undertakings	R0180	348,239	Risk Margin	R0680	328
Derivatives	R0190	84,727	Deferred tax liabilities	R0780	16,505
Loans and mortgages	R0230	291,199	Debts owed to credit institutions	R0800	160,388
Loans on policies	R0240	135,287	Financial liabilities other than debts owed to credit institutions	R0810	8,180
Loans on mortgages to individuals	R0250	155,912	Insurance & intermediaries payables	R0820	12,964
Reinsurance recoverables from:	R0270	1,416,157	Reinsurance payables	R0830	132,423
Non-life and health similar to non-life	R0280	1,336,689	Payables (trade, not insurance)	R0840	113,036
Non-life excluding health	R0290	1,336,689	Other liabilities, not elsewhere shown	R0880	-
Life and health similar to life, excluding health and index-linked and unit-linked	R0310	79,468			
Life excluding health and index-linked and unit-linked	R0330	79,468			
Insurance and intermediaries receivables	R0360	37,090			
Reinsurance receivables	R0370	15,524			
Receivables (trade, not insurance)	R0380	29,524			
Cash and cash equivalents	R0410	98,754			
Any other assets, not elsewhere shown	R0420	13,361	Total Liabilities	R0900	2,599,393
Total assets	R0500	3,334,477	Excess of assets over liabilities	R1000	735,085

All amounts in £'000

F Appendices Continued

S.05.01.02

Premiums, claims and expenses by line of business

Line of business for: non-life insurance and reinsurance obligations (direct business and accepted proportional reinsurance)						Line of business for: life insurance obligations			
		Motor vehicle liability insurance	Other motor insurance	Fire and other damage to property insurance	Total			Annuities stemming from non-life insurance contracts and relating to insurance obligations other than health insurance obligations	Total
		C0040	C0050	C0070	C0200			C0260	C0300
Premiums written						Premiums written			
Gross – Direct Business	R0110	1,038	403,988	40,799	1,483,611	Gross	R1410		
Reinsurers' share	R0140	221,936	86,308	6,434	314,678	Reinsurers' share	R1420		
Net	R0200	816,889	317,679	34,364	1,168,933	Net	R1500		
Premiums earned						Premiums earned			
Gross – Direct Business	R0210	907,714	353,000	31,315	1,292,029	Gross	R1510		
Reinsurers' share	R0240	177,150	68,892	5,689	251,731	Reinsurers' share	R1520		
Net	R0300	730,564	284,108	25,626	1,040,298	Net	R1600		
Claims incurred						Claims incurred			
Gross – Direct Business	R0310	638,273	251,847	41,730	931,849	Gross	R1610	9,332	9,332
Reinsurers' share	R0340	66,080	28,563	1,649	96,292	Reinsurers' share	R1620	7,369	7,369
Net	R0400	572,193	223,283	40,081	835,558	Net	R1700	1,963	1,963
Changes in other technical provisions						Changes in other technical provisions			
Gross – Direct Business	R0410					Gross	R1710		
Reinsurers' share	R0440					Reinsurers' share	R1720		
Net	R0500					Net	R1800		
Expenses incurred	R0550	178,803	69,535	21,839	270,177	Expenses incurred	R1900		
Other expenses	R1200					Other expenses	R2500		
Total expenses	R1300					Total expenses	R2600		

All amounts £'000

F Appendices Continued

S.05.02.01

Premiums, claims and expenses by country

		Home Country	Total Top 5 and home country
		C0010	C0070
	R0010		
		C0080	C0140
Premiums written			
Gross - Direct Business	R0110	1,483,611	1,483,611
Gross - Proportional reinsurance accepted	R0120	0	0
Gross - Non-proportional reinsurance accepted	R0130	0	0
Reinsurers' share	R0140	314,678	314,678
Net	R0200	1,168,933	1,168,933
Premiums earned			
Gross - Direct Business	R0210	1,292,029	1,292,029
Gross - Proportional reinsurance accepted	R0220	0	0
Gross - Non-proportional reinsurance accepted	R0230	0	0
Reinsurers' share	R0240	251,731	251,731
Net	R0300	1,040,298	1,040,298
Claims incurred			
Gross - Direct Business	R0310	931,849	931,849
Gross - Proportional reinsurance accepted	R0320	0	0
Gross - Non-proportional reinsurance accepted	R0330	0	0
Reinsurers' share	R0340	96,292	96,292
Net	R0400	835,558	835,558
Changes in other technical provisions			
Gross - Direct Business	R0410	0	0
Gross - Proportional reinsurance accepted	R0420	0	0
Gross - Non-proportional reinsurance accepted	R0430	0	0
Reinsurers' share	R0440	0	0
Net	R0500	0	0
Expenses incurred	R0550	270,177	270,177
Other expenses	R1200		
Total expenses	R1300		270,177

All amounts in £'000

F Appendices Continued

S.05.02.01 (continued)

		Home Country	Total Top 5 and home country
		C0150	C0210
	R1400		
		C0220	C0280
Premiums written			
Gross	R1410		0
Reinsurers' share	R1420		0
Net	R1500		0
Premiums earned			
Gross	R1510		0
Reinsurers' share	R1520		0
Net	R1600		0
Claims incurred			
Gross	R1610	9,332	9,332
Reinsurers' share	R1620	7,369	7,369
Net	R1700	1,963	1,963
Changes in other technical provisions			
Gross	R1710		0
Reinsurers' share	R1720		0
Net	R1800		0
Expenses incurred	R1900		0
Other expenses	R2500		
Total expenses	R2600		0

