LCP INSIGHT CLARITY ADVICE

One year on: financial strength improves, yet risks remain

Solvency II reporting across the UK and Ireland

August 2018

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

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

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

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1. Introduction

Welcome to our second annual review of Solvency II reporting by 100 of the largest non-life insurers in the UK and Ireland.

Our second annual review reveals that financial strength remains generally good across the industry, but that individually some firms have seen large shifts in their capital cover over the last year. Many firms highlight cyber as a key risk, as well as uncertainty about the impact of Brexit.

Although some firms have taken the opportunity to improve the quality of their SFCRs this time around, there's still a way to go to ensure that they are useful documents, as well as being compliant with the requirements.

Firms should report more detail on stress and sensitivity testing of the SCR to allow readers to really understand the potential impact of key events on capital coverage.

I believe that continued development of the SFCRs will bring greater clarity and consistency to insurance company regulatory disclosures and help firms better promote themselves to the outside world.

Cat Drummond
Partner

2. Executive summary

We are now through the second year of Solvency II public reporting, where insurers and reinsurers are required to disclose key metrics relating to financial robustness and details of how they manage their business.

Since the first round of disclosures last year, EIOPA and national regulators have provided some additional clarity on what's required. Some firms have improved the quality of their reporting as a result, but others have been slow to respond.

We have analysed the Solvency and Financial Condition Reports (SFCRs) and public Quantitative Reporting Templates (QRTs) for 100 of the top non-life insurers in the UK and Ireland.

Our review considered:

- The balance sheets and regulatory capital positions of insurers
- The key risks to which insurers are exposed
- The quality of the narrative reporting
- Key changes over the last year, both individually and in aggregate

Our key conclusions:

- Insurers are generally sufficiently capitalised and, overall, firms have slightly greater buffers in place to protect against balance sheet volatility compared with last year
- Despite this, those buffers may not be sufficient to prevent them from having to recapitalise over the short term
- Some firms saw significant swings in their capital cover over the year
- Cyber and Brexit risks are now high on many insurers' agendas
- Motor insurers continue to be among the least well capitalised insurers
- Investment allocations, in aggregate, have not changed materially since the 2016 year end
- Firms must work harder to improve their disclosures around stress and sensitivity testing for their key risks and uncertainty in the technical provisions
- The accuracy of QRTs appears to have improved this year, with fewer firms publishing QRTs with obvious errors

3. At a glance

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Firms that had insufficient capital to cover their SCR at the balance sheet date

See page 8

20

Firms that have a 15% chance of needing to recapitalise over the next year

See page 13

Risk margin as a percentage of non-life net technical provisions

9%

See page 17

Total gross written premium (non-life)

£103bn

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Total gross Solvency II technical provisions (non-life)

£148bn

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Firms publishing QRTs containing errors

10%

See page 21

Firms that see Brexit as a key risk

33%

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Firms listing cyber as a key risk

42%

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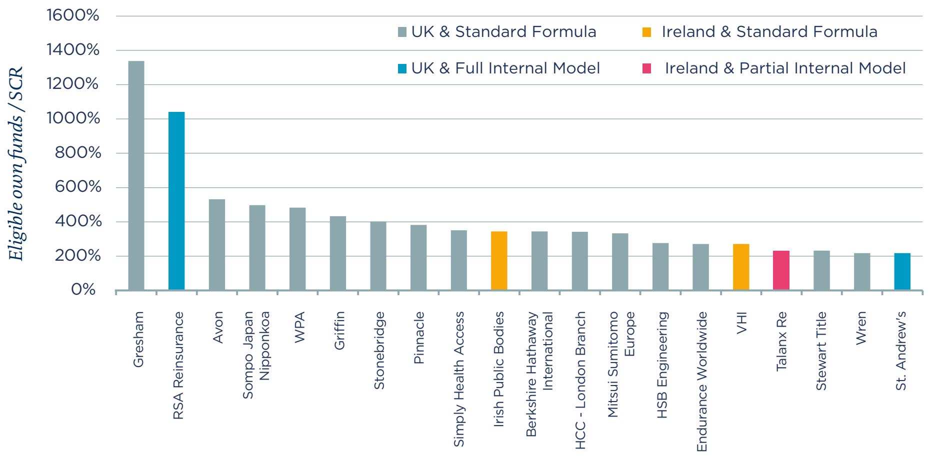
Around 38% of the firms we analysed disclosed eligible own funds ratios in the range 125% - 150%.

