

EXETER FRIENDLY SOCIETY

Group Solvency and Financial Condition Report For the year ended 31st December 2021

Approved: 6th April 2022

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Executive Summary

The Board of Exeter Friendly Society (“The Society”) and its subsidiary The Exeter Cash Plan (“ECP”) have prepared this Solvency and Financial Condition Report (“SFCR”) which sets out summary information on the risks faced by The Society and ECP, its management controls and the level of solvency it is required to hold. This report covers The Society and ECP as solo entities as well as the Society and its subsidiaries consolidated on a group basis. The headings used are as prescribed in the relevant regulations and cover the business activities, governance, risks, assets and capital management.

Performance summary

Despite the relentless nature of 2021, we saw an increase in our membership numbers and we issued more policies than in previous years. We saw gains in both sales and income, and some reductions in claims and expenses.

While the income protection and life markets continued to flourish, we did see some challenges in the health insurance market. Unsurprisingly, this market has been heavily impacted by the pandemic. Together with the additional pressures now facing the NHS, the landscape of the market itself is changing rapidly and this will be a strong focus for us in the coming year.

Strategy for the future

The next 5 years of our business will be defined by the choices we make in response to some key strategic questions. We will continue to deliver the high levels of service our members have come to expect from The Exeter, and will be looking for opportunities to improve these experiences further. We are setting out a blueprint for how we can achieve continued growth and success in a more uncertain world and this will require time and investment in both our digital capabilities and our people.

Our members trust us to insure what matters most to them, in the event of their illness, injury or death and we are committed to continuing to offer insurance solutions that better serve the needs of a wider range of people.

Delivery of benefit to members

Health Insurance Rebate

We are delivering on our pledge to give our health insurance policyholders a fair return on their premiums, and I would like to thank you all for your loyalty and patience during what has been an unprecedented and difficult period. We are sending a rebate to 15,012 of our UK health insurance members and this includes refunding partial premiums to members who cancelled or changed their cover in 2020. Throughout the pandemic we have invested in providing our customers with health services from home, including virtual access to specialist consultations via our HealthWise app and our clinical support centre. As we head into 2022, we’re as committed as ever to delivering the best service to our members and to encourage them to continue to seek the advice and treatment they need.

Economic and regulatory landscape

Financial markets recovered during 2021 from the severe impact of the Covid-19 pandemic with GDP increasing by 7.5%. The FTSE All Share Index reached pre-pandemic levels by the end of May 2021 and continued to grow, ending with a 15% increase to December 2020 levels. At the same time, UK 15-year Gilt yields have also increased during 2021, recovering from the historically low yields of 2020 in the first quarter of 2021, and remaining relatively stable throughout the rest of the year. However, the era of low interest rates looks to be here to stay.

Inflation in the UK began to increase at the end of lockdown in March 2021, and since then, CPI has increased from 1% to over 6%. CPI is projected to continue increasing in the first half of 2022, but returning to normal levels by 2023. This increased inflation is increasing the cost of living and may result in lower sales and higher lapses. The possible impacts of these factors have been considered within our stress testing and scenario analysis.

As a result of the UK leaving the EU on 31/12/2020, the HMT alongside the PRA have been working on reforms to the Solvency II regulatory regime, with the aim of tailoring it to the specifics of the UK insurance market. During 2021 the PRA issues a Call for Evidence and a Quantitative Impact Survey, the results of which are due to be published in April 2022.

Transition from UK adopted IFRS to UK GAAP

The Society has opted to apply UK GAAP in its statutory financial reporting in line with Section 69 of The Friendly Societies Act 1992 amended in 2020 (FSA), which has brought the FSA into alignment with the Companies Act 2006 section 15. This section now allows mutuals the same flexibility to transition to UK Generally Accepted Accounting Principles (UK GAAP). We believe converting our accounting to UK GAAP will align the Group and Society more closely with other insurers in our sector. These financial statements for the year ended 31 December 2021 have been prepared under UK GAAP for the first time since converting from UK adopted International Financial Reporting Standards (IFRS). Our reporting complies with Financial Reporting Standard (FRS) 102, 'The Financial Reporting standard applicable in the United Kingdom and Republic of Ireland' and FRS 103, 'Insurance Contracts' as issued by the Financial Reporting Council, the Friendly Societies Act 1992 and the Friendly Societies (Accounts and Related Provisions) Regulations 1994 (the Regulations).

The previous financial statements for the year ended 31 December 2020 were prepared under UK adopted IFRS and the date of transition to UK GAAP is therefore 1 January 2020 to ensure comparability of results. As a consequence of adopting FRS 102 and FRS 103, some accounting policies have changed to comply with those standards and adjustments have been made to balances on transition. Adjustments on transition have been recognised in the Fund for Future Appropriation and or General Reserves.

Solvency Coverage

Our percentage coverage of our pillar 1 SCR capital is a measure of the financial strength of the organisation. We aim to maintain this above 130% in each of our funds. This changed in 2021 as follows

- Long term business fund remained consistent at 146%. This was the result of new business strain being offset by the increase in yield curve over the year.

- General business fund decreased from 490% to 448%. This change is a mainly a result of increased levels of capital required for our equity holdings.
- Cash plan was increased from 477% to 532%. This is a result of a lower level of default risk.

More detail on solvency capital coverage is given in section E2.3.

Future plans

For the foreseeable future, the Board continue to be committed to the stated strategy of growing the business through organic growth and by providing innovative, leading cover in our core markets. We continue to expand our distribution channels and work closely with business partners to ensure that products are relevant, competitive and meet the changing needs of prospective members.

The Board also continue to seek strategic mergers and acquisitions with organisations within core markets where synergies and increased scale would benefit members and market position.

Throughout this period of strategic growth, the Board will ensure that the Society continues to provide the best customer service it possibly can, building on an already strong reputation. These objectives will be supported by investing in the required IT support systems and by continuing to recruit, train and retain an able and committed workforce as well as an excellent executive and management team.

Statement of Directors' Responsibilities

We acknowledge our responsibility for preparing the group SFCR in all material respects in accordance with the PRA Rules and the Solvency II Regulations.

We are satisfied that:

- a) throughout the financial year in question, the group has complied in all material respects with the requirements of the PRA Rules and the Solvency II Regulations as applicable at the level of the group; and
- b) it is reasonable to believe that the group has continued so to comply subsequently and will continue so to comply in future.

Section A : Business & Performance

A.1 - Business

A.1.1 - Business Description

The parent Society is operated as two separate sub funds as required to split long term and general business. All costs are allocated to these sub funds and to the single operating subsidiary in line with the actual resources used.

The bulk of the business is undertaken within the parent company but there are five wholly owned subsidiaries within the group. These are outlined as follows:

- Exeter Cash Plan Holdings Limited - 100% owned subsidiary which is the intermediate holding company for The Exeter Cash Plan
- The Exeter Cash Plan - Provider of cash plan policies. 100% owned by Exeter Cash Plan Holdings Limited
- Go Private Limited, a wholly owned dormant subsidiary Exeter Friendly Members Club Limited, a wholly owned dormant subsidiary
- Pioneer Advantage Limited, a wholly owned dormant subsidiary

All operating companies share a common governance structure and operate under two PRA registrations; one for the main Society and one for The Exeter Cash Plan.

A.1.2 - Business Summary

The Group's insurance businesses consist of both general and long term elements, the former represented by its books of Private Medical Insurance ("PMI") and Health Cash Plan ("HCP") business and the latter through its Income Protection ("IP") policies, Managed Life ("ML") policies and Real Life ("RL") policies. All insurance policies are underwritten by the Group and sales of new policies are distributed primarily through Independent Financial Advisers and broker networks.

Policies are administered by the Society with two functions being outsourced. Firstly, the Health Cash Plan business is administered by The Wessex Group, as specialist in this area; and secondly private medical claims are processed on the Society's behalf by AXA.

There are no proposals for any significant changes in these existing activities.

The Society operates in a competitive market. Price and broker relationships are the main drivers, but the Society also sees the importance of service to both customers and brokers, and therefore has invested in developing these areas.

The income protection market is competitive but the Society has an established foothold in that product and has improved its market position in recent years.

The life cover market is more competitive still so the Society has looked to offer differentiated propositions that do not directly compete with established insurers. This strategy has proved to be successful in creating a unique market position and delivering consistent levels of new business.

The private medical and cash plan markets are more challenging, and aggressive competition makes it difficult to grow market share. As a result, our market share and membership levels slightly decreased during 2021.

Interest rates remained at historically low levels and this has a significant impact on the Society as its long term insurance liabilities are estimated using a discount rate which is prescribed by Solvency II regulation. In order to reduce risk, the Society endeavours to match these long term liabilities with assets which behave in similar ways to the liabilities. Such matching is never perfect, but this policy has been successful during 2021.

The Society is well-placed to resume its strategy for growth, as described in more detail below.

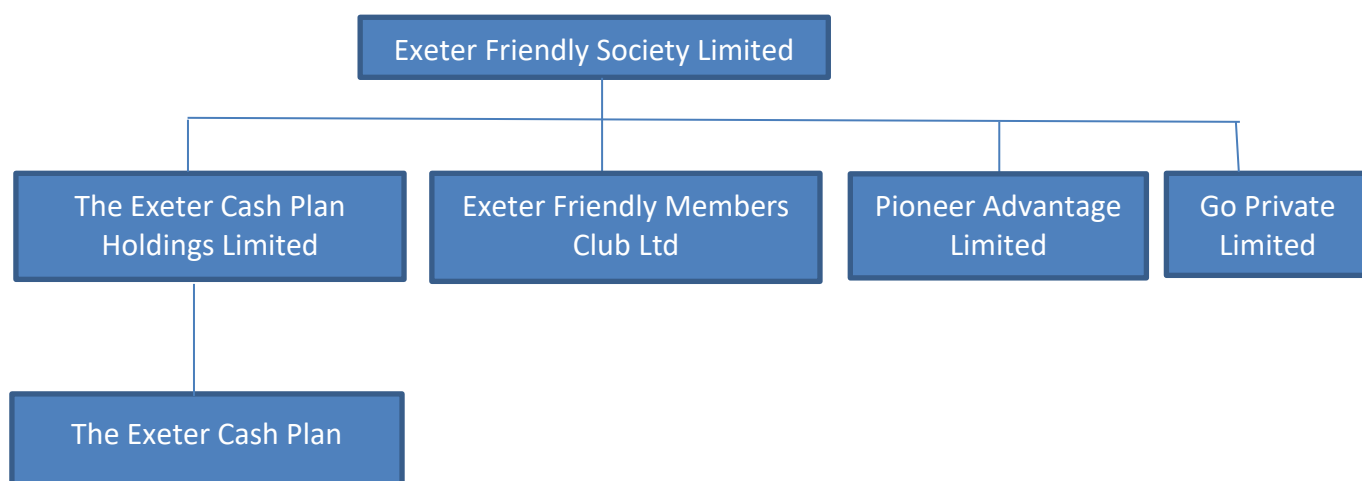
The Board agreed five key strategic objectives, in order to deliver on its vision for the Society to become the Protection Provider of Choice for its customers and distribution partners through the development of quality products, simple processes and efficient services:

- To increase organic growth of the PMI business;
- To continue organic growth of the IP business;
- To continue organic growth of the Life business;
- To develop products to enhance the Society's proposition in our core markets;
- To maintain and continue to develop a robust, scalable and cost effective infrastructure;
- and
- To seek to grow the business through merger and acquisition opportunities should they arise.

By seeking to expand the business through the sale of innovative and viable policies, the Board aims to generate and preserve value for our members over the long term, thereby providing a firm capital base on which to support future growth.

A.1.3 - Group Structure

The Group structure is as follows:



A.1.4 - Geographic areas and lines of business

At 31st December 2021 the Society had 4 lines of business; Income Protection Insurance, Term Life Insurance, Health Cash Plans and Private Medical Insurance.

Income Protection, Term Life Insurance and Health Cash Plans are sold only within the UK. Private Medical insurance is only sold within the UK but legacy products are still held by individuals in many countries but with a concentration within the EU. Due to the end of the transition period following the UK leaving the EU on 31st December 2020, all policies held in EU countries were not renewed on their 2021 renewal date.

A.1.5 - Name and legal form of the undertakings

Both Exeter Friendly Society Limited (“The Society”) and The Exeter Cash Plan (“ECP”) are incorporated in the United Kingdom and registered in England. Their Registered Office Address is:

Lakeside House
Emperor Way
Exeter
Devon
EX1 3FD

This Solvency and Financial Condition Report (“SFCR”) covers Exeter Friendly Society Limited and its subsidiary The Exeter Cash Plan on a solo basis, as well the Society and its subsidiary companies consolidated on a group basis.

A.1.6 - Name of Supervisory Authority

The Society and ECP are authorised by the Prudential Regulatory Authority and regulated by the Financial Conduct Authority and the Prudential Regulatory Authority.

The Prudential Regulatory Authority (“PRA”) can be contacted at:

Prudential Regulatory Authority
Bank of England
Threadneedle Street
London
EC2R 8AH

The Financial Conduct Authority (“FCA”) can be contacted at:

Financial Conduct Authority
25 The North Colonnade
London
E14 5HS

A.1.7 - Auditors

The auditors of the Society and all Subsidiaries within the Group are:

Mazars LLP
Tower Bridge House
St Katharine’s Way
London
E1W 1DD

A.2 - Underwriting Performance and other KPIs

A.2.1 - Underwriting performance

The Board monitors a number of key performance indicators to measure its success in delivering its strategy for the business, including growth in sales, premium income, membership, claims, operating expenses and reserves.

A.2.2 - Membership

Membership is key to The Exeter as it reflects the scale of the Society; and the long-term ability to continue to provide services to members depends upon membership being stable or growing.

Sales of new PMI policies decreased during 2021 and coupled with no longer having permission to renew policies based in the European Union, resulted in an overall decrease in the number of members, by 1,402, bringing the overall PMI members to 21,860 during the year (2020: 23,262). In contrast, IP membership showed a 6,021 increase on the previous year to 55,908 (2020: 49,887) at the year end. Sales of new life protection products showed a significant increase over the last three years and Life cover membership showed a 4,471 increase to 12,845 (2020: 8,374).