All amounts in £'000

F Appendices Continued

S.22.01.22

Impacts of long term guarantees measures and transitionals

		Amount with Long Term Guarantee measures and transitionals	Without transitional on technical provisions	Impact of transitional on technical provisions	Without transitional on interest rate	Impact of transitional on interest rate	Without volatility adjustment and without other transitional measures	Impact of volatility adjustment set to zero	Without matching adjustment and without all the others	Impact of matching adjustment set to zero	Impact of all LTG measures and transitionals
		C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100
Technical provisions	R0010	2,154,165	2,154,165		2,154,165		2,176,646	22,481	2,176,646		22,481
Basic own funds	R0020	735,084	735,084		735,084		729,752	(5,332)	729,752		(5,332)
Excess of assets over liabilities	R0030	735,084	735,084		735,084		729,752	(5,332)	729,752		(5,332)
Restricted own funds due to ring-fencing and matching portfolio	R0040						0		0		
Eligible own funds to meet Solvency Capital Requirement	R0050	735,085	735,085		735,085		729,752	(5,332)	729,752		(5,332)
Tier I	R0060	699,154	699,154		699,154		693,822	(5,332)	693,822		(5,332)
Tier II	R0070						0		0		
Tier III	R0080	35,931	35,931		35,931		35,931	0	35,931		0
Solvency Capital Requirement	R0090	513,208	513,208		513,208		514,308	1,100	514,308		1,100

All amounts in £'000

F Appendices Continued

S.23.01.22						
Own funds						
		Total	Tier 1 – unrestricted	Tier 1 – restricted	Tier 2	Tier 3
		C0010	C0020	C0030	C0040	C0050
Basic own funds before deduction for participations in other financial sector as foreseen in article 68 of Delegated Regulation (EU) 2015/35						
Ordinary share capital (gross of own shares)	R0010	18,918	18,918			
Share premium account related to ordinary share capital	R0030	613,345	613,345			
Initial funds, members' contributions or the equivalent basic own - fund item for mutual and mutual-type undertakings	R0040					
Subordinated mutual member accounts	R0050					
Surplus funds	R0070					
Preference shares	R0090					
Share premium account related to preference shares	R0110					
Reconciliation reserve	R0130	66,891	66,891			
Subordinated liabilities	R0140					
An amount equal to the value of net deferred tax assets	R0160	35,931				35,931
Other own fund items approved by the supervisory authority as basic own funds not specified above	R0180					
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						
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	R0220					
Deductions						
Deductions for participations in financial and credit institutions	R0230	4,095	4,095			
Total deductions	R0280	4,095	4,095			
Total basic own funds after deductions	R0290	730,990	695,059			35,931
Ancillary own funds						
Unpaid and uncalled ordinary share capital callable on demand	R0300					

All amounts in £'000

F Appendices Continued

S.23.01.22 (continued)						
		Total	Tier 1 – unrestricted	Tier 1 – restricted	Tier 2	Tier 3
		C0010	C0020	C0030	C0040	C0050
Unpaid and uncalled preference shares callable on demand	R0320					
A legally binding commitment to subscribe and pay for subordinated liabilities on demand	R0330					
Letters of credit and guarantees under Article 96(2) of the Directive 2009/138/EC	R0340					
Letters of credit and guarantees other than under Article 96(2) of the Directive 2009/138/EC	R0350					
Supplementary members calls under first subparagraph of Article 96(3) of the Directive 2009/138/EC	R0360					
Supplementary members calls - other than under first subpara Article 96(3) of the Directive 2009/138/EC	R0370					
Other ancillary own funds	R0390					
Total ancillary own funds	R0400					
Own funds of other financial sectors						
Non regulated entities carrying out financial activities	R0430	4,095	4,095			
Total own funds of other financial sectors	R0440	4,095	4,095			
Available and eligible own funds						
Total available own funds to meet the consolidated group SCR (excluding own funds from other financial sector and from the undertaking included via D&A)	R0520	730,990	695,059			35,931
Total available own funds to meet the minimum consolidated group SCR	R0530	695,059	695,059			
Total eligible own funds to meet the consolidated group SCR (excluding own funds from other financial sector and from the undertakings included via D&A)	R0560	730,990	695,059			35,931
Total eligible own funds to meet the minimum consolidated group SCR	R0570	695,059	695,059			
Consolidated group SCR	R0590	513,208				
Minimum consolidated Group SCR	R0610	142,165				
Ratio of Eligible own funds to the consolidated Group SCR (excluding other financial sectors and the undertakings included via D&A)	R0630	145.18%				
Ratio of Eligible own funds to Minimum Consolidated Group SCR	R0650	488.91%				
Total eligible own funds to meet the group SCR (including own funds from other financial sector and from the undertakings included via D&A)	R0660	735,085	699,154			35,931
Group SCR	R0680	513,208				
Ratio of eligible own fund to SCR including other financial sectors' own funds and capital requirements	R0690	143.23%				

All amounts in £'000

Reconciliation reserve		C0060
Excess of assets over liabilities	R0700	735,085
Own shares (held directly and indirectly)	R0710	0
Foreseeable dividends, distributions, and charges	R0720	0
Other basic own fund items	R0730	668,194
Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	R0740	0
Reconciliation reserve	R0760	66,891
Total Expected profits included in future premiums (EPIFP)	R0790	43,880