Overall financial strength

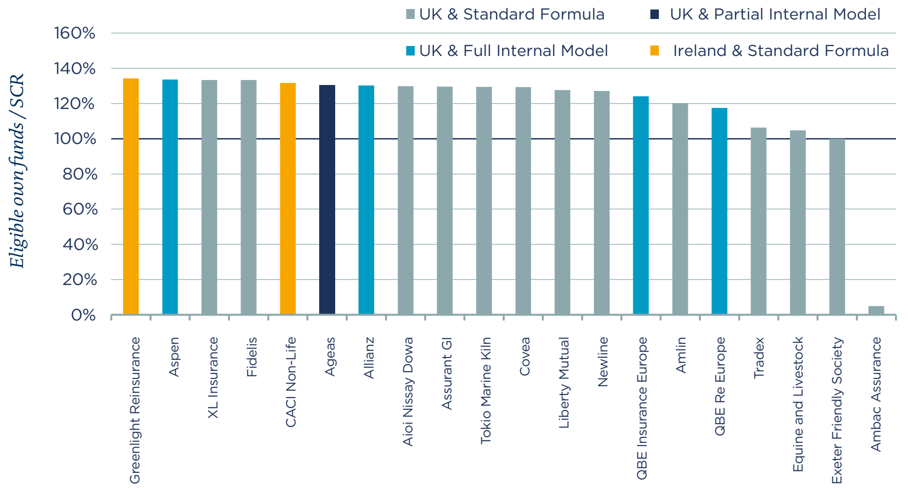
The Quantitative Reporting Templates provide an insight into the financial strength and stability of firms.

The charts below show those firms with the highest and lowest capital coverage ratios, according to their Solvency II disclosures.

Eligible own funds ratio – top twenty



Eligible own funds ratio – bottom twenty



The average ratio of excess own funds eligible to cover the Solvency Capital Requirement (eligible own funds ratio) was 206%.

Two firms disclosed eligible own funds of more than 10 times their regulatory capital as at 31 December 2017. The highest ratio (13 times) was disclosed by **Gresham** (part of the Aviva Group). **RSA Reinsurance** (part of the RSA Group) also disclosed a ratio of 10 times its regulatory capital. However, both these firms have an SCR of less than £10m. To put these ratios into context, the equivalent ratios for Aviva Group and RSA Group were 169% and 163% respectively.

Ambac Assurance was the only firm to disclose that it had insufficient capital to cover its SCR as at 31 December 2017. They note in their SFCR that they expect their capital shortfall to persist for a number of years. The firm is in run-off, as is its parent company Ambac Assurance Corporation, so there is currently no prospect of a capital injection to improve the position. That said, the report states the expectation that the company will continue to have sufficient resources to meet obligations as they fall due.

The eligible own funds ratio does not tell the whole story. For example, **Exeter Friendly Society** reports a ratio of 100% as at 31 December 2017. However, the Society's business falls within one of two ring-fenced funds. This means that eligible own funds must be restricted to the total SCR across both funds according to the Solvency II rules. Before allowing for this restriction the ratio is 243%. This highlights the importance of reading the narrative report rather than simply relying on the QRTs in isolation.