HCP sales showed an overall reduction in the number of members to 18,042 in 2021 (2020: 19,773). The cash plan market continues to be dominated by two large insurers with high marketing profiles.

Overall, therefore, the membership base showed an increase on previous years, with total membership of 108,655 (2020: 101,296) at the year end.

A.2.3 - Earned premium income

Total earned premiums for 2021 amounted to £73.6m compared to £71.1m for 2020. The individual product line performance was as follows:

- Sales of new Income Protection policies were 13% higher than in 2020 ending the year at £5.4 million. Overall gross written IP premiums recorded an increase of 9% to £28.4 million for the year.
- Sales of new Life Cover policies were £3.5 million in 2021, up from £2.9 million in 2020.
- New Private Medical Insurance sales totalled £2.6 million, a decrease of 23% compared to 2020. Gross written premiums reduced by 5% to £34.5 million during the year.
- The Cash Plan business contributed £2.8 million gross written premium compared to £3.1 million in 2020.
- Total new business sales increased from £11.6m in 2020 to £12.1m in 2021.

A.2.4 - Claims and expenses

The Society's policies are designed to pay claims for the benefit of members and therefore this is a key measure of performance. In addition, our policies are priced to ensure fair premiums for all our members, and at a level that will ensure that the Society is sustainable and able to meet its members obligations and needs in the long-term.

In 2021 we made a commitment that we would provide our health insurance members a fair return on their premiums once the impact of the COVID-19 pandemic was fully understood. With many private hospitals requisitioned by the NHS during the pandemic, we did not receive the expected level of claims across 2022 and 2021 and as a result, the Board agreed that a total of £5.3 million would be returned to our health insurance members.

Under UK GAAP measurement PMI benefits and claims increased by 44.9% to £30.3 million (2020: £20.9 million). Gross IP benefits and claims and life claims totalled £15.6 million (2020: £12.0 million), a 30.3% increase on 2020. On a net basis, after allowing for reinsurance recoveries, there was an increase of 8.1% to £7.3 million (2020: £6.8 million). Benefits paid on the HCP business amounted to £1.9 million, bringing the total claims paid out for the Group to £39.2 million (2020: £29.4 million).

At a Group level the commission payable to intermediaries increased by 13.8% to £15 million (2020: £13.3 million). Net operating expenses decreased by 15.2% from £29.1 million to £24.6 million.

A.3 - Investment Performance

Matching of assets to liabilities is achieved by investing in assets of similar maturity duration to the underlying cash flow requirements of the insurance liabilities. The Society has a policy of

not using equities to match any insurance liabilities and therefore any such investments are made out of free assets.

Investment markets have been much less volatile during 2021 than 2020 and we achieved a total return of £6.2m. Interest rates have increased throughout the year, resulting in a modest reduction in the value of our bond investments. In contrast, equities performed well over 2021 resulting in net gains of £3.8m. The increase in interest rates also resulted in decreased reserves in 2021.

	2021	2020	2019
Investment Income	2.4	2.4	2.6
Net gains(losses) on investments	3.8	2.9	9.1
Total return	6.2	5.4	11.7
Reserve movement due to interest rates	-5.5	10.2	5.0

A.4 - Future Prospects

As a mutual, the Society puts the interests of its members at the heart of how it does business and, to support this philosophy, the Board endeavours to ensure that products and services are designed and delivered in accordance with the needs of those members.

The Society performed well in 2021, delivering £12.1m of new sales. This is an increase of 4% on 2020. The Board believes that the Society is well-placed to achieve growth through innovation of our existing product range. The Society has continued to invest in its infrastructure and systems and is well placed to continue to pursue growth over the medium term.

Tackling climate change is a shared global responsibility and we all have a part to play in this. The Society is both responding to the needs of our members and actively reducing our own environmental impact to help drive the transition to a low carbon economy. In 2021 we began developing our approach and goals for climate change and this will be finalised in 2022.

A.5 - Reinsurance Arrangements

The Society reinsures its Income Protection products with Pacific Life Re and Swiss Re and Term Life Insurance products with Swiss Re. Private Medical Insurance and Cash Plan are not reinsured. The Society mitigates its exposure to tail lapse risks from Income Protection through a reinsurance agreement with Hannover Re.

Section B: System of governance

B.1 - Governance Structure

The Board's role is to provide entrepreneurial leadership of the Society within a framework of prudent and effective controls which enables risk to be assessed and managed. The Board sets the Society's strategic aims and ensures that the necessary financial and human resources are in place in order for the Society to meet its objectives and review management performance. In addition, the Board sets the Society's values and standards and ensures that its obligations to members and others are understood and met.

The Board has a general duty to ensure that relevant legislation and regulations are adhered to, and that proper accounting records and effective systems and controls are established, maintained, documented and audited to safeguard members' interests. The Non-Executive Directors are responsible for bringing independent judgement to discussions held by the Board, using their breadth of experience and understanding of the business to constructively challenge and help develop proposals on strategy.

There is a formal schedule of matters specifically reserved for the Board's decision and a Corporate Governance Handbook sets out its responsibilities and the structure of delegation of authority by the Board to management.

The Board has established five principal Committees, under its overall authority, to deal with certain functions in detail. These Committees cover the following functions:

- Governance and Risk
- Nomination
- Remuneration
- Audit
- Investment

In addition to Committee Meetings the Board holds six formal Board meetings each year including a whole day devoted to the development of strategy. Each Board meeting includes a consideration of the Society's performance against its strategic objectives, with corrective action proposed as required to ensure that the business remains on target to achieve them. In addition, the Non-Executive Directors meet on one occasion without the Executive Directors and on a further occasion without the Chairman present. The attendance record during the year of Directors at formal meetings of the Board and its Committees is reported within the Annual Report.

The Main Board comprises a non-executive Chair, four other non-executive directors and five executive directors. The Main Board is supported by an Executive Committee which comprises four Executive Directors plus two other function Heads. This committee is in turn supported by other committees comprising senior managers within the business. All such committees have formal terms of reference, agendas, full minutes and specific action points.

B.1.1 - Governance and Risk Committee

The Governance and Risk Committee is appointed by the Board on the recommendation of the Nomination Committee. As recommended by the Association of Financial Mutuals UK Corporate Governance Code (the "Code"), the majority of members of the Committee are independent Non-Executive Directors.

The purpose of the Committee is to ensure and provide assurance to the Board that the Society's risk management strategies and governance arrangements are appropriate in respect of the type of business it transacts, the market in which it operates and the regulatory regime by which it is assessed. In discharging its responsibilities, the Committee reviews, approves and monitors internal risk and compliance strategies and reports, and manages the process to ensure that the Own Risk Solvency Assessment ("ORSA") has the content required by the Board.

The Committee meets at least three times a year, at appropriate times in the reporting cycle. The Chief Risk Officer and Head of Compliance both have direct access to the Committee and its Chairman and they meet at least once a year with the Committee, without the Society's management present.

The Committee has the additional responsibility of providing oversight of the Society's governance and regulatory compliance arrangements and monitoring their on-going effectiveness. In this regard, the Committee regularly reviews reports from the Compliance Function including the outcomes and recommendations arising from its monitoring programme. The Committee also reviews the Society's arrangements for its employees to raise concerns, in confidence, about possible wrongdoing in financial reporting or other matters.

B.1.2 - Nomination Committee

The Nomination Committee regularly reviews the structure, size and composition of the Board, in particular the range and balance of skills, knowledge and background on the Board, and considers succession planning for Directors. The Committee is responsible for identifying and nominating, for the approval of the Board, candidates to fill Board vacancies as and when they arise.

Prior to the Board recommending a Non-Executive Director for re-election at the Annual General Meeting, the Committee considers their appointment giving due regard to their performance, continuing commitment to the role and ability to contribute effectively to the Board and to ensure the continuing balance of the Board.

On the basis of the above criteria the Committee considers that the current Board is appropriate for the needs of the business.

B.1.3 - Remuneration Committee

The remuneration of the Executive Directors is set by the Remuneration Committee and is based on the following principles:

- Executives are rewarded for creating long term value for the Society and hence its members;
- Performance related rewards form part of the total remuneration package;
- The remuneration package is competitive in the market in which the Society operates;
- Failure is not rewarded; and
- Contractual terms are agreed which ensure that, on termination, payments are fair to the individual and the Society.

Further detail on remuneration for Executive Directors is included in the annual report and accounts.

B.1.4 - Audit Committee

The Audit Committee is appointed by the Board on the recommendation of the Nomination Committee. As recommended by the Code, all three members of the Committee are independent Non-Executive Directors and at least one member has recent and relevant financial experience. The Audit Committee Chairman is appointed by the Audit Committee.

The purpose of the Committee is to assist the Board in discharging its responsibilities for the integrity of the Society's financial reporting, the quality of the external and internal audit processes and the appropriateness of the Society's system of internal financial controls.

The Committee meets at least three times a year, at appropriate times in the reporting and auditing cycle. The independent auditors and the Chief Internal Auditor both have direct access to this Committee and its Chairman and they meet at least once a year with the Committee, without the Society's management present.

The primary role of the Committee in relation to financial reporting is to review with both management and the external independent auditors the appropriateness of the annual financial statements concentrating on, amongst other matters:

- the quality and acceptability of accounting policies and practices;
- the clarity of the disclosures and compliance with financial reporting standards and relevant financial and governance reporting requirements;
- material areas in which significant judgements have been applied or there has been discussion with the external independent auditors;
- whether the Annual Report and Accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for members to assess the Society's position and performance, business model and strategy; and
- any correspondence from regulators in relation to the Society's financial reporting.

To aid its review, the Committee considers reports from the Chief Internal Auditor, the Finance Director, the society's actuaries and also reports from the external independent auditors on the outcomes of their annual audit. The internal audit function also advises the Committee on the effectiveness of the Society's internal control systems, the adequacy of those systems to manage business risk and to safeguard its assets and resources.

The committee approves this SFCR, including the templates in appendix 1.

B.1.5 - Investment Committee

The Committee draws up and regularly reviews Investment Guidelines and recommends investment policy to the Board, including the review and approval of established limits for investments and the review and approval of credit policies including investment and

counterparty liability, taking advice from the in-house actuarial team and other appropriate financial advisers.

The Committee monitors the performance of the Investment Managers against the agreed benchmarks including its policy for compliance with the principles of the Stewardship Code. Royal London Asset Management was appointed as the Society's Investment Managers in 2011, following a selection process that was overseen by the Committee. A separate contract is in place with HSBC Bank Plc for the provision of custodial services for the Society's investments.

B.1.6 - Adequacy of the Governance Structure

The Society monitors and assesses its system of governance on an ongoing basis as described in the above sections and believes it to be robust.

B.2 – Fit and Proper Requirements

The Committees outlined above set the policies and processes to be implemented throughout the organisation. In order for this to happen the Society must be staffed by individuals with the appropriate skills and training. Significant emphasis is placed on recruiting the right people and then ensuring that they adhere to the Society's regulatory and operational processes.

B.3 - Risk Management System

The Board is responsible for determining strategies for risk management and control. Senior management are responsible for designing, operating and monitoring risk management and internal control processes and the Governance and Risk Committee, on behalf of the Board, is responsible for reviewing the adequacy of these processes. The Committee is also responsible for ensuring that appropriate risk management systems are in place across the business and that there is an on-going process for identifying, evaluating and managing significant risks faced by the Society. This process is regularly reviewed at Board level, any risk related issues that are identified are investigated and, if necessary, additional compliance or internal audit resources are utilised.

Given the risks faced by the organisation and the nature of its products the Board believe a Standard Formula approach in respect of calculation of capital requirements under Solvency II is appropriate and this has been documented in the ORSA. The review process for the ORSA means that this assumption is regularly challenged.

The Board has approved a Risk Appetite and Risk Register, which are regularly reviewed and form the basis of discussion and decision-making. The internal audit function, reporting to the Audit Committee, provides independent and objective assurance that the Society's risk management processes are appropriate and are applied effectively.

The Governance and Risk Committee also devotes a significant amount of its time to ensuring that the Society meets its obligations under Solvency II with a focus on the methodology and assumptions for the Solvency Capital Requirement calculations, the review of the Society's Own Risk and Solvency Assessment Report and ongoing quantitative reporting requirements.

A key starting point in the consideration of risk and solvency is the setting of the Society's risk appetite policy and the tolerance limits that are required and acceptable. Risk Appetite is set on an annual basis by the full board and is then used to assess the overall solvency needs derived

from the ORSA. If the Board perceives a change in the risk appetite is required due to specific events or environmental changes then the risk appetite will be reviewed immediately. Once set the Risk Appetite is used to assess the Society's exposure through management information, the ORSA and new project evaluation.

The Society has three lines of defence in risk management:

- The operational management of the Society makes up the first line of defence by assessing risk and implementing day to day controls.
- The Risk Management and Compliance functions provide oversight and challenge to form the second line of defence. This includes compliance checks and risk monitoring.
- Internal Audit provides independent assurance that the risk management framework and internal controls are fit for purpose and effective. When appropriate, specialist external resource may be utilised to provide expert assurance e.g. in respect of auditing actuarial activity. (See section B5, below for further detail about Internal Audit.)

Risk Management is headed by the Chief Risk Officer but primary responsibility for the identification and monitoring of risk sits with department heads who form the first line of defence. Regular reviews of the risk register are undertaken, and monthly risk reports are discussed by the Executive Committee and quarterly risks reports are discussed by the Main Board. Any issues arising from the review of the risk report are minuted and appropriate actions are taken.

The Chief Risk Officer Role is key to the development and implementation of risk management. The Chief Risk Officer is a member of the Executive Committee and reports regularly to the Governance and Risk Committee.

The Compliance functions are managed by the Head of Compliance, who undertakes an agreed program of work designed to provide comfort on our regulatory compliance. This function also includes the handling of complaints and breaches.