All amounts in £'000

F Appendices Continued

S.25.01.22 Solvency capital requirement – for Groups on standard formula				
		Net solvency capital requirement	Gross solvency capital requirement	Allocation from Adjustment due to RFF and Matching adjustments portfolios
		C0030	C0040	C0090
Market risk	R0010	47,791	47,791	
Counterparty default risk	R0020	27,854	27,854	
Life underwriting risk	R0030	1,909	1,909	
Health underwriting risk	R0040		0	
Non-life underwriting risk	R0050	365,330	365,330	
Diversification	R0060	(47,697)	(47,697)	
Intangible asset risk	R0070	0	0	
Basic solvency capital requirement	R0100	395,187	395,187	
Calculation of solvency capital requirement			C0100	
Operational risk	R0130		61,477	
Loss-absorbing capacity of technical provisions	R0140		0	
Loss-absorbing capacity of deferred taxes	R0150		(7,487)	
Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC	R0160		0	
Solvency capital requirement excluding capital add-on	R0200		499,177	
Capital add-on already set	R0210		54,341	
Solvency capital requirement	R0220		503,518	
Other information on SCR				
Minimum consolidated group solvency capital requirement	R0470		142,165	
Total amount of Notional Solvency Capital Requirement for remaining part	R0500		9,689	
Total amount of Notional Solvency Capital Requirements for ring fenced funds	R0530		9,689	
Total amount of Notional Solvency Capital Requirements for matching adjustment portfolios	R0570		513,208	

All amounts in £'000

F Appendices Continued

S.32.01.22 Undertakings in the scope of the group				Criteria of influence						Inclusion in the scope of Group Supervision	Group solvency calculation
Country	Identification code of the undertaking	Type of code of the ID of the undertaking	Legal Name of the Undertaking	% Capital Share	% used for the establishment of consolidated accounts	% voting rights	Other criteria	Level of influence	Proportional share used for group solvency calculation	Yes/No	Method used and under method 1, treatment of the undertaking
C0010	C0020	C0030	C0040	C0180	C0190	C0200	C0210	C0220	C0230	C0240	C0260
GB	HGC	2- Specific Code	Hastings Group (Consolidated) Limited	0%	0%	0%	-	1 - Dominant	0%	1- Included in the scope	Full consolidation
GB	213800NEVE8DLWEL2Y16	1- LEI	Hastings Group Holdings Limited	100%	100%	100%	-	1 - Dominant	100%	1- Included in the scope	Full consolidation
JE	6354002VILB9PBA8GH72	1- LEI	Hastings Group (Finance) Plc	100%	100%	100%	-	1 - Dominant	100%	1- Included in the scope	Full consolidation
JE	HGL	2- Specific Code	Hastings Group Ltd	100%	100%	100%	-	1 - Dominant	100%	1- Included in the scope	Full consolidation
BVI	AGHL	2- Specific Code	Advantage Global Holdings Ltd	100%	100%	100%	-	1 - Dominant	100%	1- Included in the scope	Full consolidation
GI	213800GYJZ78JAHMRY85	1- LEI	Advantage Insurance Company Ltd	100%	100%	100%	-	1 - Dominant	100%	1- Included in the scope	Full consolidation
GB	CQH	2- Specific Code	Conquest House Ltd	100%	100%	100%	-	1 - Dominant	100%	1- Included in the scope	Full consolidation
GB	HHL	2- Specific Code	Hastings (Holdings) Ltd	100%	100%	100%	-	1 - Dominant	100%	1- Included in the scope	Full consolidation
GB	HUK	2- Specific Code	Hastings (UK) Ltd	100%	100%	100%	-	1 - Dominant	100%	1- Included in the scope	Full consolidation
GB	213800YG73VR9AZ83B72	1- LEI	Hastings Insurance Services Ltd	100%	100%	100%	-	1 - Dominant	100%	1- Included in the scope	Full consolidation
GB	HUS	2- Specific Code	Hastings (US) Ltd	100%	100%	100%	-	1 - Dominant	100%	1- Included in the scope	Full consolidation
GB	HRSL	2- Specific Code	Hastings Repair Services Ltd	100%	100%	100%	-	1 - Dominant	100%	1- Included in the scope	Full consolidation
GB	213800WAVOPS85N2205	1- LEI	Hastings Financial Services Ltd	100%	100%	100%	-	1 - Dominant	100%	1- Included in the scope	Full consolidation

All amounts in £'000

F Appendices Continued

F.2 Templates – Advantage (2023)

S.02.01.02		
Balance sheet		
Assets		C0010
Property, plant & equipment held for own use	R0060	52
Investments (other than assets held for index-linked and unit-linked contracts)	R0070	1,346,678
Property (other than for own use)	R0080	0
Bonds	R0130	1,025,440
Government bonds	R0140	151,579
Corporate bonds	R0150	873,861
Collective Investments Undertakings	R0180	321,239
Reinsurance recoverables from:	R0270	1,411,050
Non-life and health similar to non-life	R0280	1,331,582
Non-life excluding health	R0290	1,331,582
Life and health similar to life, excluding health and indexlinked and unit-linked	R0310	79,468
Life excluding health and index-linked and unit-linked	R0330	79,468
Insurance and intermediaries receivables	R0360	90,100
Reinsurance receivables	R0370	80,779
Receivables (trade, not insurance)	R0380	30,694
Cash and cash equivalents	R0410	44,600
Any other assets, not elsewhere shown	R0420	700
Total assets	R0500	3,004,652

All amounts in £'000

F Appendices Continued

S.02.01.02		
Balance sheet		
Liabilities		C0010
Technical provisions - nonlife	R0510	2,017,926
Technical provisions - nonlife (excluding health)	R0520	2,017,926
TP calculated as a whole	R0530	0
Best estimate	R0540	1,991,983
Risk margin	R0550	25,943
TP - life (excluding index-linked and unit-linked)	R0600	85,152
TP - life (excluding health and index-linked and unit-linked)	R0650	85,152
TP calculated as a whole	R0660	0
Best estimate	R0670	84,952
Risk margin	R0680	201
Deferred tax liabilities	R0780	4,090
Financial liabilities other than debts owed to credit institutions	R0810	299
Insurance & intermediaries payables	R0820	48,505
Reinsurance payables	R0830	197,213
Payables (trade, not insurance)	R0840	2,180
Any other liabilities, not elsewhere shown	R0880	0
Total liabilities	R0900	2,355,365
Excess of assets over liabilities	R1000	649,287