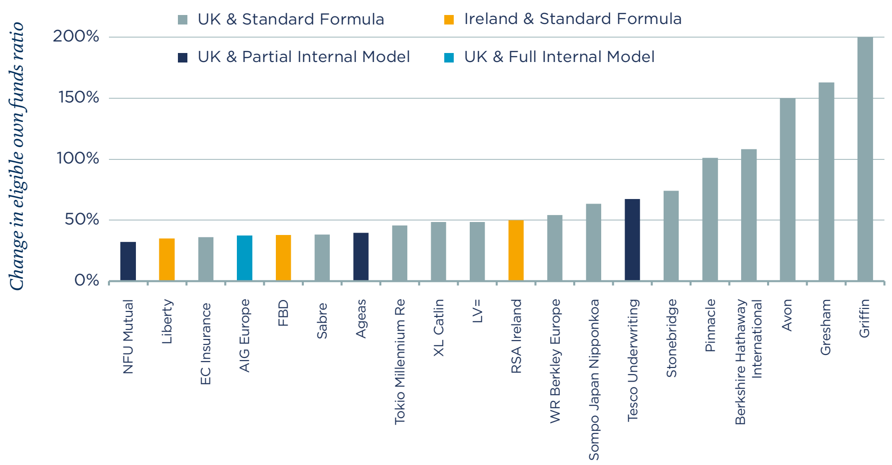
For firms whose eligible own funds ratio increased over the year, the average increase was 35%.

Change over the year

For the firms considered in this year's analysis, the average eligible own funds ratio increased marginally from 202% at the 2016 year end to 206% at the 2017 year end.

53% of firms experienced an increase in their eligible own funds ratio over the year. Of these, the average increase was 35%.

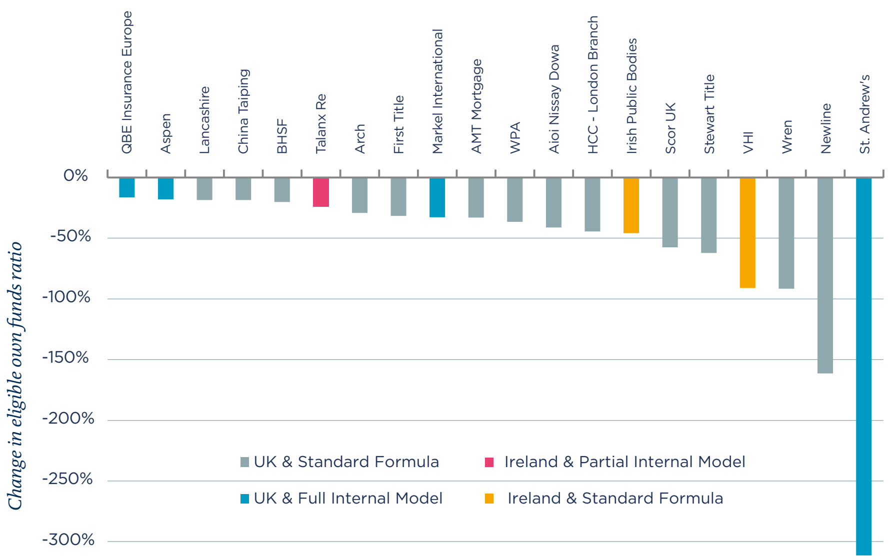
Top twenty increases in eligible own funds ratio



Griffin's eligible own funds ratio increased from 233% to 433%, driven by a decrease in the value of the technical provisions over the year. **Gresham**, which already had the highest eligible own funds ratio last year, increased its cover further from 1175% to 1338%.

For firms whose eligible own funds ratio decreased over the year, the average decrease was 30%.

Top twenty decreases in eligible own funds ratio



For those firms that experienced a decrease in the ratio, the average decrease was 30%.

Newline and **St Andrew's** experienced the largest reductions in eligible own funds ratios over the year. Newline's was driven by an increase in non-life underwriting risk following the cancellation of a reinsurance arrangement.
St. Andrew's (part of the Scottish Widows Group) experienced a large reduction (more than half) in eligible own funds after allowing for foreseeable dividend payments and changes in the calculation of the technical provisions.