The resources involved in Risk, Compliance, Audit and Actuarial amounted to a total of 15 staff out of a total average number of staff for the year of 173. Roles and responsibilities are clearly defined and allocated to specific individuals in accordance with the Senior Insurance Management Functions regime.

The governance of specific risks is outlined below.

B.3.1 - Underwriting and reserving risk management

To mitigate underwriting risks the Society asks relevant questions of its applicants and these are processed in accordance with documented underwriting philosophies. This may include automated underwriting which, depending upon conditions, leads to policies being offered, declined or earmarked for review by an experienced underwriter.

Certain private medical policies are offered on a moratorium basis and in these cases applicants must be able to answer certain qualifying questions.

Whilst some legacy products were issued without reinsurance the majority of long term policies were written with reinsurance since 2007 and all current long term new policies are reinsured to mitigate risk. Reinsurance is used to protect the Society against large individual claim risks, adverse experience in any one product line and to provide additional expertise within a particular line of business; such as the Managed Life and Real Life products.

Detailed modelling of all pricing assumptions is undertaken before a product is launched and this is repeated on a regular basis to ensure that pricing and reserving continue to be appropriate.

Claims are managed by a dedicated in-house team for long term products whilst the claims functions for cash plan and private medical products are outsourced, they are subject to close review and supervision by the Society.

B.3.2 - Asset-liability management

The Society aims to match its interest rate and market risks with specific assets to counteract these risks. Risk mitigation is achieved by matching the duration of investments to the expected cash flow requirements of the funds. This asset and liability matching cannot be exact due to the uncertainties involved but is reviewed regularly and adjustments made to the portfolio allocation if required.

B.3.3 - Investment risk management

A detailed investment policy is approved by the Board annually and is reviewed by the management team on a monthly basis to ensure that the external investment managers are complying with the stated policy.

The investment policy sets out requirements for asset liability matching and the investment of free assets over and above those used to match liabilities. Insurance liabilities are matched by cash deposits and investments in fixed interest securities. Equities do form part of the portfolio but only form part of the allocation of free assets.

The investment policies are set alongside detailed guidelines for each asset class and these are monitored monthly within set bands. The investment manager therefore does have discretion within these bands but must correct the portfolio if limits are breached.

In the case of fixed interest investments and cash deposits the Society reviews the credit ratings of the counterparties involved.

There are no direct holdings in derivatives but some collective schemes in which the Society invests may have small exposures. These are disclosed in the Society's regulatory returns on a look through basis.

B.3.4 - Liquidity risk management

The Society models its cash flow and liquidity management as part of the business planning process and this is updated and reviewed monthly to ensure that sufficient liquid resources are available to run the business and meet members claims as they fall due.

B.3.5 - Concentration risk management

The concentration of risk is assessed as part of the ORSA process and any exposures which are deemed to be too high for the risk appetite are reviewed and reduced if necessary.

B.3.6 - Operational risk management:

Operational risk is formally reviewed and reported quarterly but if any issues arise they are reported to the Chief Risk Officer immediately and appropriate action taken. Operational risk is discussed as part of the senior management team and the Executive Committee monthly meetings.

All risks are allocated to a risk owner by the Chief Risk Officer and that owner is responsible for the on-going monitoring and management of that risk.

B.3.7 - Persistency risk management:

The ORSA has consistently identified persistency as our biggest net-of-reinsurance risk in the LTBF. We have a medium appetite for persistency risk and so, during 2020 we analysed a range of tools to manage persistency risk and concluded that lapse reinsurance could be used to provide protection against more extreme (tail) lapse risks. A treaty was put in place to ensure the Society's exposure to persistency risk remains within our risk appetite.

B.4 - Internal Control System

The Society has identified the processes and controls required within its operations to ensure that business risks are addressed and assets are safeguarded. In doing this all key operations are documented and flowcharted to assess the risks that they link to and the controls that are in place.

Each control is allocated to a specific individual or role and these controls are subject to review by internal and external audit and the compliance department.

B.5 - Internal Audit Function

The internal audit function advises management on the effectiveness of the Society's internal control systems, the adequacy of those systems to manage business risk and to safeguard its assets and resources. The internal audit function provides objective assurance on risks and controls to the Audit Committee. The Committee directs the internal audit plan to cover areas of risk and concern and this is kept under regular review. It also conducts a regular review of the effectiveness of the internal audit function and ensures that it has sufficient resources to carry out its duties effectively.

B.6 - Actuarial Function

The Society employs an in-house team of actuaries who are responsible for the assessment of insurance related risks within the Society. This work includes product pricing, experience analysis, the quantification of actuarial reserves, technical provisions and capital modelling.

B.7 - Outsourcing

The Board acknowledges that it is responsible for the actions of its subcontractors and therefore has an outsourcing policy with appropriate controls for due diligence, contracting and monitoring performance. The Society has two material outsourcing arrangements relating to the Cash Plan operations and the handling of private medical claims.

Cash Plan operations are outsourced to The Wessex Group who carry out all day to day processing of cash plan claims and premium collections. In addition, the Society also outsources all private medical claims handling to AXA. Both of these key outsourcers are domiciled in the UK.

Daily management information is reviewed for each of the outsourcing arrangements and regular review meetings are held with outsourcers to review contracted performance indicators and any issues that have arisen during the month. Any corrective action or revisions to service standards is agreed as required.

B.8 - External audit

The Audit Committee oversees the Society's relationship with and monitors the performance of the external independent auditors and makes recommendations to the Board in relation to their appointment, reappointment or removal. These recommendations are then put to the members for approval at the Annual General Meeting. Mazars LLP has held the position of the Society's independent auditors since 2020. In accordance with the Code, it is a policy of the Committee to conduct a tender exercise at least every 10 years.

The Society has policies in place which aim to safeguard and support the independence and objectivity of the external independent auditors. One such policy requires the prior approval of the Board for the engagement of the independent auditors for non-audit work.

The independent auditors are not normally engaged to provide any other services in line with current standards. Where other services are provided from time-to-time, these are limited in scope so that they would not compromise the independence of the audit and the total spend on these services is limited to be no greater than the cost of the independent audit.

The effectiveness of the external audit process is assessed as part of the Audit Committee's annual effectiveness review, which takes the form of a survey issued to the Committee members and regular attendees. The Chairman collates the findings of the effectiveness review and ensures that any issues relevant to the audit process are acted upon.

Section C : Risk Profile

There are four types of risk to which The Exeter is exposed:

1. Risks customers transfer to us – “Insurance Risk”;
2. Financial Risks we incur;
3. Risks from Business Operations; and
4. Business Strategy and External Risks.

Each of these basic risk types encompasses a significant number of specific risks that we, as an organisation, need to identify, quantify, manage, monitor and report. Risks are mitigated through the operation of appropriate internal controls and the use of reinsurance for long-term products.

Risks and their associated mitigation and control are discussed in more detail below. Quantification of risks is included in the table in section E.2.2

C.1 - Insurance risk

These are the life events for which we provide protection to our members viz:

1. Mortality;
2. Health (i.e. healthcare costs); and
3. Morbidity.

As a result of protecting against these life events, we also carry Persistency (Lapse) Risk which is included within the same classification for ease of reference.

Underwriting mitigates the inherent insurance risk arising from the uncertainties involved in the occurrence, amount and timing of insurance liabilities. Long term insurance risk arises from morbidity, persistency and expenses variances. General insurance risk arises from risks in general insurance contracts which lead to significant claims in terms of quantity or value. Systems are in place to measure, monitor and control exposure to all these risks. These are documented in policies for underwriting, pricing, claims and reinsurance. To mitigate risk in the long-term business fund the Society uses reinsurance to protect the Society against large individual claim risks, adverse experience and to provide additional expertise.

We have observed an increase in mortality and morbidity claims as a result of COVID-19, with these centred around the infection spikes in April 2020 and January 2021. We have modelled stressed scenarios and are confident that the Society will be able to continue to satisfy its regulatory solvency requirements in the event of further spikes in claims.

C.2 - Financial Risks

There are three main financial risks that we incur, viz:

1. Credit;
2. Market (including interest rate risk); and
3. Liquidity

C.2.1 Credit Risk

Credit Risk relates to credit defaults or expected defaults from/of counterparties with whom we invest funds resulting in uncertainty of investment returns. In this context, investing funds also encompasses reinsurance contracts that we enter into, as a credit default by a reinsurer would have a similar impact to the failure of an institution with whom we had invested funds. Failure by policyholders to pay policy premia on time is also a credit risk event. The Society takes on investment credit risk when it is considered beneficial to do so in support of the Society's strategic objectives and in matching insurance liabilities. The Society seeks to minimise other forms of credit risk, in particular those related to reinsurance, deposit takers and bond issuers.

Assets backing insurance liabilities are invested primarily in gilts and deposits. In addition, the Society has taken the following steps to mitigate credit risk:

- Diversified the portfolio of investments to reduce the potential impact of a credit event;
- Counterparty limits are in place for each cash deposit;
- Only reinsurers who match the Society's credit rating requirements are used.

C.2.2 Market Risk

Market Risk is the risk of losses arising from changes in the value of assets or in the income from the assets. The key risks faced in this area are equity risk; interest rate risk; and exchange rate risk. The Society manages market risk so that the returns generated are in line with members' expectations and support the Society's future strategic and operational objectives.

The Society's Investment Committee oversees the investment policy and strategy, which the Society implements through the use of investment mandates. Each mandate aims to manage the market risk using some, or all, of the following mechanisms:

- Defined performance benchmarks;
- Limits on asset allocation by asset type, market capitalisation and geographical spread;
- Limits on duration of the fixed interest portfolio.

The Society is exposed to interest rate risk where changes in interest rates result in changes to market values or cash flows. Some members (Holloway) bear the interest rate risk through the allocation of bonuses which is influenced by changes in market values and cash flows.

C.2.3 Liquidity Risk

Liquidity risk is the risk that the Society, although solvent, is unable to meet its obligations as they fall due. The Society's objective on liquidity risk management is to ensure that sufficient funds are available over the short and medium term to meet the needs of the Society. This includes new business costs, planned strategic activities, member withdrawals, claims payments and day to day cash flow requirements.

Liquidity risk is managed as follows:

- Budgets are prepared to forecast the short term and medium term liquidity requirements;
- Assets of suitable marketability and maturity are held to meet the member liabilities as they fall due;
- Credit risk of deposit takers is managed by having appropriate counterparty and credit limits in place.

As required under Article 295 of the Delegated Acts the total amount of the expected profit included in future premiums is as follows:

Expected profits included in future premiums:	31/12/2021	31/12/2020
	£000	£000
Long Term Business Fund	136,573	132,339
General Business Fund	708	1,061
<i>Total Expected profits included in future premiums (Society)</i>	137,281	133,460
Health Cash Plan subsidiary	34	51
Total Expected profits included in future premiums (Group)	137,315	133,511

The expected profits included in future premiums (EPIFP) has increased in 2021. This is largely because of the expected future profits arising from new business in 2021.

C.3 - Risk From Business Operations – “Operational Risks”

Risks arising from business operations fall into five main categories, viz:

1. Conduct;
2. Broker Risk;
3. Operational;
4. IT Systems; and
5. Cyber Security

Conduct risk chiefly relates to failure to ensure good customer outcomes in line with market and regulatory expectations. It also encompasses governance requirements including having a robust policy framework and remuneration policy.

Broker Risk relates to risk of loss or lost opportunity from failing to adequately vet, monitor and manage broker relationships resulting in defaults in payments by intermediaries, inability to recover clawback (including fraud on premiums), unusual behaviour that is, for example, too heavily weighted to a specific industry sector, geographical location or other demographic. Any of which may result in the Society facing fraudulent applications and higher than expected claims experience, whether through collusion or otherwise

Operational risk relates to direct or indirect loss arising from inadequate or failed internal processes, systems and/or people.

IT Systems risk relates to direct or indirect losses arising from failure to specify, implement, manage and maintain appropriate ICT systems hardware, software and operating policies and procedures any of which could result in: significant loss of systems availability; loss of confidence from brokers, members, consumers and the media.

Cyber Security risk relates to direct or indirect losses arising from failure to adequately protect our systems and data from external or internal threats, any of which could result in: significant loss of systems availability; loss of confidence from brokers, members, consumers and the media; plus, significant regulatory censure and fines.

Managing the risks is generally achieved by the application of robust policies and processes coupled with good governance.

Operational risks are reported to Risk Management monthly in addition to being discussed by the Executive Committee and encompassed within the quarterly risk report where necessary. Cyber risks are reported monthly via the Security Committee. The other risks are incorporated into quarterly risk dashboards and reports as appropriate.

Operational risks are assessed on a fund by fund basis and then aggregated for the Society as a whole. The Board reviews the risk register composition on a regular basis and then monitors key risk indicators as part of its monthly performance management.

The Board has set a risk appetite measured as a proportion of available capital for each of the funds. The utilisation of capital against this appetite is measured and considered regularly and appropriate action taken to address any issues.

COVID-19 allowed us to demonstrate our operational resilience. Within the space of one week, we were able to move to a position where 95% of our staff were working from home. Only key mail handling staff and facility management remained working from our offices as we adhered to the government's requirement to work from home wherever possible. However, as a result of home working, we have moderately increased exposure to other operational risks. In 2022, we are transitioning to blended working where most of our staff will split their working time between home and office.

C.4 - Business Strategy & External Risks

Strategy risk relates to the failure to set or achieve a sustainable business strategy resulting in poor profit performance, ineffective capital utilisation, risk to solvency and/or negative publicity, it also encompasses expense management which is fundamental to any insurer's survival. Virtually all business entities must continue to grow and innovate if they are to avoid stagnating and ultimately ceasing to exist. The Exeter is no different in this respect. Ensuring, however, that the correct strategy has been identified, implemented and continuously reviewed is one of the biggest risk challenges faced by any organisation, it is for this reason that strategy risk is invariably one of the largest risks faced.