All amounts in £'000

F Appendices Continued

S.05.01.02									
Premiums, claims and expenses by line of business									
Line of business for: non-life insurance and reinsurance obligations (direct business and accepted proportional reinsurance)						Line of business for: life insurance obligations			
		Motor vehicle liability insurance	Other motor insurance	Fire and other damage to property insurance	Total			Annuities stemming from non-life insurance contracts and relating to insurance obligations other than health insurance obligations	Total
		C0040	C0050	C0070	C0200			C0260	C0300
Premiums written						Premiums written			
Gross – Direct Business	R0110	1,075,177	418,124	41,790	1,535,092	Gross	R1410		
Reinsurers' share	R0140	221,936	86,308	6,434	314,678	Reinsurers' share	R1420		
Net	R0200	853,241	331,816	35,356	1,220,413	Net	R1500		
Premiums earned						Premiums earned			
Gross' Direct Business	R0210	947,372	368,422	32,178	1,347,973	Gross	R1510		
Reinsurers' share	R0240	177,150	68,892	5,689	251,731	Reinsurers' share	R1520		
Net	R0300	770,222	299,531	26,489	1,096,242	Net	R1600		
Claims incurred						Claims incurred			
Gross – Direct Business	R0310	637,547	251,564	41,730	930,841	Gross	R1610	9,332	9,332
Reinsurers' share	R0340	66,080	28,563	1,649	96,292	Reinsurers' share	R1620	7,369	7,369
Net	R0400	571,468	223,001	40,081	834,550	Net	R1700	1,963	1,963
Changes in other technical provisions						Changes in other technical provisions			
Gross – Direct Business	R0410					Gross	R1710		
Reinsurers' share	R0440					Reinsurers' share	R1720		
Net	R0500					Net	R1800		
Expenses incurred	R0550	133,951	52,092	5,761	191,804	Expenses incurred	R1900		
Other expenses	R1200					Other expenses	R2500		
Total expenses	R1300					Total expenses	R2600		

All amounts in £'000

F Appendices Continued

S.05.02.01 Premiums, claims and expenses by country			
		Top 5 countries (by amount of gross premiums written) – non-life obligations	Total Top 5 and home country
		C0020	C0070
	R00010	GB	
		C0090	C0140
Premiums written			
Gross – Direct business	R0110	1,535,092	1,535,092
Gross – Proportional reinsurance accepted	R0120		
Gross – Non-proportional reinsurance accepted	R0130		
Reinsurers' share	R0140	314,678	314,678
Net	R0200	1,220,413	1,220,413
Premiums earned			
Gross – Direct business	R0210	1,347,973	1,347,973
Gross – Proportional reinsurance accepted	R0220		
Gross – Non-proportional reinsurance accepted	R0230		
Reinsurers' share	R0240	251,731	251,731
Net	R0300	1,096,242	1,096,242
Claims incurred			
Gross – Direct business	R0310	930,841	930,841
Gross – Proportional reinsurance accepted	R0320		
Gross – Non-proportional reinsurance accepted	R0330		
Reinsurers' share	R0340	96,292	96,292
Net	R0400	834,550	834,550
Changes in other technical provisions			
Gross – Direct business	R0410		
Gross – Proportional reinsurance accepted	R0420		
Gross – Non-proportional reinsurance accepted	R0430		
Reinsurers' share	R0440		
Net	R0500		
Expenses incurred	R0550	191,804	191,804
Other expenses	R1200		
Total expenses	R1300		191,804

All amounts in £'000

F Appendices Continued

S.05.02.01 (continued)			
		Top 5 countries (by amount of gross premiums written) – life obligations	Total Top 5 and home country
		C0160	C0210
	R1400	GB	
		C0230	C0280
Premiums written			
Gross	R1410		
Reinsurers' share	R1420		
Net	R1500		
Premiums earned			
Gross	R1510		
Reinsurers' share	R1520		
Net	R1600		
Claims incurred			
Gross	R1610	9,332	9,332
Reinsurers' share	R1620	7,369	7,369
Net	R1700	1,963	1,963
Changes in other technical provisions			
Gross	R1710		
Reinsurers' share	R1720		
Net	R1800		
Expenses incurred	R1900		
Other expenses	R2500		
Total expenses	R2600		

All amounts in £'000

F Appendices Continued

S.12.01.02											
Life and Health SLT Technical Provisions											
		Insurance with profit participation		Index-linked and unit-linked insurance		Other life insurance			Annuities stemming from non-life insurance contracts and relating to insurance obligation other than health insurance obligations	Accepted reinsurance	Total (Life other than health insurance, incl. Unit-Linked)
				Contracts without options and guarantees	Contracts with options or guarantees		Contracts without options and guarantees	Contracts with options or guarantees			
		C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0150
Best Estimate											
Gross Best Estimate	R0030								84,952		84,952
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0080								79,468		79,468
Best estimate minus recoverables from reinsurance/SPV and Finite Re – total	R0090								5,484		5,484
Risk Margin	R0100								201		201
Amount of the transitional on Technical Provisions											
Technical Provisions calculated as a whole	R0110										
Best estimate	R0120										
Risk margin	R0130										
Technical provisions – total	R0200								85,152		85,152

