

MEDICASH HEALTH BENEFITS LIMITED  
SOLVENCY AND FINANCIAL CONDITION REPORT  
YEAR ENDED 31 DECEMBER 2020

## **Executive Summary**

Medicash Health Benefits Limited is the sole insurance entity within the Medicash Health and Wellbeing Group for which the Solvency II Directive is applicable. A high level summary of each section within this report has been provided below:

### **Section A – Business Overview and Performance**

Despite the Covid-19 pandemic there remains a strong demand for our products and services and we have continued to see growth in our corporate book of business, with premium income rising to £32.2m in 2020 (2019: £29.8m). Covid-19 caused a significant reduction in claims volumes during the year which resulted in a surplus on the technical account of £7.5m. The company invested heavily in its digital services during the year to ensure policyholders could continue to gain value from their cash plans when standard treatments were not easily accessible.

### **Section B – System of Governance**

The business maintains robust and effective systems of control to ensure strong governance is achieved. The Board ensures that decisions are made by considering the interests of policyholders first and foremost. There are clear lines of communication between the Directors and various stakeholders in the business to ensure that policyholders needs are appropriately considered when setting short- and long-term strategic objectives.

### **Section C – Risk Profile**

The board effectively manages the various risks the company faces to ensure opportunities that will enhance value for policyholders can be explored and taken forward.

### **Section D - Valuation for Solvency Purposes**

Assets have been valued in accordance with Article 75 of the Solvency II Directive with admissible assets totalling £46.9m in 2020 (2019: £40.6m). The calculation of the best estimate liabilities uses realistic assumptions based on actual claims and expense experience.

### **Section E - Capital Management**

The company remains in a strong financial position with funds in excess of the Solvency Capital Requirement totalling £16.6m in 2020 (2019: £12.6m).

## **Section A – Business Overview and Performance**

### **Business Overview**

Medicash Health Benefits Limited is a Company limited by guarantee (Company Number: 258025) and is incorporated in England. The address of the registered office is One Derby Square, Liverpool L2 1AB.

The external auditor for the annual report for the year ended 31 December 2020 was:

#### **Crowe U.K. LLP**

Chartered Accountant and Statutory Auditors

The Lexicon

Mount Street

Manchester

M2 5NT

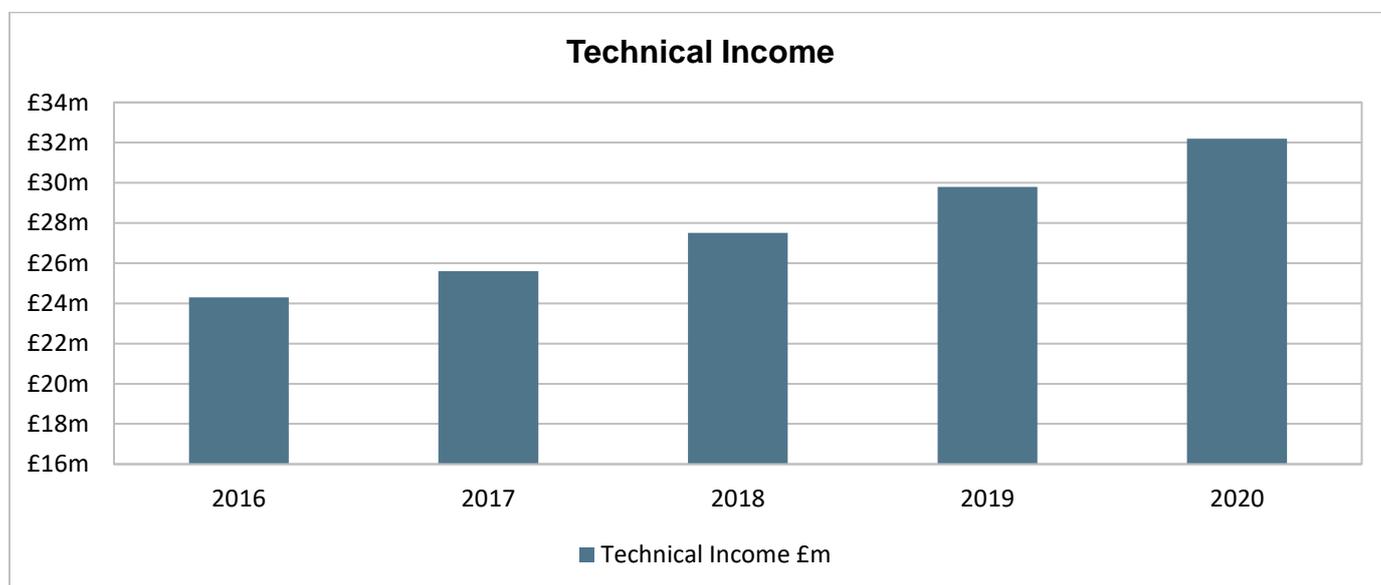
The principal activity of the business is the provision and underwriting of health cash plan insurance to policyholders, either direct to Individuals or provided as an Employer paid benefit across the UK. The Company's overriding objective is to provide sustainable health cash plans that are good value for money to both individuals and employers alike, assisting individuals with their everyday health costs and employers wanting to provide a low cost, highly appreciated benefit to their staff, thus resulting in reduced absence, improved morale and enhanced productivity of their employees.

The Company is classified as a category four firm by the PRA given its very little capacity to individually cause disruption to the UK financial system. The Company is also regulated by the Financial Conduct Authority as a category four firm.