Political Economic & Environmental Risk encompasses changes in Government policy, regulation, the economy and environmental impacts, e.g. the financial impact of climate change, but excludes items caught by Conduct Risk, i.e. Prudential Regulation.

C.5 - Risk Monitoring

Each of the exposures to risk are analysed regularly to assess their likely impact and probability. The overall level of risk is then compiled into a detailed report taking into account the correlation of individual risks to arrive at a required level of capital. The Board is responsible for reviewing the risks faced by the Society and approving the required level of capital to be held against each risk element.

Holdings in equities are by their nature subject to market movement. In order to mitigate this risk the Society employs an external investment portfolio manager and has a policy of only investing in equities out of assets not matching insurance liabilities. Assets required to back insurance liabilities are therefore held in cash, index-linked securities and fixed interest securities.

The Society has a number of Private Medical Insurance policies overseas which present an exchange rate risk. This is mitigated by holding deposits in Euros as a natural hedge against the exchange rate risk. Exchange rate risk also arises from the Society's overseas equity holdings and this risk is managed by limiting the extent of overseas exposure, holding diversified investments and not using such investments to back insurance liabilities.

C.6 - Sensitivities

The Society explores the financial impact of risks through a series of sensitivities. Unlike the capital requirements under the main SCR calculation these are designed to relate to the business and are at no pre-determined risk level. They are designed to guide management in their decision-making and to look at key areas which may impact on results for the Society and for ECP.

Our methodology groups risk into four areas:

- Business risks and sensitivities – based on management decisions in areas such as sales, expense allocation, product design and reinsurance;
- Economic risks and sensitivities – to explore those economic sensitivities that would have the greatest impact;
- Insurance risks and sensitivities – to explore those areas of insurance risk which are likely to change and could have a significant impact, including the management actions that could be taken; and
- Operational risks.

Analysis is undertaken on both a quantitative and qualitative basis as required.

Section D : Valuation for Solvency Purposes

D.1 - Assets

The Society values its assets using the following methodologies:

- Intangible assets consist of bespoke computer software and software licences. For accounting purposes, intangible assets are initially recognised at cost and amortised using the straight line method over their useful lives (three to ten years). The amortisation periods used are reviewed annually. Software values are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Where the carrying amount is not recoverable the asset is written down immediately to the estimated recoverable amount, based on value in use calculations. Whilst these values are carried in the statutory accounts they are valued at nil for Solvency II purposes.
- Land and buildings are formally re-valued annually and included in the accounts at valuation with any surplus or deficit being transferred to a revaluation reserve.

- Fixed assets excluding property are valued at cost and depreciation is provided to write off the cost, less estimated residual value, of tangible assets by equal instalments over their estimated useful economic lives.
- The Society classifies its financial assets as financial assets at fair value through income or at amortised cost.
 - Financial assets at fair value through income
The Society classifies all of its investments upon initial recognition as financial assets at fair value through income and subsequent valuation movements are recognised in the Statement of Comprehensive Income. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Society has transferred substantially all risks and rewards of ownership. Financial assets at fair value through income include listed and unlisted investments, and units in collective investment vehicles. Fair value is based on the bid value at the year end.
- Insurance receivables are recognised when due as at the reporting date.
- Cash for statutory accounting purposes comprise cash at bank and in hand. All such holdings are presented at current value with exchange rates being used where necessary. For Solvency II disclosure the Society only treats balances which are available immediately as cash, with all other balances treated as investments.
- Reinsurance is recognised as a negative asset as the expected present value of all future cashflows under all reinsurance contracts, including reinsurance premiums and the reinsurer's share of claims. The projections are calculated using best estimate assumptions and allow for discounting at the prescribed risk-free interest rates. More detail on the main assumptions is included below.

D.1.1 - Intangible assets

The Society initially recognises intangible assets on its balance sheet at cost and any values are then tested annually for impairment to estimate the asset's recoverable amount. Whilst these assets are included for statutory accounts purposes the carrying amount is removed from the Solvency II balance sheet in accordance with the Regulations.

D.1.2 - Financial assets

All financial assets are valued at fair value based upon the published bid value at the period end. The Society does not hold any unlisted securities or securities listed on inactive markets.

Units in collective investment schemes are valued fair value.

For Solvency II purposes accrued interest on fixed interest securities is included within the market valuation whereas for statutory accounting purposes it is treated as a separate receivable.

D.1.4 - Holdings in related undertakings

The acquisition of Engage Mutual Health Limited completed in late 2015, up until that point all subsidiaries were dormant and immaterial in aggregate.

The acquisition of Engage Mutual Health Limited, now renamed The Exeter Cash Plan, was via a 100% share purchase to create a wholly owned subsidiary. The subsidiary adds approximately £3m to the Society's revenue and has net assets of around £4m to support its regulatory capital requirement.

The Exeter Cash Plan is a subsidiary of the General Fund. The subsidiary is treated as a strategic investment of the Society and is included in the General Fund. The subsidiary is consolidated into the General Fund in order to calculate the Society's group balance sheet.

Within the Society's Statutory Accounts under UK GAAP the investment in related undertakings is valued at cost less impairment; the impairment review did not indicate a need to reduce the valuation. On a Solvency II basis the investment in related undertakings is valued at net assets.

D.1.5 - Deferred tax assets

The Society does not recognise any deferred tax assets. Whilst tax losses do exist with subsidiary companies these are not expected to be realised as the vast majority of the Society's operations fall outside of the scope of Corporation Tax

D.2 - Technical provisions

Under Solvency II, Technical Provisions comprise the Best Estimate Technical Provisions (BETPs) and the Risk Margin.

The BETP is the expected present value of all future cashflows under the policy, including premiums, claims, expenses and commission, which occur after the valuation date. The projections are calculated using best estimate assumptions and allow for discounting at the prescribed risk-free interest rates. More detail on the main assumptions is included below.

The Solvency II Technical Provisions require a 'Risk Margin' to be added to the BETPs to reflect the additional cost of capital needed to offset the risks inherent in the insurance.

The valuation of pension and other post-retirement benefit obligations are determined using actuarial valuations. These involve making assumptions about interest rates, expected returns, longevity and future benefit indexation. Due to the long term nature of these obligations the estimates are subject to significant uncertainty. Details of the key pension assumptions are contained in Note 23 of the Report and Accounts as well as the key assumptions used in the calculation of the post-retirement medical benefits reserve.

No transitional measures, matching adjustment or volatility adjustments have been applied to the calculation of the BETPs.

D.2.1 - Main assumptions within technical provisions

The main assumptions used to calculate technical provisions are set out below.

D.2.2 - Interest rates and inflation

The risk-free interest rate term structure used for discounting the projected cash flows in the technical calculation is the sterling relevant risk-free structure as specified by the Solvency II regulations. The Society used the rates as provided by the Prudential Regulation Authority (“PRA”). The Society does not use the matching adjustment nor the volatility adjustment.

The assumption for Retail Price Index (“RPI”) inflation is based on implied inflation from the Bank of England’s forward gilt yield curves.

D.2.3 - Expenses

The expenses incurred in servicing The Society’s policies consist of administration, claims management and new business expenses. The Society performs a regular expense analysis in order to allocate the expenses between initial and renewal and by type of expense. The best estimate expense assumptions are based on the results of this regular analysis together with budgeted expenses.

D.2.4 - Lapse assumptions

Lapse assumptions are set with reference to historic experience for The Society’s business, guidance from subject matter experts, reinsurers and industry data. Lapse assumptions vary by product, duration inforce, deferred period (for Income Protection policies) and location.

D.2.5 - Claims Assumptions

Claims rate assumptions take account of relevant reinsurance and industry information and, where credible, internal experience including experience from The Society’s business.

For long term business, the assumptions used for mortality, morbidity and longevity are based on standard industry tables (where available), adjusted where appropriate to reflect the Society’s own experience. Where the society lacks relevant experience, for example for its Managed Life and Real Life products, reinsurance rates will be used as a base to set assumptions. Due to the long term nature of these obligations, the estimates are subject to significant uncertainty.

For Private Medical Insurance and Health Cash Plan policies within the general fund and The Exeter Cash Plan, estimates are made for the expected ultimate cost of claims reported as at the year- end date and the cost of claims incurred but not yet reported (IBNR). It can take many months before the ultimate cost of claims can be established with certainty, and the final outcome may be better or worse than provided. Standard actuarial claims projection techniques are used to estimate outstanding claims. These techniques use past patterns of delay between claims being incurred and settled, and combine them with estimates of ultimate loss ratios and seasonality of claims. Case estimates are used for some reported claims where the ultimate amount is not known.

D.2.6 - Technical provision calculation methodology

Under Solvency II, Technical Provisions comprise the Best Estimate Technical Provisions (BETPs) and the Risk Margin.

The Society's Best Estimate Technical Provisions are calculated using a gross premium valuation (as required by Solvency II) for all policies in-force and on risk at the valuation date. Therefore, the technical provisions are calculated based on the prospective value of future expected cash-flows on a policy-by-policy basis, allowing for full premiums, claims, expenses and lapses. Negative reserves are permitted. The provisions are calculated net and gross of reinsurance to allow separate calculation of the reinsurance recoverable.

The Risk Margin is calculated by projecting a future notional Solvency Capital Requirement (SCR), applying a cost of capital factor and discounting to provide a present value. The Society uses the Solvency II 'Standard Formula' to calculate its SCR. For the purposes of calculating the Risk Margin, Solvency II rules allow hedgeable risks to be ignored. The Society considers all Market risks (for example, investment risk and default risk) to be hedgeable and all other risks to be non-hedgeable.

D.2.7 - Uncertainty associated with the value of technical provisions

Uncertainty relates primarily to how future actual experience will differ from the best estimate assumptions used to calculate the technical provisions. The key assumptions are interest rates, lapse rates, mortality rates, morbidity rates and future expenses. A robust assumption setting process is followed in order to ensure the uncertainty is well understood.

D.2.8 - Solvency II and UK GAAP valuation differences

The financial statements are prepared utilising an accounting policy that mirrors as far as possible Solvency II principles for the Long Term Business Fund and uses UK GAAP for the General Business Fund.

	2021 General Fund SII £'000	2021 General Fund UK GAAP £'000	2021 Long Term SII £'000	2021 Long Term UK GAAP £'000	2021 Cash Plan SII £'000	2021 Cash Plan UK GAAP £'000
Investments	109,917	109,690	15,791	15,791	1,972	1,972
Future premium debtor	-	10,561	-	2,267	-	545
Other debtors	1,435	425	3,842	5,519	262	262
Insurance Assets	-	-	-	92,536	-	-
Reinsurance Assets	-	-	(48,485)	-	-	-
Intangible assets & deferred acquisition costs	-	1,674	-	2,366	-	98
Other Assets	15,090	19,034	5,048	1,103	2,219	2,219
Total Assets	126,441	141,384	(23,805)	119,583	4,453	5,096
Technical Provisions	8,130	19,169	(126,238)	-	221	769
Reinsurance Liabilities	-	-	-	14,783	-	-
Other liabilities	9,303	13,247	7,200	7,200	580	580
Total Liabilities	17,432	32,416	(119,038)	21,983	801	1,349
Capital Resources (Own Funds)	109,009	108,968	95,233	97,600	3,652	3,747

	2020 General Fund SII £'000	2020 General Fund UK GAAP £'000	2020 Long Term SII £'000	2020 Long Term UK GAAP £'000	2020 Cash Plan SII £'000	2020 Cash Plan UK GAAP £'000
Investments	104,060	103,815	30,704	30,704	2,024	2,024
Future premium debtor		11,039		1,870		659
Other debtors	2,063	277	2,904	1,494	2,224	2,224
Insurance Assets	-	-	-	73,797	-	-
Reinsurance Assets	-	-	-44,982	-	-	-
Intangible assets & deferred acquisition costs	-	2,267	-	-	-	124
Other Assets	19,937	20,582	1,676	5,649	-	-
Total Assets	126,060	137,981	-9,698	113,513	4,249	5,032
Technical Provisions	8,672	19,469	-106,607	-	236	901
Reinsurance Liabilities			-	12,172	-	-
Other liabilities	13,245	13,218	6,099	6,099	339	339
Total Liabilities	21,917	32,686	-100,508	18,271	575	1,240
Capital Resources (Own Funds)	104,143	105,294	90,810	95,242	3,673	3,791

The key differences between the methodologies are:

- the reclassification of assets and liabilities.
- the removal of intangible assets and deferred acquisition costs (DAC).
- presentation of the risk margin (which for IFRS purposes is presented gross rather than net).

Technical provisions net of the premium debtor and DAC are similar on both bases as Long Term Reserves for IFRS purposes are now based on Solvency II principles, therefore the net own funds positions are similar on a Solvency II basis to IFRS.

Group Own Funds (before ring-fenced fund adjustments) are £204.2m (2020 : £195.0m) on a Solvency II basis, compared with £206.6m (2020 : £200.5m) under UK GAAP.

D.3 - Other liabilities

Certain Private Medical Insurance products sold by the Society include an age-at-entry policy whereby the Society calculates the policyholder's premium by reference to the age of the policyholder on joining the Society rather than their age at each annual policy renewal, provided that their cover remains unchanged.

The age-at-entry policies are annual, general insurance contracts and under the policy terms both the policyholder and the Society have the right not to renew the policy after the end of the 12-month term. Furthermore, management has discretion to alter premium rates and the level of cover under age-at-entry plans, subject to compliance with the overall age-at-entry principle.

This product feature does not fall within the technical provisions prescribed by Solvency II and therefore does not affect the Solvency II balance sheet or SCR or Minimum Capital Requirement ("MCR") calculations. However, the Board do take the impact of these policies into account when considering the long term management of the Society and when calculating the ORSA.

It is management's current intention to continue to calculate premiums by reference to age-at-entry for these policies, acknowledging that this may result in future underwriting losses. As disclosed in the statutory accounts at 31st December 2021 for internal management (and ORSA) purposes £39.2 million (2020: £46.4 million) of the General Fund Capital Resources have been allocated to cover future underwriting losses arising from these age-at-entry policies. The Society does not guarantee this level of capital allocation and will be guided by the need to ensure its continued financial well-being and to meet statutory levels of solvency.