All amounts in £'000

F Appendices Continued

S.17.01.02													
Non-life Technical Provisions													
		Direct business and accepted 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
		C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0120	C0130
Premium provisions													
Gross	R0060				236,530	72,865		17,549					
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0140				218,102	43,986		1,497					
Net best estimate of premium provisions	R0150				18,428	28,879		16,052					
Claims provisions													
Gross	R0160				1,748,612	-112,916		29,344					
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0240				1,101,636	-35,386		1,747					
Net Best Estimate of Claims Provisions	R0250				646,976	-77,530		27,596					
Total best estimate – gross	R0260				1,985,141	-40,051		46,893					
Total best estimate – net	R0270				665,403	-48,651		43,649					
Risk margin	R0280				24,346	0		1,597					
Amount of the transitional on technical provisions													
Technical provisions calculated as a whole	R0290												
Best estimate	R0300												
Risk margin	R0310												
Technical provisions - total	R0320				2,009,487	-40,051		48,490					
Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total	R0330				1,319,738	8,600		3,244					
Technical provisions minus recoverables from reinsurance/SPV and Finite Re- total	R0340				689,749	-48,651		45,246					

All amounts in £'000

F Appendices Continued

S.17.01.02 (continued)						
		Accepted non-proportional reinsurance				Total Non-Life obligations
		Non-proportional health reinsurance	Non-proportional casualty reinsurance	Non-proportional marine, aviation and transport reinsurance	Non-proportional property reinsurance	
		C0140	C0150	C0160	C0170	C0180
Premium provisions						
Gross	R0060					326,944
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0140					263,585
Net best estimate of premium provisions	R0150					63,359
Claims provisions						
Gross	R0160					1,665,039
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0240					1,067,997
Net Best Estimate of Claims Provisions	R0250					597,042
Total best estimate – gross	R0260					1,991,983
Total best estimate – net	R0270					660,401
Risk margin	R0280					25,943
Amount of the transitional on technical provisions						
Technical provisions calculated as a whole	R0290					
Best estimate	R0300					
Risk margin	R0310					
Technical provisions - total	R0320					2,017,926
Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total	R0330					1,331,582
Technical provisions minus recoverables from reinsurance/SPV and Finite Re- total	R0340					686,344

All amounts in £'000

F Appendices Continued

S.19.01.21														
Non-Life Insurance Claims - Total Non-Life Business														
Gross claims paid (non-cumulative) (absolute amount)														
Z0010 Accident Year														
Development year														
Year	-	1.00	2.00	3.00	4.00	5.00	6.00	7.00	8.00	9.00	10 & +		In Current year	Sum of years (cumulative)
	C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110 +		C0170	C0180
Prior	R0100											- 125	- 125	997,841
2014	R0160	-	258,859	37,384	32,590	24,791	12,896	5,959	3,741	903	890		890	378,013
2015	R0170	187,162	131,598	46,186	33,257	22,129	24,621	28,552	637	2,989			2,989	477,132
2016	R0180	236,580	151,132	61,423	39,980	39,112	16,695	25,888	8,391				8,391	579,201
2017	R0190	273,709	169,933	58,599	49,127	50,199	27,444	15,357					15,357	644,368
2018	R0200	335,304	174,368	56,016	41,514	47,209	31,479						31,479	685,890
2019	R0210	368,136	161,259	54,267	45,994	36,851							36,851	666,507
2020	R0220	279,444	120,766	44,813	39,294								39,294	484,317
2021	R0230	344,707	148,607	55,585									55,585	548,899
2022	R0240	472,757	214,552										214,552	687,309
2023	R0250	615,441											615,441	615,441
	Total												1,020,704	6,764,917

All amounts in £'000

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S.22.01.21											
Impact of long term guarantees measures and transitionals											
		Amount with Long Term Guarantee measures and transitionals	Without transitional on technical provisions	Impact of transitional on technical provisions	Without transitional on interest rate	Impact of transitional on interest rate	Without volatility adjustment and without other transitional measures	Impact of volatility adjustment set to zero	Without matching adjustment and without all the others	Impact of matching adjustment set to zero	Impact of all LTG measures and transitionals
		C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100
Technical provisions	R0010	2,103,078	2,103,078	-	2,103,078	-	2,125,560	22,481	2,125,560	-	22,481
Basic own funds	R0020	649,287	649,287	-	649,287	-	645,010	4,277	645,010	-	4,277
Excess of assets over liabilities	R0030	649,287	649,287	-	649,287	-	645,010	4,277	645,010	-	4,277
Restricted own funds due to ring-fencing and matching portfolio	R0040	-	-	-	-	-	-	-	-	-	-
Eligible own funds to meet Solvency Capital Requirement	R0050	649,287	649,287	-	649,287	-	645,010	4,277	645,010	-	4,277
Tier I	R0060	649,287	649,287	-	649,287	-	645,010	4,277	645,010	-	4,277
Tier II	R0070	-	-	-	-	-	-	-	-	-	-
Tier III	R0080	-	-	-	-	-	-	-	-	-	-
Solvency Capital Requirement	R0090	410,373	410,373	-	410,373	-	412,348	1,975	412,348	-	1,975
Eligible own funds to meet Minimum Capital Requirement	R0100	649,287	649,287	-	649,287	-	645,010	4,277	645,010	-	4,277
Minimal Capital Requirement	R0110	142,292	142,292	-	142,292	-	142,701	409	142,701	-	409

All amounts in £'000

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S.23.01.01						
Own funds						
		Total	Tier 1 – unrestricted	Tier 1 – restricted	Tier 2	Tier 3
		C0010	C0020	C0030	C0040	C0050
Basic own funds before deduction for participations in other financial sector as foreseen in article 68 of Delegated Regulation (EU) 2015/35						
Ordinary share capital (gross of own shares)	R0010	43,362	43,362			
Share premium account related to ordinary share capital	R0030	250,116	250,116			
Initial funds, members' contributions or the equivalent basic own - fund item for mutual and mutual-type undertakings	R0040					
Subordinated mutual member accounts	R0050					
Surplus funds	R0070					
Preference shares	R0090					
Share premium account related to preference shares	R0110					
Reconciliation reserve	R0130	355,809	355,809			
Subordinated liabilities	R0140					
An amount equal to the value of net deferred tax assets	R0160					
Other own fund items approved by the supervisory authority as basic own funds not specified above	R0180					
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						
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	R0220					
Deductions						
Deductions for participations in financial and credit institutions	R0230					
Total basic own funds after deductions	R0290	649,287	649,287			
Ancillary own funds						
Unpaid and uncalled ordinary share capital callable on demand	R0300					