**Underwriting Performance**

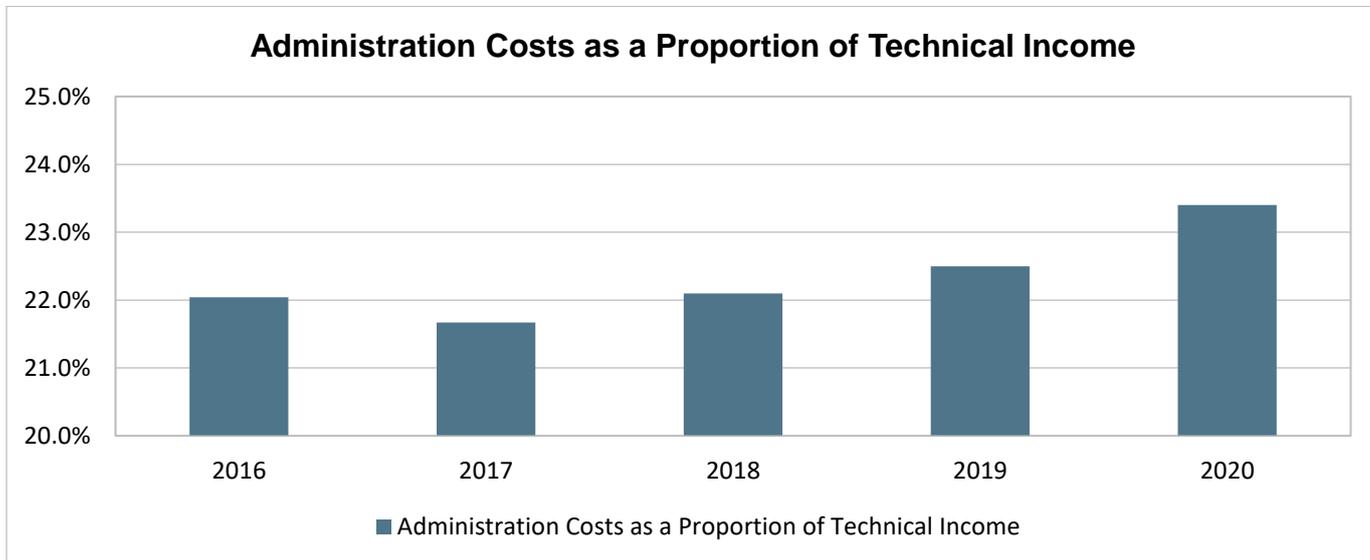
**Technical Income**

Despite the impact of Covid-19 there remains a healthy demand for employer funded cash plans and the Company has aligned its growth strategy to this trend by focusing its efforts on increasing its corporate policyholder base. The business prides itself on its digital proposition which allows policyholders to make claims, administer their policy and access of their ancillary benefits through the “My Medicash” App. During 2020 the business further enhanced its digital services with the launch of the mProve YOURSELF app. The app provides policyholders with a breadth of health and wellbeing content including fitness and yoga videos, guided meditations, mindfulness courses and guides for dealing with musculoskeletal issues. The Company also launched the SkinVision app during 2020 which allows corporate policyholders to check their moles and skin spots for signs of cancer. These two additions further enhanced our digital suite of benefits and allowed us to continue providing value to our policyholders at a time when standard treatments may not have been easily accessible. This ensured that Medicash continued to increase revenues despite the challenging market conditions, resulting in a net increase of 27,557 policies for the period. Technical Income for the previous five years has been shown below.

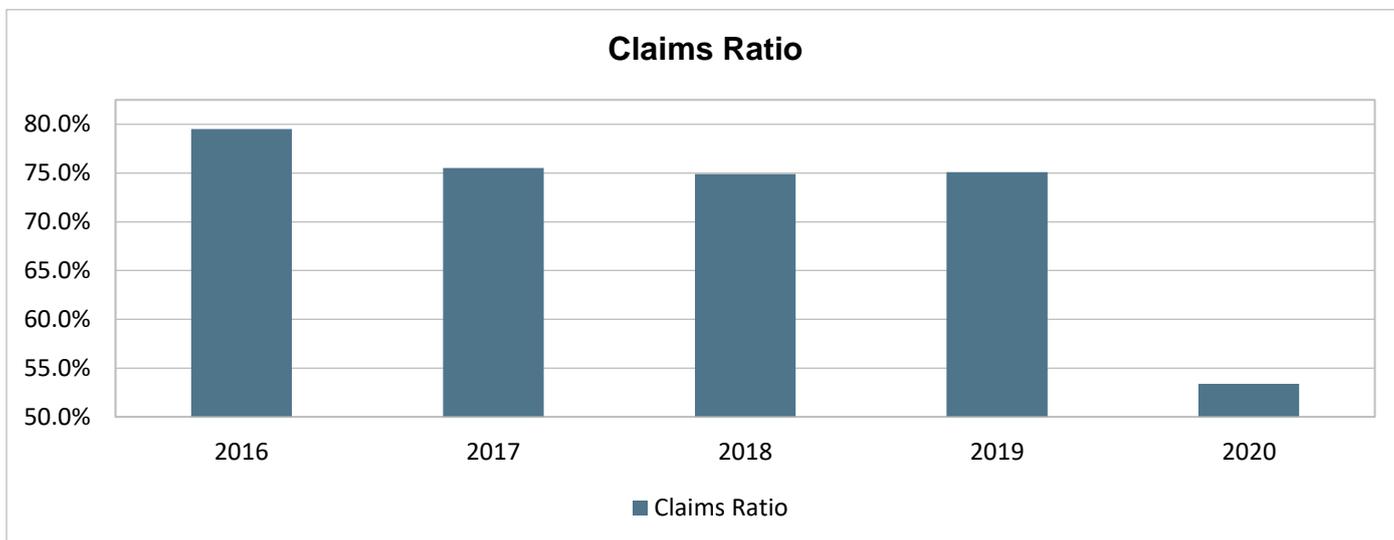


### Claims and Expenses

As a not for profit organisation the business applies an underwriting policy which aims to redistribute premium income through claims to policyholders while sufficiently covering operating expenses. The business continually invests in its IT infrastructure to increase productivity which allows allow it to keep operating costs as a proportion of premiums low, while maintaining high levels of customer service. The chart below shows the administration costs as a proportion of premium income for the previous five years:



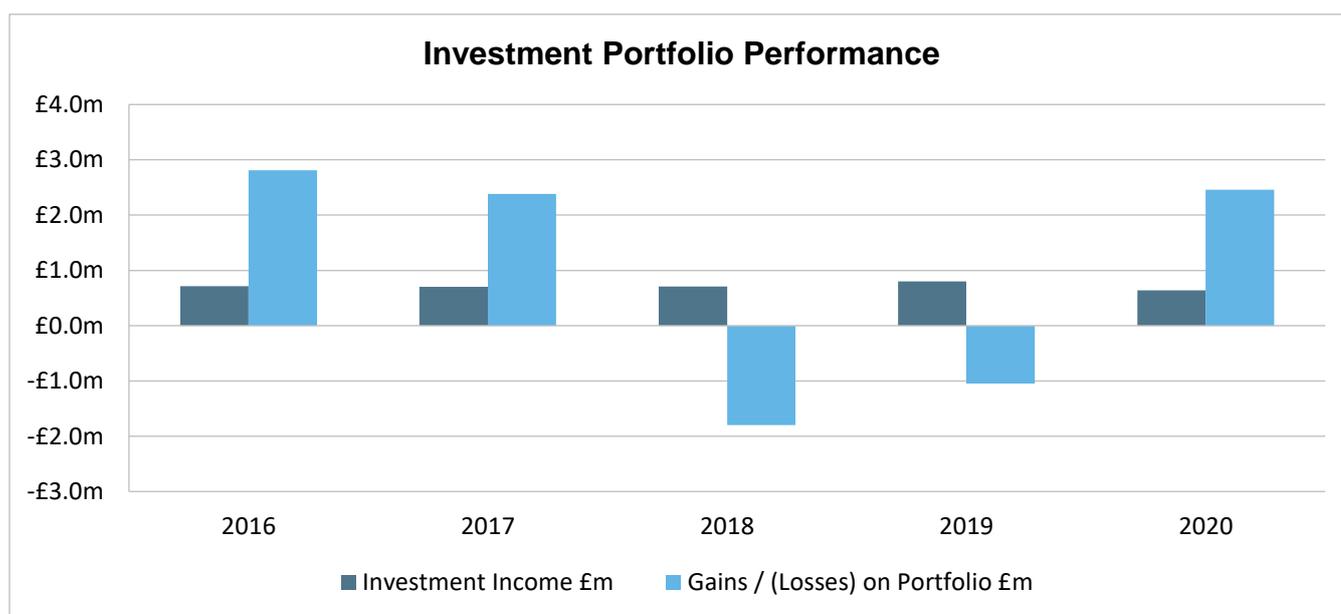
By maintaining a low operating expense ratio the company is able to pay a large portion of the premiums it receives back to policyholders through their claims. Claims in 2020 were negatively impacted by the Covid-19 pandemic as the chart below demonstrates:



The board is committed to growing the business in a sustainable way and aims to maintain a claims ratio between 75% and 76% each year and an operating expense ratio between 22% and 24%, leaving a small technical surplus. Since 2017 the board has elected to donate its entire technical surplus to its charitable foundation to assist health and wellbeing charities through grants. The Board do not believe this would be appropriate for the year ended December 2020 as we expect claims volumes to be proportionately higher over the next two financial years once policyholders are able to access treatments without any restriction. The company also invested heavily in its digital products during 2020 and expects to make additional investment in 2021 and beyond in order to deliver further value to policyholders. Given the uncertainty over future claim volumes and the desire to return any excess profit arising from Covid-19 back to policyholders through enhancement of services, the Board have elected to donate an amount equal to the average of the previous three years to The Medicash Foundation. This equates to a donation of £743,000 which will be made available to the Charity. In addition to this we will make a further donation of £150,000 in recognition of the companies 150th year meaning donations to the foundation will total £893,000 in 2021. The Board is delighted that charities within the North West will continue to benefit from the support of Medicash.