Since moving to UK GAAP the lease is no longer capitalised with an asset and liability on the balance sheet. Rent is now expensed as incurred. A small number of operating leases are also in place for office equipment; the value of which is immaterial.

The Society does not have any other provisions or contingent liabilities or deferred tax liabilities.

D.4 - Alternative methods for valuation

The Society does not use any alternative methods for the valuation of liabilities.

D.5 - Employee benefits

For some employees, the Society operates a funded pension scheme, which is now closed to future benefit accrual. The defined benefit scheme is operated from a trust, which has assets which are held separately from the Society, and by trustees who ensure the scheme's rules are strictly followed.

The results of the formal valuation as at 1 January 2021 were updated to the accounting date by an independent qualified actuary. These are consistent between SII and IFRS valuation methods.

The funding target is for the scheme to hold assets equal in value to the accrued benefits allowing for future pension revaluation and future pension increases. If there is a shortfall against this target, then the Society and trustees will agree on the deficit contributions to meet this deficit over a period. There is a risk to the Society that adverse experience could lead to a requirement for the Society to make additional contributions to recover any deficit that arises.

E : Capital Management

E.1 - Own funds (Society, ECP and Group)

The following information relates to the own funds of the Society and its subsidiaries:

- The Society holds own funds in Sterling and Euros, the Euros being used to cover trading operations for euro denominated policies. Subsidiaries' own funds are all held in Sterling.
- The local currency for all reporting and regulatory returns is Sterling.
- The Exeter Cash Plan manages its capital in the same way as the main Society with a separate SCR and MCR calculation. The ORSA is combined with the rest of the Group to show the Cash Plan as a separate entity. See above for the monitoring process.
- Any intra-group transactions take place at market value with any resultant intra-group balances being settled regularly where necessary.
- All of the Society's business falls within one of two separate ring-fenced funds: one for Long Term Business and one for short term General Business. There is no business conducted outside those funds and the Society manages its capital requirements separately for each fund. Ring-fenced fund restrictions mean that Own Funds at an overall Society level are restricted to the total SCR across both funds.
- The Exeter Cash Plan is a 100% subsidiary of the General Fund and its capital requirements are managed separately. On a group basis, ECP is consolidated into the General Fund. Share capital in ECP is classified as Tier 1 capital as directors have the right to cancel dividends at any time prior to payment.
- To calculate our group SCR, we have used accounting consolidation-based method

Section E.2 sets out the current own funds against SCR and MCR for the Society, ECP and the Group.

E.1.1 – Risk Appetite

Exeter Friendly Society sets its risk appetite based on the results of its ORSA. This is to allow for the risks that the management of the company recognise that are not covered within the standard formula capital requirements on a Solvency II basis. The level of own funds is also monitored against the SCR requirement but the ORSA requirement is the key indicator for the Board.

As the LTBF and GBF are separate funds with no ability for cross-subsidy then the appetite will apply separately for each fund.

The appetite is set out in terms of excess of free assets over the ORSA Capital Requirement and is measured by quoting the free assets over the requirement as a percentage of the capital requirement. Limits are set at agreed points for intervention and solvency is then monitored on a monthly basis.

E.1.2 - Restrictions on use of capital

In the case of Exeter Friendly Society all funds result from accumulated mutual capital with no capital tiers or capital instruments in issue; subordinated or unsubordinated. Therefore, all surplus capital is available to support the business. The Society owns shares within the subsidiary companies which are fully paid up with no other forms of financing available.

E.1.3 – Difference between Own Funds and UK GAAP equity

There are a small number of differences between Own Funds under the Solvency II definitions and those under UK GAAP. Please refer to Section D.2.8 above.

E.1.4 - Treatment of intra-group transactions

Any intra-group transactions are treated at arms-length and each sub fund or entity is therefore considered on a standalone basis. Any expenses that are shared are reviewed regularly to ensure that the allocations are an appropriate reflection of the resources utilised by each fund or entity.

E.2 – SCR and MCR

E.2.1 - MCR Calculations

The Society uses the standard formula for the MCR as set out in the Solvency II regulations. The Society has not applied any undertaking-specific parameters, capital add-ons or simplifications.

	2021	2020
Minimum Capital Requirement:	£m	£m
Society	22.4	20.8
Cash plan subsidiary	2.1	2.3
Group	24.5	23.1

For the Cash Plan subsidiary, the Absolute Floor of €2.5m applies, meaning that its MCR exceeds the SCR as shown in section E2.3 below.

The appended table (S.28.01.01) sets out the information on the input used by the Society to calculate the MCR.

E.2.2 – SCR calculation on a Pillar 1 basis

The SCR by component of the standard formula at 31st December 2021 is as follows:

	2021				2020			
	Society		Group £m		Society		Group £m	
	Long Term Fund £m	General Fund £m	Cash Plan £m	Group £m	Long Term Fund £m	General Fund £m	Cash Plan £m	Group £m
Interest	12.6	6.9	0.1	19.5	11.5	7.0	0.0	18.5
Equity	0.8	15.7	0.1	15.8	2.0	12.5	0.0	13.7
Property	0.0	0.6	0.0	0.6	0.1	0.6	0.0	0.6
Spread	1.2	3.0	0.1	4.3	1.9	2.7	0.0	4.6
Concentration	0.1	0.0	0.0	0.1	0.2	0.0	0.0	0.2
Currency	0.0	3.0	0.0	3.0	0.0	2.5	0.0	2.5
MARKET	12.7	20.9	0.2	33.2	12.1	17.5	0.0	29.0
DEFAULT	1.7	1.0	0.2	2.9	1.4	1.1	0.3	2.6
Morbidity	22.7	-	-	22.7	25.4	-	-	25.4
Mortality	0.3	-	-	0.3	0.3	-	-	0.3
Expense	8.1	-	-	8.1	7.6	-	-	7.6
Non SLT Health premium & reserve	-	5.5	0.4	5.9	-	5.8	0.5	6.3
Lapse	45.4	0.3	0.0	45.6	42.2	0.4	0.0	42.6
Health Catastrophe Risk	0.4	0.3	0.0	0.7	0.4	0.2	0.0	0.6
HEALTH	56.6	5.6	0.4	62.7	54.9	5.8	0.5	61.2
LIFE	6.5	-	-	6.5	4.3	-	-	4.3
OPERATIONAL	1.5	1.0	0.1	2.6	1.3	1.1	0.1	2.4
Total Category Diversification	-13.8	-4.3	-0.2	-18.4	-11.8	-4.3	-0.2	-16.4
SCR	65.2	24.3	0.7	89.4	62.1	21.3	0.8	83.2

The group SCR is £89.4m (2020 £83.2m) and the combined SCR for the Society is £89.5m (2020: £83.3m), being the sum of the SCRs for each of the two sub-funds. The Society SCR (i.e. the sum

of the Long Term Fund and General Business Fund SCRs) is slightly higher than the group SCR due to the treatment of the Cash Plan as an asset within General Fund of the Society.

Diversification arises between risks within the categories of Market risk and Health risk and between the categories of Market, Default, Health and Operational risk. The main diversification benefits are between Lapse and Morbidity risk in the LTBF and between Health and Market risk in the GBF.

E.2.3 - Current own funds position against SCR

The Board's key performance indicator in this area is the level of own funds over and above the capital requirement expressed as a percentage of the capital requirement.

The Pillar 1 (SCR) solvency positions of each fund of the Society, the Society as a whole, the cash plan subsidiary and the Group, as at 31 December 2021, are shown below.

£m	2021				2020			
	Society		Cash Plan	Group	Society		Cash Plan	Group
	Long Term	General Fund			Long Term	General Fund		
Reinsurance recoverables	(48.5)	-	-	(48.5)	(45.0)	-	-	(45.0)
Investments, cash & other assets	24.7	126.4	4.5	151.7	35.4	125.5	4.2	159.5
TOTAL ASSETS	(23.8)	126.4	4.5	103.2	(9.6)	125.5	4.2	114.5
Best Estimate Liabilities	(185.6)	7.5	0.2	(177.9)	(161.2)	8.0	0.2	(152.9)
Risk Margin	49.5	0.6	0.0	50.1	46.6	0.6	0.1	47.3
Other Liabilities	17.1	9.3	0.6	26.8	14.1	12.7	0.3	25.2
TOTAL LIABILITIES	(119.0)	17.4	0.8	(101.0)	(100.4)	21.4	0.6	(80.5)
TOTAL AVAILABLE OWN FUNDS (before RFF restrictions)	95.2	109.0	3.7	204.3	90.8	104.2	3.7	195.0
SCR	65.2	24.3	0.7	89.4	62.1	21.3	0.8	83.2
OWN FUNDS ABOVE SCR	30.0	84.7	3.0	114.8	28.7	82.9	2.9	111.7
PERCENTAGE COVER OF SCR	146%	448%	532%	228%	146%	490%	477%	234%
AVAILABLE OWN FUNDS after RFF restriction*	89.5		3.7	93.2	82.6		3.7	87.0
OWN FUNDS ABOVE SCR after RFF restriction*	0.0		3.0	0.0	0.0		2.9	0.0

PERCENTAGE COVER OF SCR after RFF restriction*	0%	532%	0%	0%	477%	0%
MCR	22.4	2.1	24.5	19.8	2.3	23.1
PERCENTAGE COVER OF MCR	400%	173%	380%	417%	163%	377%

* As explained in Section E.1, all the Society's business falls within one of the two ring-fenced funds with no business being conducted outside those funds. Therefore, ring-fenced fund restrictions mean that Own Funds at an overall Society and Group level are restricted to the total SCR across both funds, giving rise to the results above showing zero excess Own Funds. The more meaningful results are those at fund level and before the ring-fenced fund restrictions.

The extent of the cover and the movement over time is a factor of how these funds are projected to grow over time.

- Long term products incur a high proportion of initial costs which means that due to the level of expansion that is envisaged the level of solvency cover decreases over time.
- The General Business Fund has lower growth funding requirements and is not expected to grow as fast as the long term.
- The Cash Plan requires capital to grow as the product margins are modest and new business has certain acquisition costs. Therefore, it may require some capital injection from the General Fund over time but that Fund has sufficient capital to finance this.

E.2.4 – Overall own funds position against SCR

As noted above, the Society operates entirely through two separate sub-funds, the General and Long Term Funds, with The Exeter Cash Plan as the single operating subsidiary of the General Fund. In accordance with the Solvency II regulations each sub-fund is treated as ring fenced from a capital point of view and a surplus from one fund cannot be added to another.

As a result of this at the overall Society and Group level any excess of own funds within each of the Sub-funds cannot be reported as an overall surplus and therefore the Society is in the position of having to report own funds at overall Society and Group level equal to the SCR with no free assets. This is not an operational problem as no insurance business is undertaken outside of the two sub-funds but does present a reporting anomaly.

E.2.5 - Stress Testing Of Capital Requirements

As part of the ORSA process the Board considers stress test scenarios which look at potential movements on parameters such as:

- new business levels;
- lapse rates;
- claim rates;

- expense levels; and
- interest rates.

The outcomes of these tests are then considered before and after potential management actions which could then be taken to rectify any capital issues to arrive at a net position. These tests did not reveal areas of concern for the Board.

E.3 - Use of duration-based equity models

The Society does not use these models.

E.4 - Differences between the standard formula and any internal models used

The Society only applies the Standard Formula approach.

E.5 - Non Compliance with SCR or MCR

There has been no non-compliance with SCR or MCR for the Society or its subsidiaries. See section E.2 above

Appendix I – List of submission data

Note that none of these have been adjusted to reflect the impacts of COVID-19.

Society

S.02.01.02	Balance sheet
S.05.01.02	Premiums, claims and expenses by line of business (non-life)
S.05.01.02	Premiums, claims and expenses by line of business (life)
S.05.02.01	Premiums, claims and expenses by country (non-life)
S.05.02.01	Premiums, claims and expenses by country (life)
S.12.01.02	Life and Health SLT Technical Provisions
S.17.01.02	Non-Life Technical Provisions
S.19.01.21	Non-Life insurance claims - Accident Year
S.23.01.01	Own Funds
S.25.01.21	Solvency Capital Requirement - for undertakings on Standard Formula
S.28.02.01	Minimum Capital Requirement - Both life and non-life insurance activity

Cash Plan

S.02.01.02	Balance sheet
S.05.02.01	Premiums, claims and expenses by line of business (non-life)
S05.01.02	Premiums, claims and expenses by country (non-life)
S.17.01.02	Non-Life Technical Provisions
S.19.02.21	Non-Life insurance claims - Accident Year
S.23.01.01	Own Funds
S25.01.21	Solvency Capital Requirement - for undertakings on Standard Formula
S28.01.01	Minimum Capital Requirement - Only life or only non-life insurance or reinsurance activity

Group

S02.01.02	Balance sheet
S.05.01.02	Premiums, claims and expenses by line of business (non-life)
S.05.01.02	Premiums, claims and expenses by line of business (life)
S.05.02.01	Premiums, claims and expenses by country (non-life)
S.05.02.01	Premiums, claims and expenses by country (life)
S23.01.22	Own Funds
S25.01.22	Solvency Capital Requirement - for groups on Standard Formula
S32.01.22	Undertakings in the scope of the group

Exeter Friendly Society Limited

Solvency and Financial Condition Report

Disclosures

31 December

2021

(Monetary amounts in GBP thousands)

General information

Undertaking name	Exeter Friendly Society Limited
Undertaking identification code	213800V19RLONY7XIL94
Type of code of undertaking	LEI
Type of undertaking	Undertakings pursuing both life and non-life insurance activity - article 73 (5)
Country of authorisation	GB
Language of reporting	en
Reporting reference date	31 December 2021
Currency used for reporting	GBP
Accounting standards	Local GAAP
Method of Calculation of the SCR	Standard formula
Matching adjustment	No use of matching adjustment
Volatility adjustment	No use of volatility adjustment
Transitional measure on the risk-free interest rate	No use of transitional measure on the risk-free interest rate
Transitional measure on technical provisions	No use of transitional measure on technical provisions