All amounts in £'000

F Appendices Continued

S.23.01.01 (continued)						
		Total	Tier 1 – unrestricted	Tier 1 – restricted	Tier 2	Tier 3
		C0010	C0020	C0030	C0040	C0050
Unpaid and uncalled preference shares callable on demand	R0320					
A legally binding commitment to subscribe and pay for subordinated liabilities on demand	R0330					
Letters of credit and guarantees under Article 96(2) of the Directive 2009/138/EC	R0340					
Letters of credit and guarantees other than under Article 96(2) of the Directive 2009/138/EC	R0350					
Supplementary members calls under first subparagraph of Article 96(3) of the Directive 2009/138/EC	R0360					
Supplementary members calls - other than under first subpara Article 96(3) of the Directive 2009/138/EC	R0370					
Other ancillary own funds	R0390					
Total ancillary own funds	R0400					
Available and eligible own funds						
Total available own funds to meet the SCR	R0500	649,287	649,287			
Total available own funds to meet the MCR	R0510	649,287	649,287			
Total eligible own funds to meet the SCR	R0540	649,287	649,287			
Total eligible own funds to meet the MCR	R0550	649,287	649,287			
SCR	R0580	410,373				
MCR	R0600	142,292				
Ratio of eligible own funds to SCR	R0620	158.2%				
Ratio of eligible own funds to MCR	R0640	456.3%				

All amounts in £'000

Reconciliation reserve		C0060
Excess of assets over liabilities	R0700	649,287
Own shares (held directly and indirectly)	R0710	0
Foreseeable dividends, distributions and charges	R0720	0
Other basic own fund items	R0730	293,478
Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	R0740	0
Reconciliation reserve	R0760	355,809
Expected profits		
Expected profits included in future premiums (EPIFP) - Life Business	R0770	0
Expected profits included in future premiums (EPIFP) - Non- life business	R0780	52,902
Total Expected profits included in future premiums (EPIFP)	R0790	52,902

All amounts in £'000

F Appendices Continued

S.25.01.21				
Solvency capital requirement – for undertakings on standard formula (2023)				
		Gross solvency capital requirement	USP	Simplifications
		C0110	C0090	C0100
Market risk	R0010	49,206		
Counterparty default risk	R0020	39,730		
Life underwriting risk	R0030	795	None	
Health underwriting risk	R0040	0	None	
Non-life underwriting risk	R0050	319,947	Standard deviation for non-life premium risk & reserve risk	
Diversification	R0060	-51,960		
Intangible asset risk	R0070	0		
Basic solvency capital requirement	R0100	357,718		
Calculation of solvency capital requirement		C0100		
Operational risk	R0130	60,142		
Loss-absorbing capacity of technical provisions	R0140	0		
Loss-absorbing capacity of deferred taxes	R0150	-7,487		
Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC	R0160	0		
Solvency capital requirement excluding capital add-on	R0200	410,373		
Capital add-on already set	R0210	0		
Solvency capital requirement	R0220	410,373		
Other information on SCR				
Capital requirement for duration-based equity risk sub-module	R0400			
Total amount of Notional Solvency Capital Requirement for remaining part	R0410			
Total amount of Notional Solvency Capital Requirements for ring fenced funds	R0420			
Total amount of Notional Solvency Capital Requirements for matching adjustment portfolios	R0430			
Diversification effects due to RFF nSCR aggregation for article 304	R0440			

All amounts in £'000

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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
MCRNL Result	R0010	142,177

		Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance) written premiums in the last 12 months
		C0020	C0030
Motor vehicle liability insurance and proportional reinsurance	R0050	665,403	641,006
Other motor insurance and proportional reinsurance	R0060	0	249,280
Marine, aviation and transport insurance and proportional reinsurance	R0070	0	0
Fire and other damage to property insurance and proportional reinsurance	R0080	43,649	34,192

Linear formula component for life insurance and reinsurance obligations		
		C0040
MCRL Result	R0200	115

		Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance/SPV) total capital at risk
		C0050	C0060
Obligations with profit participation - guaranteed benefits	R0210		
Obligations with profit participation - future discretionary benefits	R0220		
Index-linked and unit-linked insurance obligations	R0230		
Other life (re)insurance and health (re)insurance obligations	R0240	5,484	
Total capital at risk for all life (re)insurance obligations	R0250		

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Overall MCR calculation		
		C0070
Linear MCR	R0300	142,292
SCR	R0310	410,373
MCR cap	R0320	184,668
MCR floor	R0330	102,593
Combined MCR	R0340	142,292
Absolute floor of the MCR	R0350	3,495
Minimum capital requirement	R0400	142,292

All amounts in £'000

F.3 Audit Opinion

Report on the Audit of the relevant Annual Quantitative Reporting Template ('the relevant AQRT') of the Solvency and Financial Condition Report of Hastings Group Holdings Limited and its subsidiaries (together "the Group") by the external Independent auditor Deloitte.

Opinion

Except as stated below, we have audited the following document prepared by the Group as at 31 December 2023:

- Group Own Funds template S.23.01.04 ('the relevant AQRT').