Capital injections

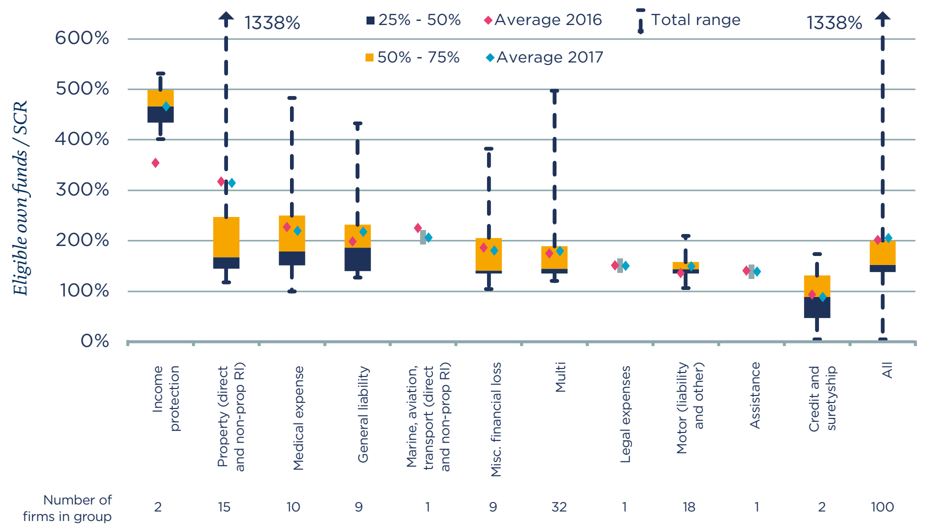
A number of insurers had capital injections during 2017. For example:

- **XL Insurance** had three capital injections from its immediate parent company (XL Insurance Holdings (UK) Limited) during 2017 to ensure a sufficient buffer over its SCR capital requirement.
- **Financial** received a capital injection of £85m from its parent, Consolidated Insurance Group Limited. Of this amount, £35m was funded by Financial Assurance Company Limited and £50m by AXA SA. No specific reasons were provided for this capital injection but its eligible own funds ratio improved over the year from 131% to 140%.
- **Ageas** issued an additional £50m share capital as well as purchasing whole account stop loss reinsurance and de-risking its bond portfolio. This was in response to finding itself in a capital deficit position at the 2016 year end, primarily due to the impact of the change in Ogden discount rate on the value of its technical provisions.

Insurer type

We have classified insurers according to whether they wrote more than 50% of their gross written premiums in a single Solvency II line of business. Those that did not were classed as “multi-line”. Some of the groupings include a small number of niche insurers, whereas others contain a greater number of firms. The following graph shows how capital coverage varies by type of insurer, together with a comparison to last year’s results.

Eligible own funds ratio by line of business



Although the average eligible owns fund ratio moved only marginally, from 202% to 206%, this hides some more material changes for specific types of insurer.

The average ratio for motor insurers (comprising 18 firms) increased from 136% to 150%. This included Ageas, which increased its solvency ratio from 91% to 131% over the year.

The ratio for income protection insurers increased from 354% to 467%. This group contains two insurers: **Avon** (381% to 531%) and **Stonebridge** (328% to 402%).