### **Investment Performance**

The Company holds a large investment portfolio with a carrying value of £35.5m as at the 31 December 2020. The gains / losses (realised and unrealised) and investment income earned for the previous five years is shown below:



### **Performance of other activities**

In the year to 31 December 2020, the following income was included in the Consolidated Income Statement for the Group:

Entity	2020 (£k)	2019 (£k)
Health @ Work Consultancy Services Limited	118	93
Medicash Health Benefits Services Limited	3	2
The Medicash Foundation	-	1

## **Section B – System of Governance**

The Company operates its system of governance within the following four groups:

- Board of Directors
- Risk Committee
- Audit & Compliance Committee
- Nomination Committee
- Remuneration Committee

The key business functions performed within each group are detailed in the diagram below:



## **Board of Directors**

Members of the Board of Directors are listed below:

J Brown	Chairman & Non-Executive Director
S Weir	Chief Executive
J Ellis	Non-Executive Director
F Field	Non-Executive Director
R Hodson	Non-Executive Director
W Tubey	Non-Executive Director
P Gambon	Sales & Marketing Director
A Roberts	Finance & IT Director

The Risk Committee and Audit & Compliance Committee report directly to the Board of Directors. The key business functions performed by the Board of Directors are as follows:

### **Strategy and Risk Appetite**

The Board of Directors are responsible for setting the strategy and risk appetite of the business. In determining these factors the board will draw on the following information:

- Results of ORSA
- Findings of the Risk Committee
- Findings of the Audit and Compliance Committee
- Findings of the Chief Actuary

Strategy and risk appetite are updated by the board annually and communicated to the Audit & Compliance and Risk Committees so that the activities and areas of focus for each subcommittee can be appropriately tailored for the following 12 months. The Board of Directors reviews the work performed by the subcommittees throughout the year and considers all issues escalated for consideration, providing guidance where necessary.

### **Actuarial Function**

Responsibility for the Actuarial function is held by the Chief Executive with assistance provided by a third party actuary where deemed appropriate. Third party actuarial services are sought for assistance in the following areas:

- Appropriateness of Technical Provisions under Solvency II
- Appropriateness of assumptions used in calculating the Solvency Capital Requirement (SCR) and Minimal Capital Requirement (MCR)
- Assistance in populating the Quantitative Reporting Templates (QRT's) for Solvency II reporting.
- Preparation of sections D and E of the Solvency and Financial Condition Report

## **Own Risk and Solvency Assessment (ORSA)**

The Board of Directors periodically reviews and updates its Own Risk Solvency Assessment (ORSA) to determine whether sufficient levels of capital are held in light of the risks to which the business is exposed. A number of stress tests are performed to ensure adequacy of capital levels under certain scenarios.

The key inputs used to formulate the ORSA are as follows:

- Three year financial forecasts
- Annual operating plan / budget
- Strategic vision
- Standard Formulae – Solvency Capital Requirement (“SCR”)
- Risk Management Framework – including Risk Appetite Policy and Risk Registers
- Data Quality Policy

## **Outsourcing**

The Board of Directors is responsible for entering into outsourcing arrangements which would be classified as a material business activity. Due diligence is carried out prior to any outsourcing agreement being signed and all risks are considered in detail.

The only material business activity which is outsourced is the management of the Company’s investment portfolio which is managed on a discretionary basis by an external investment manager, Rathbone Investment Management Limited. Rathbone has the authority to make the day to day investment decisions whilst operating within approved investment guidelines set by the Board.

Performance of outsourced activities are reviewed by the Board of Directors annually.

## **Audit and Compliance Committee**

Members of the Audit and Compliance Committee are listed below:

J Ellis	Chair & Non-Executive Director
R Hodson	Non-Executive Director
J Brown	Non-Executive Director

The key business functions performed by the Audit and Compliance Committee are described below:

## **Compliance Function**

The Audit and Compliance committee is responsible for ensuring the business appropriately manages its regulatory risk and complies with all regulations which fall within the scope of the Company’s activities.

## **Internal Control System**

The Audit and Compliance Committee has the ultimate responsibility for ensuring the Internal Control System operated by the Company is adequate and effective. To do this the Audit and Compliance Committee uses the following key inputs in assessing appropriates of the control system:

- Results of the ORSA
- Findings of the Internal Audit function
- Findings of the Risk Committee
- Legal and Regulatory requirements

## **Fit and Proper Requirements**

The Audit and Compliance Committee ensures adherence to “Fit and Proper” standards required by the PRA and FCA when appointing controlled function holders and all requirements falling within the Senior Manager & Certification Regime (SM&CR).

If the role being recruited falls within the scope of the SM&CR then the Chief Executive will ensure the individual meets Fit and Proper requirements. This includes an assessment of the individual’s personal characteristics as well as ensuring they have sufficient technical competencies, experience, training and qualifications to fulfil the role.

All individuals falling within the scope of the SM&CR are reminded annually of their duty to adhere to Fit and Proper requirements and independent checks are performed annually.

## **Statutory Reporting & Internal Audit**

The Audit and Compliance Committee assists the Board of Directors in ensuring the integrity of the Company’s financial statements. The Audit and Compliance Committee also assists the Risk Committee in directing focus of Internal Audit activities and reviewing results of work performed to ensure business risks are sufficiently mitigated.

## **Risk Committee**

Named members of the Risk Committee are listed below:

J Ellis	Chair & Non-Executive Director
Paul Gambon	Sales Director
Andrew Roberts	Finance Director

The Risk Committee also includes the following business unit leaders:

Head of Operations  
 Head of I.T.  
 Finance Manager

The key business functions performed by the Risk Committee are as follows

**Risk Registers**

A Company Risk Register is maintained for all areas of the business including Operations, Finance, IT and Sales & Marketing. The Risk Committee considers all risks identified and determines effectiveness of mitigating actions proposed. Significant risks are communicated to the Audit and Compliance Committee and the Board of Directors where appropriate. The Risk Registers are also used to determine areas of focus for the Internal Audit function

**Internal Audit**

The Risk Group Committee agrees an audit testing plan at the beginning of each year and this is implemented by the Internal Audit Team. A separate audit schedule is prepared for IT controls and data processing in line with ISO 27001 guidance. The results of both the Internal Audit and IT Internal Audit activities are presented to the Risk Group Committee at each meeting with any remedial actions agreed by the Group. Significant risks and the relevant tests carried out during the year are communicated to the Audit Committee who also assist in determining areas of focus and agreeing mitigating actions.