We are not required to audit, nor have we audited, and as a consequence do not express an opinion on all other elements of the AQRTs, the SFCR and the Other Information which comprises:

- the 'Valuation for solvency purposes' and 'Capital Management' sections of the SFCR of the Group as at 31 December 2023, ('the Narrative Disclosures');
- Group templates S.02.01.02, S.05.01.02, S.05.02.01, S.22.01.21, S.25.01.22, S.32.01.22.
- Solo templates S.02.01.02, S.05.01.02, S.05.02.01, S.12.01.12, S.17.01.02, S.19.01.21, S.22.01.21, S.23.01.01, S.25.01.21, S.28.01.01.
- the 'Executive summary', 'Business and performance', 'System of governance' and 'Risk profile' elements of the SFCR;
- the written acknowledgement by management of their responsibilities, including for the preparation of the SFCR ('the Responsibility Statement').
- Information which pertains to an undertaking that is not a Solvency II undertaking and has been prepared in accordance with applicable rules other than those implementing the Solvency II Directive or in accordance with Gibraltar law other than the Solvency II regulations ('the sectoral information')

To the extent the information subject to audit in the relevant elements of the SFCR includes amounts that are totals, sub-totals or calculations derived from the Other Information, we have relied without verification on the Other Information.

In our opinion, the relevant AQRT as at 31 December 2023 is prepared, in all material respects, in accordance with the financial reporting provisions of the Financial Services (Insurance Companies) Regulations 2020 and Solvency II regulations on which they are based, as modified by relevant supervisory modifications, and as supplemented by supervisory approvals and determinations.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs), including ISA 800 and ISA 805, and applicable law. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the relevant AQRT section of our report. We are independent of the Group and Company in accordance with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter – Basis of Accounting

We draw attention to the Valuation for solvency purposes section of the SFCR, which describe the basis of accounting applicable to the relevant AQRT. The relevant AQRT is prepared in compliance with the financial reporting provisions of the Financial Services (Insurance Companies) Regulations 2020 and Solvency II Requirements, and therefore in accordance with a special purpose financial reporting framework. The relevant AQRT is not required to be published, however intended users include but are not limited to the Gibraltar Financial Services Commission ('GFSC'). As a result, the SFCR and relevant AQRT may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

Other Information

The Directors are responsible for the Other Information.

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Our opinion on the relevant AQRT does not cover the Other Information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon.

Responsibilities of Directors for the relevant AQRT

The Directors are responsible for the preparation of the relevant AQRT in accordance with the financial reporting provisions of the Financial Services (Insurance Companies) Regulations 2020 and Solvency II Requirements.

The Directors are also responsible for such internal control as they determine is necessary to enable the preparation of a relevant AQRT that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Audit of the relevant AQRT

It is our responsibility to form an independent opinion as to whether the relevant AQRT is prepared, in all material respects, with the financial reporting provisions of the Relevant Solvency II Requirements on which they are based.

Our objectives are to obtain reasonable assurance about whether the relevant AQRT is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but it is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decision making or the judgement of the users taken on the basis of the relevant AQRT.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the Group's industry and its control environment, and reviewed the Group's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management, internal audit and the audit committee about their own identification and assessment of the risks of irregularities.

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We obtained an understanding of the legal and regulatory framework that the Group operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts in the relevant AQRT. These included Solvency II as implemented in Gibraltar and Income Tax Act 2010; and
- do not have a direct effect on the relevant AQRT but compliance with which may be fundamental to the Group's ability to operate or to avoid a material penalty. These included Companies Act 2014 and related Company Law and the Financial Services (Insurance Companies) (Accounts) Regulations 2021.

We discussed among the audit engagement team including relevant internal specialists such as actuarial specialists regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

As a result of performing the above, we identified the greatest potential for fraud in the following area, and our specific procedures performed to address it are described below:

- Actuarial best estimate used as the basis of the bridge to form the Solvency II Technical Provisions, specifically that it does not equate to a best estimate liability under Solvency II and that the cash flows used in the calculations of the Solvency II technical provisions are incomplete or inaccurate:
 - Reviewed process surrounding the determination of the Best Estimate Liability ("BEL") and the calculation of the Solvency II Technical Provisions. Evaluated the design and implementation of key mitigating controls identified within this process.
 - Reviewed the process relating to the identification of cash flows used in determining the Solvency II Technical Provisions and the preparation of the Solvency II Balance Sheet. Evaluated the design and implementation of key mitigating controls identified within this process.
 - Evaluated management's identification and assessment of key assumptions and judgements used in calculating the Technical Provisions, including the selection and use of ULRs and determination of the BELs.
 - Engaged Deloitte actuarial specialists to assess management's use of the financial statement Ultimate Loss Ratios ("ULRs") as a basis for calculating the BEL, specifically whether the actuarial best estimate lies within an appropriate range of estimates to be considered a BEL, including whether additional prudence lies within the actuarial best estimate. Additionally, our actuarial specialist reviewed the cash flow patterns applied in determining the Technical Provisions and used these to recalculate the Technical Provisions using the IFRS audited balances.

In common with all audits under ISAs, we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management, the audit committee and external legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance reviewing internal audit reports and reviewing correspondence with Gibraltar Financial Services Commission.

Use of our Report

This report is made solely to the Directors of Advantage Insurance Company Limited. We acknowledge that our report will be provided to the GFSC for the use of the GFSC solely. Our audit work has been undertaken so that we might state to the insurer's

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Directors those matters we are required to state to them in an auditor's report on the relevant AQRT and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Group and the GFSC, for our audit work, for this report or for the opinions we have formed.