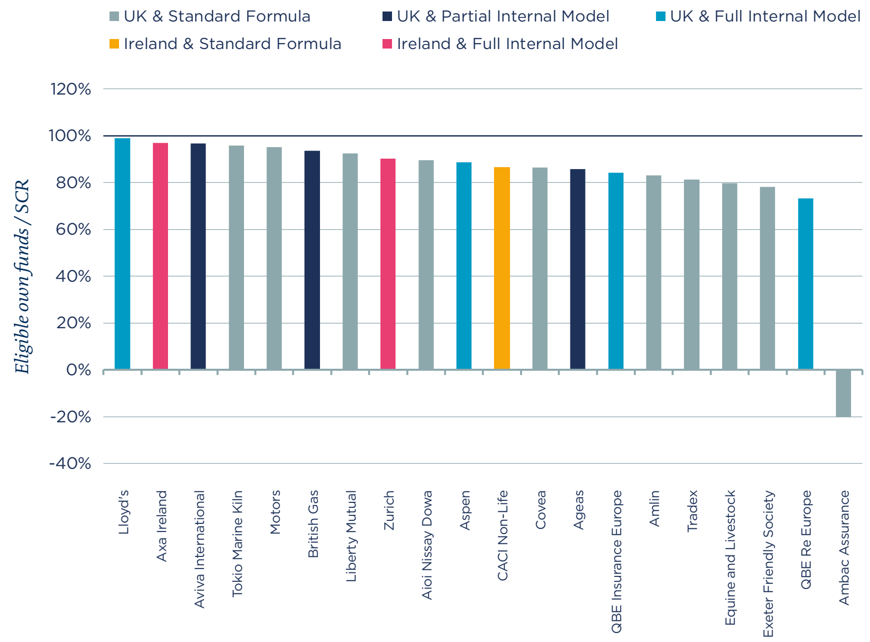
The range in the ratios was largest for property insurers, driven by **Gresham**’s ratio of 1338% and **RSA Reinsurance**’s ratio of 1041%.

Financial resilience

The Minimum Capital Requirement (MCR) is an estimate of the 85th percentile loss to a firm over 1 year (ie roughly a 1 in 7 year event). The following chart shows what the capital coverage would be if firms experienced an instantaneous loss equal to their MCR.

20 firms had a 15% chance of breaching their SCR over a 1 year period

Bottom twenty - eligible own funds ratio after a loss equal to MCR

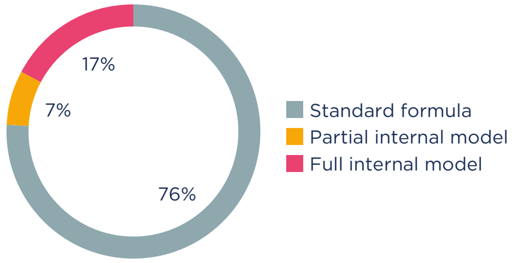


Assuming the MCR is an appropriate measure of each firm’s 85th percentile loss, 20 of the firms we analysed had a 15% chance of breaching their SCR over a 1 year period. This compares to 25 last year, and suggests that the market is financially more resilient than it was a year ago.

Calculating regulatory capital

Under Solvency II, firms may calculate their regulatory capital using the standard formula or (subject to regulatory approval) a partial or full internal model to better reflect their own risk profile.

Percentage of firms using SF/PIM/FIM

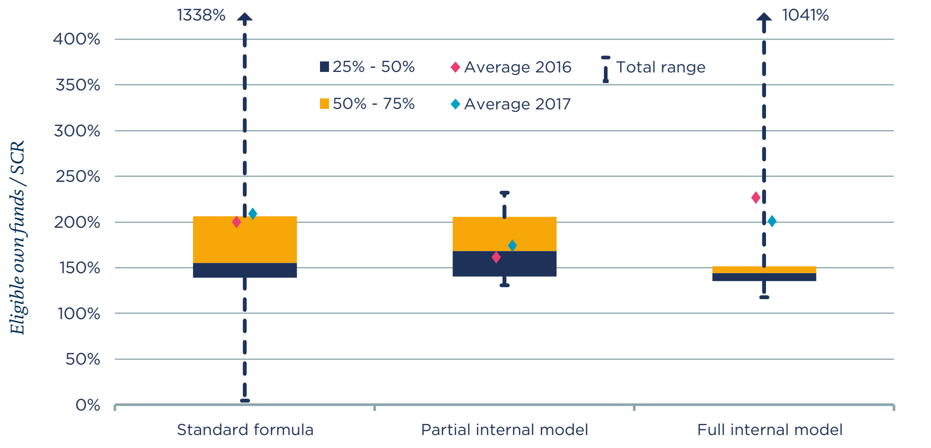


76% of the firms we analysed were using the standard formula, with around two-thirds of remaining firms using full internal models.