**Remuneration Committee**

Members of the Remuneration Committee are listed below:

J Ellis	Chair & Non-Executive Director
Sue Weir	Chief Executive
J Brown	Non-Executive Director
W Tubey	Non-Executive Director

The Remuneration Committee is responsible for determining salaries and other benefits provided to the Executive team and agreeing annual pay increase rates for all employees of the firm.

The Sales Director receives a bonus based on the sales performance of the Company throughout the financial year and is agreed by the Remuneration Committee annually. Performance related bonuses are offered to employees of the firm and agreed by the Executive Directors annually.

**Nomination Committee**

Members of the Nomination Committee are listed below:

J Brown	Chair & Non-Executive Director
Sue Weir	Chief Executive
J Ellis	Non-Executive Director
R Hodson	Non-Executive Director

The Nomination Committee is responsible for ensuring the Board has the necessary knowledge and skills to achieve the company’s objectives. The Nomination Committee makes recommendations to the board on Executive and Non Executive appointments and is responsible for maintaining an effective succession plan. The Committee ensures recruitment decisions are aligned to the long term strategy of the company.

## **Section C – Risk Profile**

The Company is exposed to the following risks:

### **a) Insurance Risk**

The risk associated with the insurance contracts is that the claims allowable under the terms of the contract exceed the premiums received.

When creating bespoke plans for corporate customers an assessment is made as to future expected claims. Where historical claims data is made available to the Company the level of risk is reduced significantly. The key consideration when writing such business is to assess the potential for a change in the number of lives covered for that particular customer and how that might affect future claims behaviour.

Where no historical claims data is available the Company is exposed to a higher degree of risk. While large corporate contracts with no previous claims data present the potential for material losses to be realised, experience shows that the larger the number of lives covered the lesser the degree of variation from standard claim statistics. Customers with a smaller membership base therefore carry a higher degree of risk of claims being outside standard statistics however any such instances would not be of a material nature. The industry the customer operates in is a key factor when writing bespoke business for customers with no claims data.

Corporate contracts of a material nature are always assessed individually and are not written onto the standard corporate cash plans. All corporate contracts are reviewed on an annual basis with adjustments made to premiums where necessary at renewal.

Business for individual customers is underwritten on a community pricing basis whereby premiums are consistent for all policyholders and the performance of the book of business is assessed as a whole. The risk of claims exceeding premiums on an individual basis is therefore offset by continuous monitoring of performance of the entire book. Where claims across the book of business begin to exceed the required threshold, premiums or plan benefits are adjusted for all lives covered on that particular cash plan. No loss on an individual contract could be of a material nature.

#### **i. Frequency and severity of claims**

Claims from cash plans are typically high frequency and low severity. Claims from an individual policyholder tend to be higher frequency in the first few months of their benefit year. As the policyholders remaining allowance reduces the frequency of claims reduces. A small increase in claims frequency in the last month of the policyholders benefit year before their allowances are reset is also common.

## ii. Sources of uncertainty in the estimation of future claim payments

The adjustment made to the provision for outstanding claims in respect of new business written during the year assumes that the claims behaviour of new customers will be consistent with existing customers. In order to ensure the suitability of this assumption a historical trend analysis is performed to identify claim patterns over a number of years. Any significant variations are investigated thoroughly by management with further amendments made to provisions where necessary.

## iii. Process used to decide on assumptions

The assumptions used in calculating the provision for outstanding claims are reviewed by a third-party actuary. The actual value of claims received after the year end is also analysed against the provision held at the year end date to ensure the assumptions continue to be appropriate.

## iv. Sensitivity analysis

The following variances have been calculated when comparing the prior year provision with claims received post year end for the previous five years:

	Claims Provision	Claims received post year end	Over / (Under) Provision	Over / (Under) Provision
	£'000	£'000	£'000	%
Year ending 31 December 2019	1,778	1,616	162	9.1%
Year ending 31 December 2018	1,727	1,636	91	5.2%
Year ending 31 December 2017	1,743	1,597	146	8.4%
Year ending 31 December 2016	1,805	1,607	198	11.0%
Year ending 31 December 2015	1,772	1,697	75	4.2%

The maximum variance between the year end claims provision and the actual value of claims received post year end in the previous 5 years has been 11%. An under or over provision of the same value in the current year would equate to an impact of £208,000 on the profit before tax figure. If the value of claim processing costs included within the year end provision were 5% higher/lower this would equate to an under/over provision of £3,000.

**b) Financial & Market Risks**

The Company holds a significant investment portfolio and is therefore subject to a level of market risk (including interest rate risk, equity price risk and currency risk) associated with its portfolio and investment income. The Company also holds time deposits, cash and trade receivables which are exposed to both credit and liquidity risk.

**i. Interest rate risk**

Interest rate risk arises primarily from investments in fixed interest securities and amounts held on deposit. If the interest rates had increased/decreased by 100 basis points, then the profit for the year would increase/decrease by £23,000.

**ii. Equity price risk**

The Company is exposed to equity securities price risk as a result of its holding in equity investments, classified as financial assets at fair value through profit or loss. The portfolio of equity investments is managed on a discretionary basis by an external investment manager, Rathbone Investment Management Limited, which has the authority to make the day to day investment decisions whilst operating within approved investment guidelines as set by the Board of Directors. The Company mitigates the equity price risk by monitoring the performance of each asset class within the portfolio, against the most suitable index comparators as shown below, and ensures the board approved investment guidelines are adhered to.

Asset class	Benchmark Index
UK equity shares	UK FTSE All Share
Overseas equity shares	FT/SP World (Exc UK)

If equity market indices were to increase/decrease by 20%, with all other variables held constant, and all the Company's equity investments moved according to the historical correlation with the index, the profit for the year would increase/decrease by £6.4m based on equities held at 31 December 2020.

**iii. Currency risk**

The Company is exposed to foreign exchange risk as a result of its holdings in equity and debt securities which are not in the entity's functional currency. If the pound had weakened/strengthened by 20% against the US Dollar with all other variables held constant then the profit before tax would have been £1.43m higher/lower. If the pound had weakened/strengthened by 20% against the Euro and Swiss Franc with all other variables held constant then the profit before tax would have been £295,000 higher/lower.

**iv. Credit risk**

Credit risk is the risk that a counterparty will be unable to pay amounts in full when due. The key areas where the Company is exposed to credit risk are:

- amounts held in time deposits and cash
- amounts due from insurance contract holders

The Company manages such risk associated with time deposits and cash through its treasury policy, and considers the risks associated with trade receivables to be minimal, given the exposure is spread thinly over a large number of customers and the quality of its credit control procedures.

**v. Liquidity risk**

Liquidity risk is the risk that cash may not be available to pay obligations when due at a reasonable cost. The primary liquidity risk to the Company is the obligation to pay claims to policy holders as they fall due. The Company considers this risk to be minimal given the low volatility in the frequency and value of the claims it receives. The Company holds considerable cash to meet its obligation to pay claims and has significant investments in equity shares which could be sold immediately if required.

The majority of the provision for claims outstanding is released with 6 months of the year end date as this is the time limit for claims to be submitted. In exceptional circumstances the Company will pay claims outside of the 6 months limit however the value of such claims would not be material. The entire year end creditor balance is payable within 6 months.

**c) Operational Risks**

The business is exposed to the following Operational risks:

**i. Maintaining viable and competitively priced products**

The Company operates in a highly competitive market, particularly around price, service and product. This can create a downward pressure on margins and coupled with the risk that we will not meet policyholders', employers' and intermediaries' expectations. In order to mitigate this risk, we monitor market prices and maintain minimum margin requirements across our product range. Furthermore, we undertake routine market research to understand our customers' expectations and whether their needs are being met.