List of reported templates

- S.02.01.02 - Balance sheet
- S.05.01.02 - Premiums, claims and expenses by line of business
- S.05.01.02 - Premiums, claims and expenses by line of business
- S.05.02.01 - Premiums, claims and expenses by country
- S.05.02.01 - Premiums, claims and expenses by country
- S.12.01.02 - Life and Health SLT Technical Provisions
- S.17.01.02 - Non-Life Technical Provisions
- S.19.01.21 - Non-Life insurance claims
- S.23.01.01 - Own Funds
- S.25.01.21 - Solvency Capital Requirement - for undertakings on Standard Formula
- S.28.02.01 - Minimum Capital Requirement - Both life and non-life insurance activity

S.02.01.02

Balance sheet

		Solvency II value
		C0010
	Assets	
R0030	Intangible assets	0
R0040	Deferred tax assets	0
R0050	Pension benefit surplus	2,200
R0060	Property, plant & equipment held for own use	3,906
R0070	Investments (other than assets held for index-linked and unit-linked contracts)	125,707
R0080	<i>Property (other than for own use)</i>	0
R0090	<i>Holdings in related undertakings, including participations</i>	3,677
R0100	<i>Equities</i>	0
R0110	<i>Equities - listed</i>	0
R0120	<i>Equities - unlisted</i>	0
R0130	<i>Bonds</i>	50,554
R0140	<i>Government Bonds</i>	50,554
R0150	<i>Corporate Bonds</i>	0
R0160	<i>Structured notes</i>	0
R0170	<i>Collateralised securities</i>	0
R0180	<i>Collective Investments Undertakings</i>	71,477
R0190	<i>Derivatives</i>	0
R0200	<i>Deposits other than cash equivalents</i>	0
R0210	<i>Other investments</i>	0
R0220	Assets held for index-linked and unit-linked contracts	0
R0230	Loans and mortgages	0
R0240	<i>Loans on policies</i>	0
R0250	<i>Loans and mortgages to individuals</i>	0
R0260	<i>Other loans and mortgages</i>	0
R0270	Reinsurance recoverables from:	-48,485
R0280	<i>Non-life and health similar to non-life</i>	0
R0290	<i>Non-life excluding health</i>	0
R0300	<i>Health similar to non-life</i>	0
R0310	<i>Life and health similar to life, excluding index-linked and unit-linked</i>	-48,485
R0320	<i>Health similar to life</i>	-50,514
R0330	<i>Life excluding health and index-linked and unit-linked</i>	2,028
R0340	<i>Life index-linked and unit-linked</i>	0
R0350	Deposits to cedants	0
R0360	Insurance and intermediaries receivables	3,354
R0370	Reinsurance receivables	1,381
R0380	Receivables (trade, not insurance)	541
R0390	Own shares (held directly)	0
R0400	Amounts due in respect of own fund items or initial fund called up but not yet paid in	0
R0410	Cash and cash equivalents	14,032
R0420	Any other assets, not elsewhere shown	
R0500	Total assets	102,636

S.02.01.02

Balance sheet

		Solvency II value
		C0010
	Liabilities	
R0510	Technical provisions - non-life	8,130
R0520	<i>Technical provisions - non-life (excluding health)</i>	0
R0530	<i>TP calculated as a whole</i>	0
R0540	<i>Best Estimate</i>	0
R0550	<i>Risk margin</i>	0
R0560	<i>Technical provisions - health (similar to non-life)</i>	8,130
R0570	<i>TP calculated as a whole</i>	0
R0580	<i>Best Estimate</i>	7,523
R0590	<i>Risk margin</i>	606
R0600	Technical provisions - life (excluding index-linked and unit-linked)	-126,238
R0610	<i>Technical provisions - health (similar to life)</i>	-125,150
R0620	<i>TP calculated as a whole</i>	0
R0630	<i>Best Estimate</i>	-169,519
R0640	<i>Risk margin</i>	44,369
R0650	<i>Technical provisions - life (excluding health and index-linked and unit-linked)</i>	-1,088
R0660	<i>TP calculated as a whole</i>	0
R0670	<i>Best Estimate</i>	-6,182
R0680	<i>Risk margin</i>	5,093
R0690	Technical provisions - index-linked and unit-linked	0
R0700	<i>TP calculated as a whole</i>	0
R0710	<i>Best Estimate</i>	0
R0720	<i>Risk margin</i>	0
R0740	Contingent liabilities	0
R0750	Provisions other than technical provisions	0
R0760	Pension benefit obligations	120
R0770	Deposits from reinsurers	0
R0780	Deferred tax liabilities	0
R0790	Derivatives	0
R0800	Debts owed to credit institutions	0
R0810	Financial liabilities other than debts owed to credit institutions	0
R0820	Insurance & intermediaries payables	2,318
R0830	Reinsurance payables	1,011
R0840	Payables (trade, not insurance)	13,054
R0850	Subordinated liabilities	0
R0860	<i>Subordinated liabilities not in BOF</i>	0
R0870	<i>Subordinated liabilities in BOF</i>	0
R0880	Any other liabilities, not elsewhere shown	0
R0900	Total liabilities	-101,606
R1000	Excess of assets over liabilities	204,242

S.12.01.02

Life and Health SLT Technical Provisions

	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, including Unit-Linked)	Health insurance (direct business)			Annuities stemming from non-life insurance contracts and relating to health insurance obligations	Health reinsurance (reinsurance accepted)	Total (Health similar to life insurance)	
	Insurance with profit participation	Contracts without options and guarantees	Contracts with options or guarantees	Contracts without options and guarantees	Contracts with options or guarantees	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	C0160	C0170	C0180	C0190	C0200	C0210
R0010 Technical provisions calculated as a whole	0									0	0					0
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP calculated as a whole	0									0	0					0

Technical provisions calculated as a sum of BE and RM

Best estimate

R0030 Gross Best Estimate	9,143					0	-15,325			-6,182		-49,986	-119,533			-169,519
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	0					0	2,028			2,028		-18,729	-31,785			-50,514
R0090 Best estimate minus recoverables from reinsurance/SPV and Finite Re	9,143					0	-17,354			-8,210		-31,257	-87,748			-119,005
R0100 Risk margin	0				5,093					5,093	44,369					44,369
Amount of the transitional on Technical Provisions																
R0110 Technical Provisions calculated as a whole	0									0	0					0
R0120 Best estimate	0									0		0	0			0
R0130 Risk margin	0									0	0					0
R0200 Technical provisions - total	9,143				-10,232					-1,088	-125,150					-125,150

S.19.01.21

Non-Life insurance claims

Total Non-life business

Z0020 Accident year / underwriting year

Gross Claims Paid (non-cumulative)														
(absolute amount)														
Year	C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0170	C0180	
	Development year										In Current year	Sum of years (cumulative)		
	0	1	2	3	4	5	6	7	8	9			10 & +	
R0100	Prior											0	0	
R0160	2012	0	0	0	0	0	0	0	0	0	0	0	0	
R0170	2013	0	0	0	0	0	0	0	0	0	0	0	0	
R0180	2014	0	0	0	0	0	0	0	0	0	0	0	0	
R0190	2015	0	0	0	0	0	0	0	0	0	0	0	0	
R0200	2016	0	0	0	0	0	0	0	0	0	0	0	0	
R0210	2017	27,441	3,723	0	0	0	0	0	0	0	0	0	31,163	
R0220	2018	25,015	3,632	0	0	0	0	0	0	0	0	0	28,647	
R0230	2019	23,549	3,194	0	0	0	0	0	0	0	0	0	26,743	
R0240	2020	16,071	5,185	0	0	0	0	0	0	0	0	5,185	21,257	
R0250	2021	22,313	0	0	0	0	0	0	0	0	0	22,313	22,313	
R0260												Total	27,498	130,123

Gross Undiscounted Best Estimate Claims Provisions													
(absolute amount)													
Year	C0200	C0210	C0220	C0230	C0240	C0250	C0260	C0270	C0280	C0290	C0300	C0360	
	Development year										Year end (discounted data)		
	0	1	2	3	4	5	6	7	8	9		10 & +	
R0100	Prior											0	
R0160	2012	0	0	0	0	0	0	0	0	0	0	0	
R0170	2013	0	0	0	0	0	0	0	0	0	0	0	
R0180	2014	0	0	0	0	0	0	0	0	0	0	0	
R0190	2015	0	0	0	0	0	0	0	0	0	0	0	
R0200	2016	0	0	0	0	0	0	0	0	0	0	0	
R0210	2017	0	0	0	0	0	0	0	0	0	0	0	
R0220	2018	0	0	0	0	0	0	0	0	0	0	0	
R0230	2019	0	0	0	0	0	0	0	0	0	0	0	
R0240	2020	0	0	0	0	0	0	0	0	0	0	0	
R0250	2021	3,497	0	0	0	0	0	0	0	0	0	3,493	
R0260												Total	3,493

S.23.01.01

Own Funds

Basic own funds before deduction for participations in other financial sector as foreseen in article 68 of Delegated Regulation 2015/35

R0010	Ordinary share capital (gross of own shares)
R0030	Share premium account related to ordinary share capital
R0040	Initial funds, members' contributions or the equivalent basic own-fund item for mutual and mutual-type undertakings
R0050	Subordinated mutual member accounts
R0070	Surplus funds
R0090	Preference shares
R0110	Share premium account related to preference shares
R0130	Reconciliation reserve
R0140	Subordinated liabilities
R0160	An amount equal to the value of net deferred tax assets
R0180	Other own fund items approved by the supervisory authority as basic own funds not specified above
R0220	Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds
R0230	Deductions for participations in financial and credit institutions
R0290	Total basic own funds after deductions

Ancillary own funds

R0300	Unpaid and uncalled ordinary share capital callable on demand
R0310	Unpaid and uncalled initial funds, members' contributions or the equivalent basic own fund item for mutual and mutual - type undertakings, callable on demand
R0320	Unpaid and uncalled preference shares callable on demand
R0330	A legally binding commitment to subscribe and pay for subordinated liabilities on demand
R0340	Letters of credit and guarantees under Article 96(2) of the Directive 2009/138/EC
R0350	Letters of credit and guarantees other than under Article 96(2) of the Directive 2009/138/EC
R0360	Supplementary members calls under first subparagraph of Article 96(3) of the Directive 2009/138/EC
R0370	Supplementary members calls - other than under first subparagraph of Article 96(3) of the Directive 2009/138/EC
R0390	Other ancillary own funds
R0400	Total ancillary own funds

Available and eligible own funds

R0500	Total available own funds to meet the SCR
R0510	Total available own funds to meet the MCR
R0540	Total eligible own funds to meet the SCR
R0550	Total eligible own funds to meet the MCR

R0580	SCR
R0600	MCR
R0620	Ratio of Eligible own funds to SCR
R0640	Ratio of Eligible own funds to MCR

Reconciliation reserve

R0700	Excess of assets over liabilities
R0710	Own shares (held directly and indirectly)
R0720	Foreseeable dividends, distributions and charges
R0730	Other basic own fund items
R0740	Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds
R0760	Reconciliation reserve

Expected profits

R0770	Expected profits included in future premiums (EPIFP) - Life business
R0780	Expected profits included in future premiums (EPIFP) - Non- life business
R0790	Total Expected profits included in future premiums (EPIFP)

Total	Tier 1 unrestricted	Tier 1 restricted	Tier 2	Tier 3
C0010	C0020	C0030	C0040	C0050
0	0		0	
0	0		0	
0	0		0	
0		0	0	0
204,242	204,242			
0		0	0	0
0		0	0	0
-114,714	-114,714			
0		0	0	0
0				0
0	0	0	0	0
0				
89,528	89,528	0	0	0

0				
0				
0				
0				
0				
0				
0				
0				
0				
0			0	0

89,528	89,528	0	0	0
89,528	89,528	0	0	
89,528	89,528	0	0	0
89,528	89,528	0	0	

89,528
22,382
100.00%
400.00%

C0060
204,242
0
204,242
114,714
-114,714

136,573
708
137,281

S.25.01.21

Solvency Capital Requirement - for undertakings on Standard Formula

	Gross solvency capital requirement	USP	Simplifications
	C0110	C0090	C0120
R0010 Market risk	36,122		
R0020 Counterparty default risk	2,914		
R0030 Life underwriting risk	6,982		
R0040 Health underwriting risk	68,861		
R0050 Non-life underwriting risk	0		
R0060 Diversification	-26,126		
R0070 Intangible asset risk	0		
R0100 Basic Solvency Capital Requirement	88,754		
Calculation of Solvency Capital Requirement			
R0130 Operational risk	2,488		
R0140 Loss-absorbing capacity of technical provisions	-1,714		
R0150 Loss-absorbing capacity of deferred taxes	0		
R0160 Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC	89,528		
R0200 Solvency Capital Requirement excluding capital add-on	0		
R0210 Capital add-ons already set	0		
R0220 Solvency capital requirement	89,528		
Other information on SCR			
R0400 Capital requirement for duration-based equity risk sub-module	0		
R0410 Total amount of Notional Solvency Capital Requirements for remaining part	0		
R0420 Total amount of Notional Solvency Capital Requirements for ring fenced funds	89,528		
R0430 Total amount of Notional Solvency Capital Requirements for matching adjustment portfolios	0		
R0440 Diversification effects due to RFF nSCR aggregation for article 304	0		
Approach to tax rate			
R0590 Approach based on average tax rate	Not applicable		
Calculation of loss absorbing capacity of deferred taxes			
LAC DT			
C0130			
R0640 LAC DT	0		
R0650 LAC DT justified by reversion of deferred tax liabilities	0		
R0660 LAC DT justified by reference to probable future taxable economic profit	0		
R0670 LAC DT justified by carry back, current year	0		
R0680 LAC DT justified by carry back, future years	0		
R0690 Maximum LAC DT	0		