A key incentive to obtain regulatory approval for a full or partial internal model is to reduce capital requirements. The average eligible own funds ratio for standard formula firms was 209%, whereas the average ratios for partial and full internal model firms were 175% and 201% respectively. This suggests that the average eligible own funds ratio of the partial and full internal model firms would be lower still if these firms had remained on the standard formula to calculate capital.

One insurer – **AIG Europe** – changed the method it uses to calculate its regulatory capital over the year after receiving regulatory approval in July 2017 to use an internal model. AIG Europe stated that the standard formula did not "accurately reflect the complexities of a diverse multinational insurance firm."

Eligible own funds ratio



Standard formula firms continue to have the widest range in ratios.

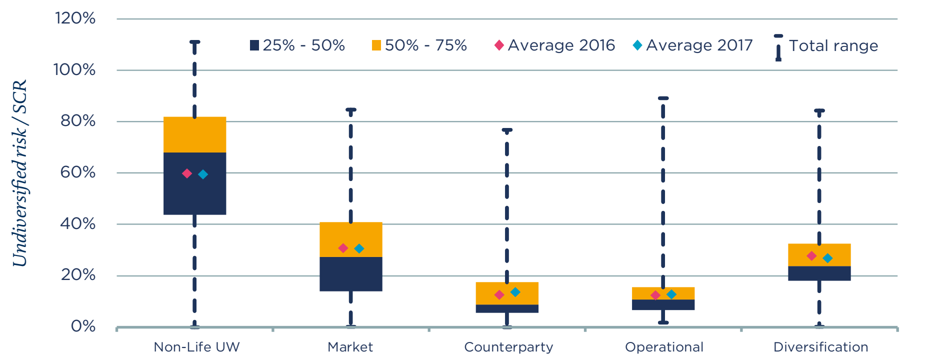
The average ratio for full internal model firms decreased from 227% to 201% driven by the reduction in the ratio for **St Andrew's** from 529% to 217%.
The average ratio for standard formula firms increased from 200% to 209%.
The average ratio for partial internal model firms increased from 162% to 175%.

Key risks

Insurers must consider their exposures to key risks, how risks have changed over time and how they are mitigated.

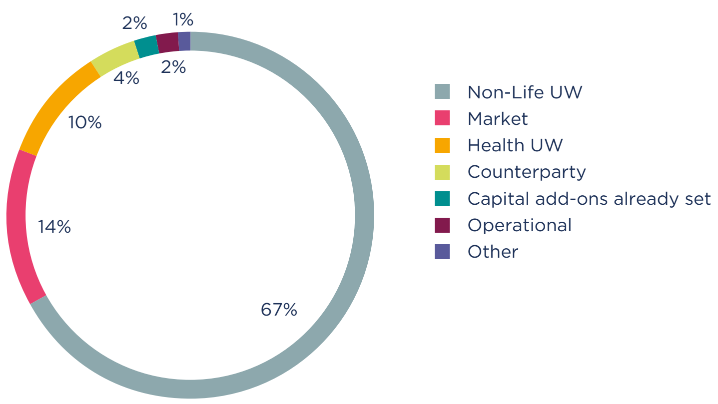
The following charts set out the contribution of each risk to firms' SCRs.

Undiversified risk as a proportion of diversified SCR



As expected, non-life underwriting risk continues to be the greatest risk for the insurers we analysed. The next most material risk is market risk with a similar proportion of insurers to last year (14%) identifying it as their greatest risk.