**ii. Reliance on key employees**

The Company's performance depends largely on its staff. The resignation of key individuals and the inability to recruit people with the right experience and skills from the local community, could adversely impact the Company's results. To mitigate these issues, the Company periodically benchmarks its remuneration packages to ensure it remains competitive in the market for talent.

**iii. Reliance on Key Partners**

The Company's performance depends largely on its outsourced service providers and intermediaries. The Company is exposed to potential service disruption of elements of its product offering, in the event of business failure of an outsourced service provider. The Company mitigates this risk through effective supplier selection and procurement practices supplemented by appropriate insurance coverage.

The Company is also exposed to an increased risk of churn where the policyholders have been introduced by intermediaries. To mitigate the risk of increased churn the Company pays competitive commissions on renewal business and provides a dedicated support team to the employers and intermediaries.

**iv. Data Protection & Cyber Security**

The protection of personal data is fundamental to the Company's performance. The Company is, like any business, at risk of potential data protection breaches that could lead to loss of customers and regulatory fines. The Company mitigates this risk through training of its staff, best practice recruitment referencing and robust physical and IT security controls over personal data, supplier selection and procurement practices. This is evident through the ISO 27001 accreditation which the Company holds. The Company also holds a comprehensive Cyber Security insurance policy.

**v. Business Continuity**

In the event of a scenario resulting in the Company's inability to provide its services from its head office, the ability to respond within 24 hours to ensure the Company can continue to provide its services is critical to maintaining excellent customer service. In order to mitigate this risk, the Company has a documented disaster recovery procedure. All staff except for the printing and dispatch team are able to work remotely. The company has access to printing facilities at a third-party site with the appropriate number of desks for the printing and dispatch team in the event the office could not be accessed.

## **Section D - Valuation for Solvency Purposes**

### **Assets**

Assets have been valued in accordance with Article 75 of the Solvency II Directive which requires that the assets are valued at the amount for which they could be exchanged between knowledgeable willing parties in an arms' length transaction.

The value of the assets is shown in the following table:

<b>Value of the assets (£000)</b>	<b>31 December 2020</b>	<b>31 December 2019</b>
Gilts	1,824	1,186
Other fixed interest	2,980	2,627
Equity & Collectives	32,687	26,847
Property	103	139
Cash and deposits	6,775	5,988
Commercial mortgages	-	-
Loans	-	-
Other assets	785	788
Pension scheme surplus	1,755	3,040
Total admissible assets	46,908	40,613

The listed investments are included at market value.

The total value of investments shown includes a £1,986,000 investment in Medicash Health Benefits (Services) Limited.

The total value of investments includes a £32,000 investment in the British Health Care Association, which is not listed. The value calculated in the financial statements has been used.

Cash and deposits are valued at face value.

The pension scheme surplus is shown at the value calculated in the financial statements.

Other assets are shown at the value calculated in the financial statements.

There are no listed investments which are not held on an active regulated market.

There are no leasing arrangements or material deferred tax assets.

There are no related undertakings falling within the scope of Solvency II, however the financial statements of the Company include the results of the following three entities:

- I. Medicash Health Benefits (Services) Limited – a company that supports the CardiACT scheme which aims to increase the number of defibrillators in city centres across the North West.
- II. The Medicash Foundation - a registered charity.
- III. Health @ Work Consultancy Services Limited - a provider of health, wellbeing and safety training and the proprietor of the Workplace Wellbeing Charter accreditation scheme.

There has been no significant exercise of judgement in arriving at the values shown.

The only intangible assets relate to software and licenses and amount to £1,124,000.

The total assets are the same as the total value shown in the financial statements apart from the following differences:

- I. Exclusion of intangible assets totalling £1,124,000 as per Solvency II requirements
- II. Exclusion of certain prepayments not eligible for solvency purposes totalling £342,000
- III. Reduction in investments values of £2,000 due to a slight difference in portfolio valuations used for Solvency II reporting. The variance is less than 0.01% of the value of investments.

### Technical Provisions

The following table summarises the technical provisions:

<b>Technical provisions (£000)</b>	<b>31 December 2020</b>	<b>31 December 2019</b>
Premiums provision	904	860
Claims provision	1,891	1,778
Total best estimate liabilities	2,795	2,639
Risk margin	486	442
Total technical provisions	3,281	3,081

### Methodology

The components of the best estimate liabilities have been calculated as follows:

- I. A 'premiums provision' representing the total amount of claims and expenses expected to be incurred in future periods by the amount of unearned premiums at the valuation date.
- II. A 'claims provision' representing the best estimate of claims and expenses that have already been incurred at the valuation date. This includes claims which have been reported at the valuation date but not yet settled, and also claims that have been incurred at the valuation date but not yet reported.

### Premiums provision

The premiums provision is calculated by applying the average claims ratio experienced by Medicash to the amount of unearned premiums at the valuation date. This assumes that all of the contracts represented by the unearned premium will remain in force for the periods covered by premiums paid in advance which, on average, is half a month since the majority of contracts are renewable monthly.

An additional amount is added to the premiums provision to allow for the expenses associated with the premiums provision. This is calculated by applying the average expenses ratio to the amount of unearned premiums.

The calculation of the premiums provision is equal to the unearned premium reserve shown in the financial statements multiplied by the sum of the average claims ratio and the average expense ratio. As these are generally close to 100% the calculated premiums provision for SII purposes is taken to be the unearned premium reserve shown in the financial statements, unadjusted.

The calculation of the premiums provision is reviewed on an annual basis and will be changed as considered necessary.

### Claims provision

The claims provision is usually based on historical claims rate information adjusted for changes in volumes of business written during the year. Given the short tail nature of liabilities, discounting is not considered necessary as all claims are expected to be settled within 26 weeks of the treatment date.

A provision for claims expenses is made which is an estimate of the costs of handling the incurred claims represented by the claims provision. This is based on recent actual costs of the claims handling department.

The calculation of the claims provision is reviewed on an annual basis and will be changed as considered necessary.

The 2020 claims provision has been difficult to calculate using historical methods due to the impact of Covid-19 on claims volumes throughout the year. Adjustments have therefore been made to reflect the ongoing impact of the pandemic on future claims costs. The adjustments were calculated at a granular level, taking into account both the type of claim and the profile of the claimants.

### Risk margin

The risk margin is calculated for the business as a whole. It represents the cost of providing the Solvency Capital Requirement ("SCR") excluding diversifiable market risk for the run-off of the business using the required cost of capital rate of 6%. There is no requirement to split the risk margin by line of business as there is only one type of business written.

The value of the risk margin is calculated using the simplified assumption that the amount of the SCR excluding diversifiable market risk will reduce in line with the run-off of the best estimate liabilities. As the business written by the Company has an extremely short duration this calculation simplifies to a projection of one year. The projected value is then discounted using the appropriate rate from the risk-free yield curve.

### **Assumptions**

The calculation of the best estimate liabilities uses realistic assumptions based on actual claims and expense experience.

## **Other information**

With any modelling exercise there will be an underlying level of uncertainty present. Uncertainty arises primarily from the data being used, the choice of assumptions, and from the choice of model.

The data used has been checked to mitigate the risk that errors may materially affect the valuation result. Data is also reviewed over time to check for consistency between different time periods.