USP Key

For life underwriting risk:

- 1 - Increase in the amount of annuity benefits
- 9 - None

For health underwriting risk:

- 1 - Increase in the amount of annuity benefits
- 2 - Standard deviation for NSLT health premium risk
- 3 - Standard deviation for NSLT health gross premium risk
- 4 - Adjustment factor for non-proportional reinsurance
- 5 - Standard deviation for NSLT health reserve risk
- 9 - None

For non-life underwriting risk:

- 4 - Adjustment factor for non-proportional reinsurance
- 6 - Standard deviation for non-life premium risk
- 7 - Standard deviation for non-life gross premium risk
- 8 - Standard deviation for non-life reserve risk
- 9 - None

5.28.02.01

Minimum Capital Requirement - Both life and non-life insurance activity

	Non-life activities		Life activities		Non-life activities		Life activities	
	MCR _(NL,NL) Result	MCR _(NL,L) Result						
	C0010	C0020						
R0010 Linear formula component for non-life insurance and reinsurance obligations	1,915	0						
			Net (of reinsurance/S PV) best estimate and TP calculated as a whole	Net (of reinsurance) written premiums in the last 12 months	Net (of reinsurance/S PV) best estimate and TP calculated as a whole	Net (of reinsurance) written premiums in the last 12 months		
			C0030	C0040	C0050	C0060		
R0020 Medical expense insurance and proportional reinsurance			7,523	33,228				
R0030 Income protection insurance and proportional reinsurance								
R0040 Workers' compensation insurance and proportional reinsurance								
R0050 Motor vehicle liability insurance and proportional reinsurance								
R0060 Other motor insurance and proportional reinsurance								
R0070 Marine, aviation and transport insurance and proportional reinsurance								
R0080 Fire and other damage to property insurance and proportional reinsurance								
R0090 General liability insurance and proportional reinsurance								
R0100 Credit and suretyship insurance and proportional reinsurance								
R0110 Legal expenses insurance and proportional reinsurance								
R0120 Assistance and proportional reinsurance								
R0130 Miscellaneous financial loss insurance and proportional reinsurance								
R0140 Non-proportional health reinsurance								
R0150 Non-proportional casualty reinsurance								
R0160 Non-proportional marine, aviation and transport reinsurance								
R0170 Non-proportional property reinsurance								
	MCR _(L,NL) Result	MCR _(L,L) Result						
	C0070	C0080						
R0200 Linear formula component for life insurance and reinsurance obligations	0	3,250						
			Net (of reinsurance/S PV) best estimate and TP calculated as a whole	Net (of reinsurance/S PV) total capital at risk	Net (of reinsurance/S PV) best estimate and TP calculated as a whole	Net (of reinsurance/S PV) total capital at risk		
			C0090	C0100	C0110	C0120		
R0210 Obligations with profit participation - guaranteed benefits					9,143			
R0220 Obligations with profit participation - future discretionary benefits					15,013			
R0230 Index-linked and unit-linked insurance obligations					0			
R0240 Other life (re)insurance and health (re)insurance obligations					0			
R0250 Total capital at risk for all life (re)insurance obligations						5,274,212		
Overall MCR calculation		C0130						
R0300 Linear MCR		5,165						
R0310 SCR		89,528						
R0320 MCR cap		40,288						
R0330 MCR floor		22,382						
R0340 Combined MCR		22,382						
R0350 Absolute floor of the MCR		5,238						
R0400 Minimum Capital Requirement		22,382						
Notional non-life and life MCR calculation		C0140	C0150					
R0500 Notional linear MCR		1,915	3,250					
R0510 Notional SCR excluding add-on (annual or latest calculation)		33,200	56,328					
R0520 Notional MCR cap		14,940	25,348					
R0530 Notional MCR floor		8,300	14,082					
R0540 Notional combined MCR		8,300	14,082					
R0550 Absolute floor of the notional MCR		2,112	3,126					
R0560 Notional MCR		8,300	14,082					

The Exeter Cash Plan

Solvency and Financial Condition Report

Disclosures

31 December

2021

(Monetary amounts in GBP thousands)

General information

Undertaking name	The Exeter Cash Plan
Undertaking identification code	213800TYI7ORV3TF7T41
Type of code of undertaking	LEI
Type of undertaking	Non-life undertakings
Country of authorisation	GB
Language of reporting	en
Reporting reference date	31 December 2021
Currency used for reporting	GBP
Accounting standards	Local GAAP
Method of Calculation of the SCR	Standard formula
Matching adjustment	No use of matching adjustment
Volatility adjustment	No use of volatility adjustment
Transitional measure on the risk-free interest rate	No use of transitional measure on the risk-free interest rate
Transitional measure on technical provisions	No use of transitional measure on technical provisions

List of reported templates

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

S.02.01.02

Balance sheet

		Solvency II value
		C0010
Assets		
R0030	Intangible assets	
R0040	Deferred tax assets	
R0050	Pension benefit surplus	
R0060	Property, plant & equipment held for own use	0
R0070	Investments (other than assets held for index-linked and unit-linked contracts)	1,972
R0080	<i>Property (other than for own use)</i>	0
R0090	<i>Holdings in related undertakings, including participations</i>	0
R0100	<i>Equities</i>	0
R0110	<i>Equities - listed</i>	
R0120	<i>Equities - unlisted</i>	
R0130	<i>Bonds</i>	0
R0140	<i>Government Bonds</i>	0
R0150	<i>Corporate Bonds</i>	0
R0160	<i>Structured notes</i>	0
R0170	<i>Collateralised securities</i>	0
R0180	<i>Collective Investments Undertakings</i>	1,972
R0190	<i>Derivatives</i>	
R0200	<i>Deposits other than cash equivalents</i>	0
R0210	<i>Other investments</i>	0
R0220	Assets held for index-linked and unit-linked contracts	
R0230	Loans and mortgages	0
R0240	<i>Loans on policies</i>	0
R0250	<i>Loans and mortgages to individuals</i>	
R0260	<i>Other loans and mortgages</i>	
R0270	Reinsurance recoverables from:	0
R0280	<i>Non-life and health similar to non-life</i>	0
R0290	<i>Non-life excluding health</i>	0
R0300	<i>Health similar to non-life</i>	0
R0310	<i>Life and health similar to life, excluding index-linked and unit-linked</i>	0
R0320	<i>Health similar to life</i>	
R0330	<i>Life excluding health and index-linked and unit-linked</i>	
R0340	<i>Life index-linked and unit-linked</i>	
R0350	Deposits to cedants	0
R0360	Insurance and intermediaries receivables	252
R0370	Reinsurance receivables	0
R0380	Receivables (trade, not insurance)	10
R0390	Own shares (held directly)	
R0400	Amounts due in respect of own fund items or initial fund called up but not yet paid in	0
R0410	Cash and cash equivalents	2,219
R0420	Any other assets, not elsewhere shown	
R0500	Total assets	4,453

S.02.01.02

Balance sheet

Solvency II value	
C0010	
	221
R0510	0
R0520	0
R0530	0
R0540	0
R0550	0
R0560	221
R0570	0
R0580	177
R0590	43
R0600	0
R0610	0
R0620	
R0630	
R0640	
R0650	0
R0660	
R0670	
R0680	
R0690	0
R0700	
R0710	
R0720	
R0740	
R0750	
R0760	
R0770	
R0780	
R0790	
R0800	
R0810	
R0820	118
R0830	0
R0840	462
R0850	0
R0860	
R0870	0
R0880	
R0900	801
R1000	3,652

Liabilities

R0510	Technical provisions - non-life
R0520	<i>Technical provisions - non-life (excluding health)</i>
R0530	<i>TP calculated as a whole</i>
R0540	<i>Best Estimate</i>
R0550	<i>Risk margin</i>
R0560	<i>Technical provisions - health (similar to non-life)</i>
R0570	<i>TP calculated as a whole</i>
R0580	<i>Best Estimate</i>
R0590	<i>Risk margin</i>
R0600	Technical provisions - life (excluding index-linked and unit-linked)
R0610	<i>Technical provisions - health (similar to life)</i>
R0620	<i>TP calculated as a whole</i>
R0630	<i>Best Estimate</i>
R0640	<i>Risk margin</i>
R0650	<i>Technical provisions - life (excluding health and index-linked and unit-linked)</i>
R0660	<i>TP calculated as a whole</i>
R0670	<i>Best Estimate</i>
R0680	<i>Risk margin</i>
R0690	Technical provisions - index-linked and unit-linked
R0700	<i>TP calculated as a whole</i>
R0710	<i>Best Estimate</i>
R0720	<i>Risk margin</i>
R0740	Contingent liabilities
R0750	Provisions other than technical provisions
R0760	Pension benefit obligations
R0770	Deposits from reinsurers
R0780	Deferred tax liabilities
R0790	Derivatives
R0800	Debts owed to credit institutions
R0810	Financial liabilities other than debts owed to credit institutions
R0820	Insurance & intermediaries payables
R0830	Reinsurance payables
R0840	Payables (trade, not insurance)
R0850	Subordinated liabilities
R0860	<i>Subordinated liabilities not in BOF</i>
R0870	<i>Subordinated liabilities in BOF</i>
R0880	Any other liabilities, not elsewhere shown
R0900	Total liabilities
R1000	Excess of assets over liabilities

S.05.02.01

Premiums, claims and expenses by country

Non-life

	C0010	C0020	C0030	C0040	C0050	C0060	C0070
	Home Country	Top 5 countries (by amount of gross premiums written) - non-life obligations			Top 5 countries (by amount of gross premiums written) - non-life obligations		Total Top 5 and home country
	C0080	C0090	C0100	C0110	C0120	C0130	C0140
R0010							
	Premiums written						
R0110	2,663						2,663
R0120							0
R0130							0
R0140							0
R0200	2,663						2,663
	Premiums earned						
R0210	2,778						2,778
R0220							0
R0230							0
R0240							0
R0300	2,778						2,778
	Claims incurred						
R0310	1,906						1,906
R0320							0
R0330							0
R0340							0
R0400	1,906						1,906
	Changes in other technical provisions						
R0410	0						0
R0420							0
R0430							0
R0440							0
R0500	0						0
R0550	907						907
R1200							
R1300							907

S.19.01.21

Non-Life insurance claims

Total Non-life business

Z0020 Accident year / underwriting year

Gross Claims Paid (non-cumulative)														
(absolute amount)														
Year	C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0170	C0180	
	Development year										In Current year	Sum of years (cumulative)		
	0	1	2	3	4	5	6	7	8	9	10 & +			
R0100	Prior											0	0	
R0160	2012	0	0	0	0	0	0	0	0	0	0	0	0	
R0170	2013	0	0	0	0	0	0	0	0	0	0	0	0	
R0180	2014	0	0	0	0	0	0	0	0	0	0	0	0	
R0190	2015	0	259	0	0	0	0	0	0	0	0	0	259	
R0200	2016	2,686	312	0	0	0	0	0	0	0	0	0	2,998	
R0210	2017	2,880	262	0	0	0	0	0	0	0	0	0	3,141	
R0220	2018	2,750	245	0	0	0	0	0	0	0	0	0	2,996	
R0230	2019	2,621	231	0	0	0	0	0	0	0	0	0	2,852	
R0240	2020	1,511	180	0	0	0	0	0	0	0	0	180	1,692	
R0250	2021	1,742	0	0	0	0	0	0	0	0	0	1,742	1,742	
R0260												Total	1,922	15,680

Gross Undiscounted Best Estimate Claims Provisions														
(absolute amount)														
Year	C0200	C0210	C0220	C0230	C0240	C0250	C0260	C0270	C0280	C0290	C0300	C0360		
	Development year											Year end (discounted data)		
	0	1	2	3	4	5	6	7	8	9	10 & +			
R0100	Prior												0	
R0160	2012	0	0	0	0	0	0	0	0	0	0	0		
R0170	2013	0	0	0	0	0	0	0	0	0	0	0		
R0180	2014	0	0	0	0	0	0	0	0	0	0	0		
R0190	2015	0	0	0	0	0	0	0	0	0	0	0		
R0200	2016	0	0	0	0	0	0	0	0	0	0	0		
R0210	2017	0	0	0	0	0	0	0	0	0	0	0		
R0220	2018	0	0	0	0	0	0	0	0	0	0	0		
R0230	2019	0	0	0	0	0	0	0	0	0	0	0		
R0240	2020	0	0	0	0	0	0	0	0	0	0	0		
R0250	2021	180	0	0	0	0	0	0	0	0	0	180		
R0260													Total	180

S.23.01.01

Own Funds

Basic own funds before deduction for participations in other financial sector as foreseen in article 68 of Delegated Regulation 2015/35

R0010	Ordinary share capital (gross of own shares)
R0030	Share premium account related to ordinary share capital
R0040	Initial funds, members' contributions or the equivalent basic own-fund item for mutual and mutual-type undertakings
R0050	Subordinated mutual member accounts
R0070	Surplus funds
R0090	Preference shares
R0110	Share premium account related to preference shares
R0130	Reconciliation reserve
R0140	Subordinated liabilities
R0160	An amount equal to the value of net deferred tax assets
R0180	Other own fund items approved by the supervisory authority as basic own funds not specified above
R0220	Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds
R0230	Deductions for participations in financial and credit institutions
R0290	Total basic own funds after deductions

Ancillary own funds

R0300	Unpaid and uncalled ordinary share capital callable on demand
R0310	Unpaid and uncalled initial funds, members' contributions or the equivalent basic own fund item for mutual and mutual - type undertakings, callable on demand
R0320	Unpaid and uncalled preference shares callable on demand
R0330	A legally binding commitment to subscribe and pay for subordinated liabilities on demand
R0340	Letters of credit and guarantees under Article 96(2) of the Directive 2009/138/EC
R0350	Letters of credit and guarantees other than under Article 96(2) of the Directive 2009/138/EC
R0360	Supplementary members calls under first subparagraph of Article 96(3) of the Directive 2009/138/EC
R0370	Supplementary members calls - other than under first subparagraph of Article 96(3) of the Directive 2009/138/EC
R0390	Other ancillary own funds
R0400	Total ancillary own funds