DocuSigned by:

Deloitte Limited

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Deloitte Limited
Floor 3, 120 Irish Town
Gibraltar
17 May 2024

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F.4 Glossary

	Definition	Explanation
3YP	Three Year Plan	The forward looking plan and budget of financial performance over the three year period 2024-2026.
AFH	Actuarial Function Holder	A position required under SII to be responsible for the preparation and calibration of all the necessary models used in the calculation of all figures required for the technical provisions and SCR Cover under the SII Requirements.
Advantage	Advantage Insurance Company Limited	The sole insurance undertaking in Hastings Group, domiciled and regulated in Gibraltar; underwriter of private motor, motorcycle, van, and home insurance.
Advantage Board	Advantage Board of Directors	Governing body of Advantage.
BEL	Best Estimate Liability	The most accurate prediction or calculation of future claims liabilities based on available data and actuarial analysis.
EIOPA	European Insurance and Occupational Pensions Authority	European Union financial regulatory institution.
ERMF	Enterprise Risk Management Framework	A company's comprehensive risk management framework.
FCA	Financial Conduct Authority	UK financial services regulatory body.
GFSC	Gibraltar Financial Services Commission	Gibraltar financial services regulatory body.
GIPP	General Insurance Pricing Practices	FCA market study on the price of home and motor insurance leading to stricter rules on the pricing of policy renewals.
GWP	Gross Written Premiums	Total premium written by an insurer before deductions for reinsurance and ceding commissions.
Hastings Group or the Group	Collective term for all Hastings Group entities	The Hastings Group is the collective name for direct and indirect subsidiaries of Hastings Group Holdings Limited.
HGAF	Hastings Group Actuarial Function	The Group's central Actuarial function.
HGC	Hastings Group (Consolidated) Limited	Ultimate UK parent entity in the Hastings Group.
HGH	Hastings Group Holdings Limited	Wholly owned subsidiary of HGC and entity level at which Hastings Group governance is conducted.
HGH Board	HGH Board of Directors, also referred to as the "Group Board"	Governing body of HGH and the Group.
HGH RCC	HGH Risk and Compliance Committee	A Committee of the HGH Board.
HISL	Hastings Insurance Services Limited, trading as "Hastings Direct"	the Group's UK-based insurance intermediary and service provider, authorised and regulated by the FCA.
HFSL	Hastings Financial Services Limited, trading as "Hastings Direct Loans"	HISL subsidiary entity, authorised and regulated by the FCA, providing unsecured personal loans to UK customers.
LACDT	Loss Absorbing Capacity of Deferred Tax	The Loss Absorbing Capacity of Deferred Taxes adjustment is meant to reflect the

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		fact that new deferred tax assets would have to be booked in the event the insurance undertaking incurred unexpected losses, hence resulting in the increase in Own Funds on the Solvency II balance sheet.
LCP	Live Customer Policies	Current number of active insured policy lines.
MCR	Minimum Capital Requirement	The minimum regulatory capital level that insurance/reinsurance companies and/or groups are required to hold under the SII Requirements.
MIB	Motor Insurers' Bureau	UK guarantee fund that compensates victims of negligent uninsured or untraced drivers.
ORSA	Own Risk and Solvency Assessment	Mandatory internal annual report under SII Requirements covering internal processes aiding decision making and strategic analysis of risks and capturing best risk management practices which summarises activities through the year.
PCW	Price Comparison Website	An internet based service comparing prices from a selection of insurance provider for UK retail customers.
PRA	Prudential Regulation Authority	UK financial services regulatory body.
QS	Quota Share	Proportional reinsurance.
Regulated Subsidiaries	Advantage, HISL and HFSL	Entities regulated by FCA and GFSC.
RIR	Regulated Individuals Regime	The GFSC's regime for the approval and oversight of regulated individuals under the Gibraltar Finance Services Act 2019
Sampo	Sampo plc	Ultimate parent of Hastings Group, registered and regulated in Finland as an insurance holding company.
SCR	Solvency Capital Requirement	The total eligible regulatory capital that insurance/reinsurance companies and/or groups are required to hold under the SII Requirements.
SCR Cover	Solvency Capital Requirement Cover Ratio	The ratio of Own Funds, calculated in accordance with SII requirements, expressed as a percentage of SCR.
SF	Standard Formula	A means for calculating Solvency Capital Requirement.
SFCR	Solvency and Financial Condition Report	The annual report required to be published under the SII Requirements.
SII	Solvency II	The regulatory framework for the European insurance industry, as set out in EU Directive 2009/138/EC and adopted by local legislation in each territory under directly applicable European Commission Delegated Regulations (EU) 2015/35
SII Requirements	GFSC Solvency II Requirements	The requirements under the Gibraltar Financial Services Act 2019 (Act No 2019-26), and specifically the Financial Services (Insurance Companies) Regulations 2020 made pursuant to the aforementioned

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		Act, as amended and replaced from time to time, pertaining to the implementation of Solvency II in Gibraltar.
SMCR	Senior Managers and Certification Regime	UK regulatory regime for the approval and oversight of regulated individuals under the UK Financial Services and Markets Act 2000 (as amended).
UK Perimeter	UK drawn Perimeter for SII group supervision purposes.	The level at which group supervision under the SII Requirements is exercised by the GFSC for Hastings Group. This ensures that Gibraltar-based insurers with UK holding companies, writing business in the UK, are supervised on an equivalent basis as if those insurers were based in the UK and regulated directly by the PRA.
USPs	Undertaking Specific Parameters	Regulatory permission under Solvency II for calculating solvency granted by the GFSC and kept under annual review.
VA	Volatility Adjustment	Regulatory permission under Solvency II for calculating solvency granted by the GFSC and kept under annual review.
Value Measures	FCA rules to address perceived poor product value as an area of customer harm in general insurance	Applied following the results of a market study conducted in relation to add-on products and originally published in 2014.
XoL	Excess of Loss	Non-proportional reinsurance.