Assumptions may be demographic or economic and are set using historical experience and the current market environment and expectations. Actual and emerging experience is reviewed against expectations at least annually and more frequently if necessary. The results of these analyses are fed into the assumption setting process for the valuation.

The model used is tested to mitigate the risk that errors may materially affect the valuation. The choice of model is made so as to comply with the regulations whilst ensuring an efficient process and some simplifications may be necessary to achieve this.

There are no differences between the valuation for solvency purposes and the values that are shown in the financial statements other than the inclusion of the risk margin of £486,000 in the valuation for solvency purposes.

No use has been made of either a matching adjustment or volatility adjustment.

No use has been made of the transitional provisions for risk-free interest rates.

No use has been made of transitional deductions from technical provisions.

There are no reinsurance arrangements in force.

## **Other liabilities**

The Company has current liabilities of £3,667,000. These consist of creditors, including taxation and social security, plus accruals and deferred tax. The largest creditor relates to amounts owed to Medicash Health Benefits (Services) Limited of £1,293,000. The value used for valuation purposes is the same as that shown in the financial statements.

## **Alternative methods for valuation**

No alternative valuation methods have been employed.

## **Any other information**

No other material information is supplied.

## **Section E - Capital Management**

### **Own Funds**

The Company's business strategy is fully reviewed and re-defined on a three-yearly basis. One of the key inputs of the business strategy review is the ORSA which is discussed in section B of this report.

The Company is a non-life health cash plan provider whose own funds are made up entirely of retained profits from policyholders which have arisen from historical underwriting and investment surpluses. All capital is Tier 1 and there are no restrictions on the Company's own funds to support the MCR or SCR. There have been no significant changes in own funds over the reporting period. Medicash's own funds are shown in the following table:

<b>Own funds (£000)</b>	<b>31 December 2020</b>	<b>31 December 2019</b>
Total admissible assets	46,908	40,613
Technical provisions	3,281	3,081
Other liabilities	3,667	4,406
Total liabilities	6,948	7,486
Own funds	39,961	33,127

There are no restrictions on the use of own funds.

The main reason for the increase in Own Funds over 2020 is reduced claims volumes as a result of the Covid-19 pandemic.

There are no material differences between the equity in the Company's financial statements and the free capital for solvency purposes other than:

- I. the £1,468,000 shown in the financial statements for intangible assets and certain prepayments (and minor valuation differences),
- II. the risk margin of £486,000.

There are no items of own funds subject to a transitional arrangement.

There are no items of ancillary own funds.

There are no deductions from own funds and no restrictions on availability and transferability.

### **Solvency Capital Requirement and Minimum Capital Requirement**

The Company uses the Standard Formula to calculate its Solvency Capital Requirement ("SCR").

The SCR at 31 December 2020 was £23,347,000 (2019: £20,582,000). This figure is subject to supervisory assessment.

The SCR split by risk module is shown in the following table:

<b>£000</b>	<b>31 December 2020</b>	<b>31 December 2019</b>
Market risk	19,318	16,785
Counterparty default risk	585	697
Health underwriting risk	7,126	6,524
Diversification benefit	(4,649)	(4,317)
Basic SCR	22,380	19,689
Operational risk	967	893
Solvency Capital Requirement	23,347	20,582

The Company's surplus funds after capital requirements are shown in the following table:

	<b>31 December 2020</b>	<b>31 December 2019</b>
Own funds	39,961	33,127
Solvency Capital Requirement	23,347	20,582
Surplus funds	16,613	12,545

The Company has not adopted any of the Standard Formula simplifications set out in the Delegated Act for the SCR calculation and does not use any undertaking-specific parameters.

The Minimum Capital Requirement ("MCR") is the minimum amount of capital that an insurer must hold. The MCR is calculated using a linear formula and must lie between 25% and 45% of the SCR after management actions have been allowed for. It has an 'absolute floor' of €2.5m. The Company's MCR is calculated as 25% of the SCR which equates to £5,837,000 at the reporting date.

#### **Use of the duration-based equity risk sub-module in the calculation of the Solvency Capital Requirement**

The Company does not use the duration-based equity risk sub-module in the calculation of the SCR.

#### **Differences between the standard formula and any internal model used**

The Company does not use an internal model.

#### **Non-compliance with the Minimum Capital Requirement and non-compliance with the Solvency Capital Requirement**

The Company has complied with the SCR and the MCR throughout the reporting period.

**Any other information**

The pension scheme surplus has been calculated in accordance with FRS 102 accounting standards. There are no restrictions on the pension surplus.

There are no restrictions on the transferability of investments in subsidiaries to the Company.

	<b>S.02.01.02</b>	
	<b>Balance sheet</b>	
		<b>Solvency II value</b>
	<b>Assets</b>	C0010
R0010	Goodwill	
R0020	Deferred acquisition costs	
R0030	Intangible assets	
R0040	Deferred tax assets	
R0050	Pension benefit surplus	1,755,000.00
R0060	Property, plant & equipment held for own use	0.00
R0070	Investments (other than assets held for index-linked and unit-linked contracts)	37,490,138.95
R0080	<i>Property (other than for own use)</i>	0.00
R0090	<i>Holdings in related undertakings, including participations</i>	1,986,239.85
R0100	<i>Equities</i>	19,322,012.66
R0110	<i>Equities - listed</i>	19,289,624.42
R0120	<i>Equities - unlisted</i>	32,388.24
R0130	<i>Bonds</i>	4,803,504.73
R0140	<i>Government Bonds</i>	1,823,851.74
R0150	<i>Corporate Bonds</i>	2,979,652.99
R0160	<i>Structured notes</i>	0.00
R0170	<i>Collateralised securities</i>	0.00
R0180	<i>Collective Investments Undertakings</i>	11,378,381.71
R0190	<i>Derivatives</i>	
R0200	<i>Deposits other than cash equivalents</i>	0.00
R0210	<i>Other investments</i>	0.00
R0220	Assets held for index-linked and unit-linked contracts	
R0230	Loans and mortgages	0.00
R0240	<i>Loans on policies</i>	0.00
R0250	<i>Loans and mortgages to individuals</i>	
R0260	<i>Other loans and mortgages</i>	
R0270	Reinsurance recoverables from:	0.00
R0280	<i>Non-life and health similar to non-life</i>	0.00
R0290	<i>Non-life excluding health</i>	0.00
R0300	<i>Health similar to non-life</i>	0.00
R0310	<i>Life and health similar to life, excluding index-linked and unit-linked</i>	0.00
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	0.00
R0360	Insurance and intermediaries receivables	743,184.00
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	0.00
R0410	Cash and cash equivalents	6,774,783.83
R0420	Any other assets, not elsewhere shown	41,939.26
R0500	<b>Total assets</b>	<b>46,805,046.04</b>