Available and eligible own funds

R0500	Total available own funds to meet the SCR
R0510	Total available own funds to meet the MCR
R0540	Total eligible own funds to meet the SCR
R0550	Total eligible own funds to meet the MCR

R0580	SCR
R0600	MCR
R0620	Ratio of Eligible own funds to SCR
R0640	Ratio of Eligible own funds to MCR

Reconciliation reserve

R0700	Excess of assets over liabilities
R0710	Own shares (held directly and indirectly)
R0720	Foreseeable dividends, distributions and charges
R0730	Other basic own fund items
R0740	Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds
R0760	Reconciliation reserve

Expected profits

R0770	Expected profits included in future premiums (EPIFP) - Life business
R0780	Expected profits included in future premiums (EPIFP) - Non- life business
R0790	Total Expected profits included in future premiums (EPIFP)

Total	Tier 1 unrestricted	Tier 1 restricted	Tier 2	Tier 3
C0010	C0020	C0030	C0040	C0050
5,000	5,000		0	
0	0		0	
0	0		0	
0		0	0	0
0	0			
0		0	0	0
0		0	0	0
-1,348	-1,348			
0		0	0	0
0				0
0	0	0	0	0
0				
0				
3,652	3,652	0	0	0

0				
0				
0				
0				
0				
0				
0				
0				
0				
0				
0			0	0

3,652	3,652	0	0	0
3,652	3,652	0	0	
3,652	3,652	0	0	0
3,652	3,652	0	0	

687
2,112
531.76%
172.90%

C0060
3,652
0
5,000
-1,348

34
34

S.25.01.21

Solvency Capital Requirement - for undertakings on Standard Formula

	Gross solvency capital requirement	USP	Simplifications
	C0110	C0090	C0120
R0010 Market risk	195		
R0020 Counterparty default risk	179		
R0030 Life underwriting risk	0		
R0040 Health underwriting risk	441		
R0050 Non-life underwriting risk	0		
R0060 Diversification	-211		
R0070 Intangible asset risk	0		
R0100 Basic Solvency Capital Requirement	603		
Calculation of Solvency Capital Requirement			
R0130 Operational risk	83		
R0140 Loss-absorbing capacity of technical provisions	0		
R0150 Loss-absorbing capacity of deferred taxes	0		
R0160 Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC	0		
R0200 Solvency Capital Requirement excluding capital add-on	687		
R0210 Capital add-ons already set	0		
R0220 Solvency capital requirement	687		
Other information on SCR			
R0400 Capital requirement for duration-based equity risk sub-module	0		
R0410 Total amount of Notional Solvency Capital Requirements for remaining part	0		
R0420 Total amount of Notional Solvency Capital Requirements for ring fenced funds	0		
R0430 Total amount of Notional Solvency Capital Requirements for matching adjustment portfolios	0		
R0440 Diversification effects due to RFF nSCR aggregation for article 304	0		
Approach to tax rate			
R0590 Approach based on average tax rate	Not applicable		
Calculation of loss absorbing capacity of deferred taxes			
R0640 LAC DT			
R0650 LAC DT justified by reversion of deferred tax liabilities	0		
R0660 LAC DT justified by reference to probable future taxable economic profit	0		
R0670 LAC DT justified by carry back, current year	0		
R0680 LAC DT justified by carry back, future years	0		
R0690 Maximum LAC DT	0		

USP Key

For life underwriting risk:

- 1 - Increase in the amount of annuity benefits
- 9 - None

For health underwriting risk:

- 1 - Increase in the amount of annuity benefits
- 2 - Standard deviation for NSLT health premium risk
- 3 - Standard deviation for NSLT health gross premium risk
- 4 - Adjustment factor for non-proportional reinsurance
- 5 - Standard deviation for NSLT health reserve risk
- 9 - None

For non-life underwriting risk:

- 4 - Adjustment factor for non-proportional reinsurance
- 6 - Standard deviation for non-life premium risk
- 7 - Standard deviation for non-life gross premium risk
- 8 - Standard deviation for non-life reserve risk
- 9 - None

S.28.01.01

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

Linear formula component for non-life insurance and reinsurance obligations

R0010 MCR_{NL} Result

C0010

133

Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance) written premiums in the last 12 months
---	---

C0020

C0030

- R0020 Medical expense insurance and proportional reinsurance
- R0030 Income protection insurance and proportional reinsurance
- R0040 Workers' compensation insurance and proportional reinsurance
- R0050 Motor vehicle liability insurance and proportional reinsurance
- R0060 Other motor insurance and proportional reinsurance
- R0070 Marine, aviation and transport insurance and proportional reinsurance
- R0080 Fire and other damage to property insurance and proportional reinsurance
- R0090 General liability insurance and proportional reinsurance
- R0100 Credit and suretyship insurance and proportional reinsurance
- R0110 Legal expenses insurance and proportional reinsurance
- R0120 Assistance and proportional reinsurance
- R0130 Miscellaneous financial loss insurance and proportional reinsurance
- R0140 Non-proportional health reinsurance
- R0150 Non-proportional casualty reinsurance
- R0160 Non-proportional marine, aviation and transport reinsurance
- R0170 Non-proportional property reinsurance

C0020	C0030
177	2,663
0	
0	
0	
0	
0	
0	
0	
0	
0	
0	
0	
0	
0	
0	

Linear formula component for life insurance and reinsurance obligations

R0200 MCR_L Result

C0040

0

Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance/SPV) total capital at risk
---	--

C0050

C0060

- R0210 Obligations with profit participation - guaranteed benefits
- R0220 Obligations with profit participation - future discretionary benefits
- R0230 Index-linked and unit-linked insurance obligations
- R0240 Other life (re)insurance and health (re)insurance obligations
- R0250 Total capital at risk for all life (re)insurance obligations

Overall MCR calculation

- R0300 Linear MCR
- R0310 SCR
- R0320 MCR cap
- R0330 MCR floor
- R0340 Combined MCR
- R0350 Absolute floor of the MCR
- R0400 Minimum Capital Requirement

C0070

133
687
309
172
172
2,112
2,112

Exeter Friendly Society Limited

Solvency and Financial Condition Report

Disclosures

31 December

2021

(Monetary amounts in GBP thousands)

General information

Participating undertaking name	Exeter Friendly Society Limited
Group identification code	213800V19RLONY7XIL94
Type of code of group	LEI
Country of the group supervisor	GB
Language of reporting	en
Reporting reference date	31 December 2021
Currency used for reporting	GBP
Accounting standards	Local GAAP
Method of Calculation of the group SCR	Standard formula
Method of group solvency calculation	Method 1 is used exclusively
Matching adjustment	No use of matching adjustment
Volatility adjustment	No use of volatility adjustment
Transitional measure on the risk-free interest rate	No use of transitional measure on the risk-free interest rate
Transitional measure on technical provisions	No use of transitional measure on technical provisions

List of reported templates

- S.02.01.02 - Balance sheet
- S.05.01.02 - Premiums, claims and expenses by line of business
- S.05.01.02 - Premiums, claims and expenses by line of business
- S.05.02.01 - Premiums, claims and expenses by country
- S.05.02.01 - Premiums, claims and expenses by country
- S.23.01.22 - Own Funds
- S.25.01.22 - Solvency Capital Requirement - for groups on Standard Formula
- S.32.01.22 - Undertakings in the scope of the group

S.02.01.02
Balance sheet

Solvency II value	
C0010	
	0
	0
	2,200
	3,906
	124,003
	0
	0
	0
	0
	0
	50,554
	50,554
	0
	0
	0
	73,449
	0
	0
	0
	0
	0
	0
	0
	0
	0
	0
	0
	0
	-48,485
	0
	0
	0
	-48,485
	-50,514
	2,028
	0
	0
	3,606
	1,381
	368
	0
	0
	16,252
	0
	103,231

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

S.02.01.02
Balance sheet

Solvency II value	
C0010	
	8,350
R0510	0
R0520	0
R0530	0
R0540	0
R0550	0
R0560	8,350
R0570	0
R0580	7,701
R0590	650
R0600	-126,238
R0610	-125,150
R0620	0
R0630	-169,519
R0640	44,369
R0650	-1,088
R0660	0
R0670	-6,182
R0680	5,093
R0690	0
R0700	0
R0710	0
R0720	0
R0740	0
R0750	0
R0760	120
R0770	0
R0780	0
R0790	0
R0800	0
R0810	0
R0820	2,436
R0830	1,011
R0840	13,305
R0850	0
R0860	0
R0870	0
R0880	0
R0900	-101,017
R1000	204,247

Liabilities

R0510	Technical provisions - non-life
R0520	<i>Technical provisions - non-life (excluding health)</i>
R0530	<i>TP calculated as a whole</i>
R0540	<i>Best Estimate</i>
R0550	<i>Risk margin</i>
R0560	<i>Technical provisions - health (similar to non-life)</i>
R0570	<i>TP calculated as a whole</i>
R0580	<i>Best Estimate</i>
R0590	<i>Risk margin</i>
R0600	Technical provisions - life (excluding index-linked and unit-linked)
R0610	<i>Technical provisions - health (similar to life)</i>
R0620	<i>TP calculated as a whole</i>
R0630	<i>Best Estimate</i>
R0640	<i>Risk margin</i>
R0650	<i>Technical provisions - life (excluding health and index-linked and unit-linked)</i>
R0660	<i>TP calculated as a whole</i>
R0670	<i>Best Estimate</i>
R0680	<i>Risk margin</i>
R0690	Technical provisions - index-linked and unit-linked
R0700	<i>TP calculated as a whole</i>
R0710	<i>Best Estimate</i>
R0720	<i>Risk margin</i>
R0740	Contingent liabilities
R0750	Provisions other than technical provisions
R0760	Pension benefit obligations
R0770	Deposits from reinsurers
R0780	Deferred tax liabilities
R0790	Derivatives
R0800	Debts owed to credit institutions
R0810	Financial liabilities other than debts owed to credit institutions
R0820	Insurance & intermediaries payables
R0830	Reinsurance payables
R0840	Payables (trade, not insurance)
R0850	Subordinated liabilities
R0860	<i>Subordinated liabilities not in BOF</i>
R0870	<i>Subordinated liabilities in BOF</i>
R0880	Any other liabilities, not elsewhere shown
R0900	Total liabilities
R1000	Excess of assets over liabilities

S.23.01.22

Own Funds

Basic own funds before deduction for participations in other financial sector

Own funds when using the D&A, exclusively or in combination of method 1

R0450	Own funds aggregated when using the D&A and combination of method
R0460	Own funds aggregated when using the D&A and combination of method net of IGT
R0520	Total available own funds to meet the consolidated group SCR (excluding own funds from other financial sector and from the undertakings included via D&A)
R0530	Total available own funds to meet the minimum consolidated group SCR
R0560	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)
R0570	Total eligible own funds to meet the minimum consolidated group SCR (group)

R0610	Minimum consolidated Group SCR
R0650	Ratio of Eligible own funds to Minimum Consolidated Group SCR
R0660	Total eligible own funds to meet the group SCR (including own funds from other financial sector and from the undertakings included via D&A)
R0680	Group SCR
R0690	Ratio of Eligible own funds to group SCR including other financial sectors and the undertakings included via D&A

Reconciliation reserve

R0700	Excess of assets over liabilities
R0710	Own shares (held directly and indirectly)
R0720	Forseeable dividends, distributions and charges
R0730	Other basic own fund items
R0740	Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds
R0750	Other non available own funds
R0760	Reconciliation reserve

Expected profits

R0770	Expected profits included in future premiums (EPIFP) - Life business
R0780	Expected profits included in future premiums (EPIFP) - Non- life business
R0790	Total Expected profits included in future premiums (EPIFP)

Total	Tier 1 unrestricted	Tier 1 restricted	Tier 2	Tier 3
C0010	C0020	C0030	C0040	C0050
0				
0				
89,445	89,445	0	0	0
89,445	89,445	0	0	
89,445	89,445	0	0	0
89,445	89,445	0	0	
89,445				
100.00%				
89,445	89,445	0	0	0
89,445				
100.00%				
C0060				
204,247				
204,247				
114,802				
-114,802				
136,573				
742				
137,315				

S.32.01.22

Undertakings in the scope of the group

	Country	Identification code of the undertaking	Type of code of the ID of the undertaking	Legal Name of the undertaking	Type of undertaking	Legal form	Category (mutual/ non mutual)	Supervisory Authority
Row	C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080
1	GB	213800V19RLONY7XIL94	LEI	Exeter Friendly Society Limited	Composite undertaking	Friendly Society	Mutual	Prudential Regulation Authority
2	GB	213800TYI7ORV3TF7T41	LEI	The Exeter Cash Plan	Non life insurance undertaking	Unlimited Company	Non-mutual	Prudential Regulation Authority
3	GB	009567930	Specific code	Exeter Cash Plan Holdings Limited	Insurance holding company as defined in Article 212(1) (f) of Directive 2009/138/EC	Limited Company	Non-mutual	

S.32.01.22

Undertakings in the scope of the group

Country	Identification code of the undertaking	Type of code of the ID of the undertaking	Legal Name of the undertaking	Criteria of influence						Inclusion in the scope of Group supervision		Group solvency calculation	
				% 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	Date of decision if art. 214 is applied	Method used and under method 1, treatment of the undertaking	
C0010	C0020	C0030	C0040	C0180	C0190	C0200	C0210	C0220	C0230	C0240	C0250	C0260	
1	GB	213800V19RLONY7XIL94	LEI	Exeter Friendly Society Limited					Dominant		Included in the scope		Method 1: Full consolidation
2	GB	213800TYI7ORV3TF7T41	LEI	The Exeter Cash Plan	100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Full consolidation
3	GB	009567930	Specific code	Exeter Cash Plan Holdings Limited	100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Full consolidation