		<b>Solvency II value</b>
	<b>Liabilities</b>	C0010
R0510	Technical provisions - non-life	3,281,031.73
R0520	<i>Technical provisions - non-life (excluding health)</i>	0.00
R0530	<i>TP calculated as a whole</i>	0.00
R0540	<i>Best Estimate</i>	0.00
R0550	<i>Risk margin</i>	0.00
R0560	<i>Technical provisions - health (similar to non-life)</i>	3,281,031.73
R0570	<i>TP calculated as a whole</i>	0.00
R0580	<i>Best Estimate</i>	2,794,892.00
R0590	<i>Risk margin</i>	486,139.73
R0600	Technical provisions - life (excluding index-linked and unit-linked)	0.00
R0610	<i>Technical provisions - health (similar to life)</i>	0.00
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>	0.00
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	0.00
R0700	<i>TP calculated as a whole</i>	
R0710	<i>Best Estimate</i>	
R0720	<i>Risk margin</i>	
R0730	Other technical provisions	
R0740	Contingent liabilities	
R0750	Provisions other than technical provisions	264,835.00
R0760	Pension benefit obligations	
R0770	Deposits from reinsurers	
R0780	Deferred tax liabilities	281,644.00
R0790	Derivatives	
R0800	Debts owed to credit institutions	1,292,892.00
R0810	Financial liabilities other than debts owed to credit institutions	
R0820	Insurance & intermediaries payables	
R0830	Reinsurance payables	
R0840	Payables (trade, not insurance)	40,601.00
R0850	Subordinated liabilities	0.00
R0860	<i>Subordinated liabilities not in BOF</i>	
R0870	<i>Subordinated liabilities in BOF</i>	0.00
R0880	Any other liabilities, not elsewhere shown	1,786,638.16
R0900	<b>Total liabilities</b>	<b>6,947,641.89</b>
R1000	<b>Excess of assets over liabilities</b>	<b>39,857,404.15</b>

<b>S.05.01.02</b>			
<b>Premiums, claims and expenses by line of business</b>			
	<b>Non-life</b>	<b>Line of Business for: non-life insurance and reinsurance obligations (direct</b>	<b>Total</b>
		<b>Medical expense insurance</b>	
		C0010	C0200
	<b>Premiums written</b>		
R0110	<i>Gross - Direct Business</i>	32,282,366.83	32,282,366.83
R0120	<i>Gross - Proportional reinsurance accepted</i>		0.00
R0130	<i>Gross - Non-proportional reinsurance accepted</i>		0.00
R0140	<i>Reinsurers' share</i>		0.00
R0200	<b>Net</b>	32,282,366.83	32,282,366.83
	<b>Premiums earned</b>		
R0210	<i>Gross - Direct Business</i>	32,238,939.46	32,238,939.46
R0220	<i>Gross - Proportional reinsurance accepted</i>		0.00
R0230	<i>Gross - Non-proportional reinsurance accepted</i>		0.00
R0240	<i>Reinsurers' share</i>		0.00
R0300	<b>Net</b>	32,238,939.46	32,238,939.46
	<b>Claims incurred</b>		
R0310	<i>Gross - Direct Business</i>	17,204,980.00	17,204,980.00
R0320	<i>Gross - Proportional reinsurance accepted</i>		0.00
R0330	<i>Gross - Non-proportional reinsurance accepted</i>		0.00
R0340	<i>Reinsurers' share</i>		0.00
R0400	<b>Net</b>	17,204,980.00	17,204,980.00
	<b>Changes in other technical provisions</b>		
R0410	<i>Gross - Direct Business</i>		0.00
R0420	<i>Gross - Proportional reinsurance accepted</i>		0.00
R0430	<i>Gross - Non-proportional reinsurance accepted</i>		0.00
R0440	<i>Reinsurers' share</i>		0.00
R0500	<b>Net</b>	0.00	0.00
R0550	<b>Expenses incurred</b>	7,237,824.14	7,237,824.14
R1200	<b>Other expenses</b>		322,553.00
R1300	<b>Total expenses</b>		7,560,377.14

S.17.01.02				
Non-Life Technical Provisions				
			Direct business and accepted proportional reinsurance	Total Non-Life obligation
			Medical expense insurance	
			C0020	C0180
R0010	<b>Technical provisions calculated as a whole</b>		0.00	0.00
R0050	Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP calculated as a whole			0.00
	<b>Technical provisions calculated as a sum of BE and RM</b>			
	<b>Best estimate</b>			
	<b>Premium provisions</b>			
R0060	<b>Gross - Total</b>		903,925.00	903,925.00
R0140	Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default			0.00
R0150	<b>Net Best Estimate of Premium Provisions</b>		903,925.00	903,925.00
	<b>Claims provisions</b>			
R0160	<b>Gross - Total</b>		1,890,967.00	1,890,967.00
R0240	Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default			0.00
R0250	<b>Net Best Estimate of Claims Provisions</b>		1,890,967.00	1,890,967.00
R0260	<b>Total best estimate - gross</b>		2,794,892.00	2,794,892.00
R0270	<b>Total best estimate - net</b>		2,794,892.00	2,794,892.00
R0280	<b>Risk margin</b>		486,139.73	486,139.73
	<b>Amount of the transitional on Technical Provisions</b>			
R0290	TP as a whole			0.00
R0300	Best estimate			0.00
R0310	Risk margin			0.00
R0320	<b>Technical provisions - total</b>		3,281,031.73	3,281,031.73
R0330	<b>Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total</b>		0.00	0.00
R0340	<b>Technical provisions minus recoverables from reinsurance/SPV and Finite Re- total</b>		3,281,031.73	3,281,031.73

S.19.01.21															
Non-Life insurance claims															
Total Non-life business															
Z0020	Accident year / underwriting year										Accident Year				
<b>Gross Claims Paid (non-cumulative)</b>															
(absolute amount)															
	C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110		C0170	C0180	
<b>Year</b>	<b>Development year</b>										<b>In Current year</b>	<b>Sum of years (cumulative)</b>			
	0	1	2	3	4	5	6	7	8	9	10 & +				
R0100	Prior											0.00	0.00		
R0160	N-9	14,278,221.23	1,313,838.39	4,594.73	80.00	0.00	27.00	0.00	0.00	0.00	0.00		0.00	15,596,761.35	
R0170	N-8	14,398,455.13	1,473,685.27	2,626.71	40.00	200.00	0.00	0.00	0.00	0.00			0.00	15,875,007.11	
R0180	N-7	14,456,658.44	1,403,645.76	3,400.00	2,040.00	120.00	140.00	0.00	0.00				0.00	15,866,004.20	
R0190	N-6	15,128,339.43	1,519,585.17	4,505.35	905.00	0.00	0.00	0.00					0.00	16,653,334.95	
R0200	N-5	16,426,510.11	1,633,481.47	7,280.00	615.00	74.65	0.00						0.00	18,067,961.23	
R0210	N-4	17,114,154.04	1,522,532.57	1,895.72	2,161.50	619.70							619.70	18,641,363.53	
R0220	N-3	17,382,228.94	1,492,661.52	3,459.18	735.40								735.40	18,879,085.04	
R0230	N-2	18,528,053.77	1,542,287.22	3,104.03									3,104.03	20,073,445.02	
R0240	N-1	20,205,738.87	1,518,217.03										1,518,217.03	21,723,955.90	
R0250	N	14,823,546.38											14,823,546.38	14,823,546.38	
R0260												<b>Total</b>	<b>16,346,222.54</b>	<b>176,200,464.71</b>	

<b>Gross undiscounted Best Estimate Claims Provisions</b>														
(absolute amount)														
	C0200	C0210	C0220	C0230	C0240	C0250	C0260	C0270	C0280	C0290	C0300		C0360	
<b>Year</b>	<b>Development year</b>										<b>Year end (discounted data)</b>			
	0	1	2	3	4	5	6	7	8	9	10 & +			
Prior											0.00	0.00		
N-9	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00		0.00	
N-8	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00			0.00	
N-7	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00					0.00	
N-6	0.00	0.00	0.00	0.00	0.00	0.00	0.00						0.00	
N-5	0.00	0.00	0.00	0.00	0.00	0.00							0.00	
N-4	0.00	0.00	0.00	0.00	0.00								0.00	
N-3	0.00	0.00	0.00	0.00									0.00	
N-2	0.00	0.00	0.00										0.00	
N-1	0.00	4,335.97											0.00	
N	1,544,225.22												0.00	
												<b>Total</b>	<b>0.00</b>	

S.23.01.01					
Own Funds					
Basic own funds before deduction for participations in other financial sector as foreseen in article 68 of Delegated Regulation 2015/35					
	Total	Tier 1 unrestricted	Tier 1 restricted	Tier 2	Tier 3
	C0010	C0020	C0030	C0040	C0050
R0010	0.00	0.00		0.00	
R0030	0.00	0.00		0.00	
R0040	0.00	0.00		0.00	
R0050	0.00		0.00	0.00	0.00
R0070	0.00	0.00			
R0090	0.00		0.00	0.00	0.00
R0110	0.00		0.00	0.00	0.00
R0130	39,857,404.15	39,857,404.15			
R0140	0.00		0.00	0.00	0.00
R0160	0.00				0.00
R0180	0.00	0.00	0.00	0.00	0.00
<b>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</b>					
R0220	0.00				
<b>Deductions</b>					
R0230	0.00				
R0290	39,857,404.15	39,857,404.15	0.00	0.00	0.00
<b>Ancillary own funds</b>					
R0300	0.00				
R0310	0.00				
R0320	0.00				
R0330	0.00				
R0340	0.00				
R0350	0.00				
R0360	0.00				
R0370	0.00				
R0390	0.00				
R0400	0.00			0.00	0.00
<b>Available and eligible own funds</b>					
R0500	39,857,404.15	39,857,404.15	0.00	0.00	0.00
R0510	39,857,404.15	39,857,404.15	0.00	0.00	
R0540	39,857,404.15	39,857,404.15	0.00	0.00	0.00
R0550	39,857,404.15	39,857,404.15	0.00	0.00	
R0580	23,347,410.75				
R0600	5,836,852.69				
R0620	170.71%				
R0640	682.86%				
<b>Reconciliation reserve</b>					
	C0060				
R0700	39,857,404.15				
R0710	0.00				
R0720					
R0730	0.00				
R0740	0.00				
R0760	39,857,404.15				
<b>Expected profits</b>					
R0770					
R0780					
R0790	0.00				

S.25.01.21						
Solvency Capital Requirement - for undertakings on Standard Formula						
		Net solvency capital requirement	Gross solvency capital requirement	Allocation from adjustments due to RFF and Matching adjustments portfolios	USP	Simplifications
		C0030	C0040	C0050	C0090	C0120
R0010	Market risk	19,317,980.36	19,317,980.36	0.00		
R0020	Counterparty default risk	584,858.05	584,858.05	0.00		
R0030	Life underwriting risk			0.00		
R0040	Health underwriting risk	7,126,248.14	7,126,248.14	0.00		
R0050	Non-life underwriting risk		0.00	0.00		
R0060	Diversification	-4,648,843.98	-4,648,843.98			
R0070	Intangible asset risk		0.00			
R0100	<b>Basic Solvency Capital Requirement</b>	<b>22,380,242.57</b>	<b>22,380,242.57</b>			
	<b>Calculation of Solvency Capital Requirement</b>	C0100				
R0130	Operational risk	967,168.18				
R0140	Loss-absorbing capacity of technical provisions	0.00				
R0150	Loss-absorbing capacity of deferred taxes					
R0160	Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC					
R0200	<b>Solvency Capital Requirement excluding capital add-on</b>	<b>23,347,410.75</b>				
R0210	Capital add-ons already set					
R0220	<b>Solvency capital requirement</b>	<b>23,347,410.75</b>				
	<b>Other information on SCR</b>					
R0400	Capital requirement for duration-based equity risk sub-module					
R0410	Total amount of Notional Solvency Capital Requirements for remaining part					
R0420	Total amount of Notional Solvency Capital Requirements for ring fenced funds					
R0430	Total amount of Notional Solvency Capital Requirements for matching adjustment portfolios					
R0440	Diversification effects due to RFF nSCR aggregation for article 304					
	<b>Approach to tax rate</b>	C0109				
R0590	Approach based on average tax rate					
R0640	<b>LAC DT</b>					
R0650	LAC DT justified by reversion of deferred tax liabilities					
R0660	LAC DT justified by reference to probable future taxable economic profit					
R0670	LAC DT justified by carry back, current year					
R0680	LAC DT justified by carry back, future years					
R0690	Maximum LAC DT					

S.28.01.01										
Minimum Capital Requirement - Only life or only non-life insurance or reinsurance activity										
Linear formula component for non-life insurance and reinsurance obligations		C0010								
R0010	MCR <sub>NL</sub> Result	1,648,631.17								
				Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance) written premiums in the last 12 months					
				C0020	C0030			α	β	α.B + β.C
R0020	Medical expense insurance and proportional reinsurance			2,794,892.00	32,282,367.00			4.7%	4.7%	1648631.173
R0030	Income protection insurance and proportional reinsurance			0.00				13.1%	8.5%	0
R0040	Workers' compensation insurance and proportional reinsurance			0.00				10.7%	7.5%	0
R0050	Motor vehicle liability insurance and proportional reinsurance			0.00				8.5%	9.4%	0
R0060	Other motor insurance and proportional reinsurance			0.00				7.5%	7.5%	0
R0070	Marine, aviation and transport insurance and proportional reinsurance			0.00				10.3%	14.0%	0
R0080	Fire and other damage to property insurance and proportional reinsurance			0.00				9.4%	7.5%	0
R0090	General liability insurance and proportional reinsurance			0.00				10.3%	13.1%	0
R0100	Credit and suretyship insurance and proportional reinsurance			0.00				17.7%	11.3%	0
R0110	Legal expenses insurance and proportional reinsurance			0.00				11.3%	6.6%	0
R0120	Assistance and proportional reinsurance			0.00				18.6%	8.5%	0
R0130	Miscellaneous financial loss insurance and proportional reinsurance			0.00				18.6%	12.2%	0
R0140	Non-proportional health reinsurance			0.00				18.6%	15.9%	0
R0150	Non-proportional casualty reinsurance			0.00				18.6%	15.9%	0
R0160	Non-proportional marine, aviation and transport reinsurance			0.00				18.6%	15.9%	0
R0170	Non-proportional property reinsurance			0.00				18.6%	15.9%	0
								TS MCR.12		1648631.173
Linear formula component for life insurance and reinsurance obligations		C0040								
R0200	MCR <sub>L</sub> Result	0.00								
				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							3.7%		0
R0220	Obligations with profit participation - future discretionary benefits							-5.2%		0
R0230	Index-linked and unit-linked insurance obligations							0.7%		0
R0240	Other life (re)insurance and health (re)insurance obligations							2.1%		0
R0250	Total capital at risk for all life (re)insurance obligations							0.07%		0
								TS MCR.13		0
Overall MCR calculation		C0070								
R0300	Linear MCR	1,648,631.17								
R0310	SCR	23,347,410.75								
R0320	MCR cap	10,506,334.84								
R0330	MCR floor	5,836,852.69								
R0340	Combined MCR	5,836,852.69								
R0350	Absolute floor of the MCR	2,255,200.00								
R0400	Minimum Capital Requirement	5,836,852.69								