Percentage of firms by largest risk area



Five insurers had a change in their most material risk between 2016 and 2017. These were driven by specific actions by the firms during the year. For example:

- **EC Insurance**'s most material risk changed from non-life underwriting to counterparty default risk following the firm's sale (underwriting risk reduced to zero) and increase in reinsurance purchase (increase in counterparty default risk).
- **Griffin**'s most material risk changed from non-life underwriting to market risk. This was driven by a reduction in reserve risk due to a change in the calculation of technical provisions, as well as an increase in market risk.

The other three insurers that experienced a change in their most material risk were:

- **Aviva International** (from life underwriting to market risk);
- **Irish Public Bodies** (from market to non-life underwriting risk); and
- **RSA** (from non-life underwriting to pension risk).

Five firms - **AIG Europe**, **British Gas**, **Financial**, **Tradex** and **Trans Re London** - disclosed capital add-ons that have been agreed with the PRA. For British Gas and Tradex, their capital add-ons were the largest contributor to their SCR.

As was the case last year, Trans Re London and British Gas both disclosed their intention to develop or extend existing partial internal models to better model key aspects of their exposures that were identified as the drivers for their add-on.

For 2017, new capital add-ons were disclosed for AIG Europe and Financial. AIG Europe's add-on of £120m is for planned underwriting profits. Financial did not provide the reasons for the capital add-on in its SFCR.

Our viewpoint

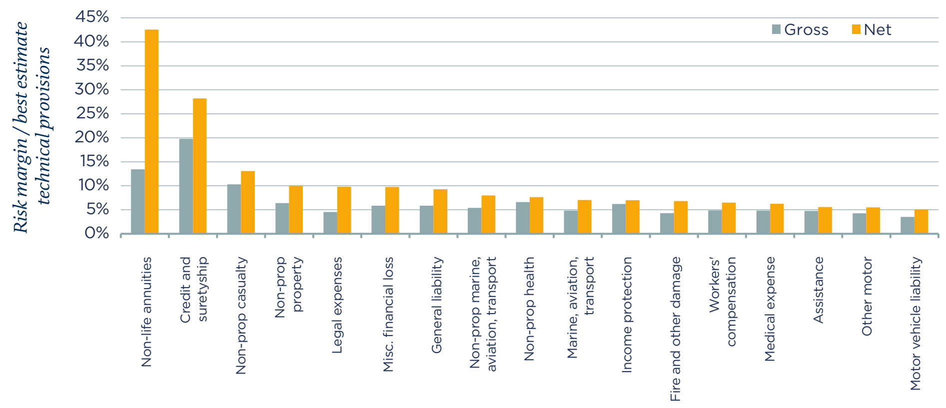
We expect more firms to disclose details of their capital add-ons as this becomes mandatory for UK firms this year, and in 2020 in Ireland.

Solvency II risk margin

The following chart shows, for each Solvency II line of business, the aggregate (across all firms) risk margin as a proportion of gross and net technical provisions.

The aggregate risk margin as a percentage of total net best estimate non-life technical provisions is 9%, unchanged from last year

Risk margin as a percentage of best estimate technical provisions



The risk margin as a proportion of the technical provisions is typically higher for longer tailed business (eg insurers with significant PPO or liability exposures) and in some cases can be a material component of the solvency balance sheet.

The risk margin continues to attract criticism, with firms lobbying to improve the calculation or to scrap it all together. The sensitivity of the margin to interest rates means that it is high in the current low interest rate environment, which penalises insurers with longer-term liabilities.

Some firms have sought to reduce their risk margins by reinsuring their liabilities offshore. The PRA has flagged this as an unintended consequence of the risk margin calculation and has said that it could become a significant prudential concern if left unmanaged.

The PRA gave an update in June on their work on the risk margin but acknowledged that, with ongoing Brexit uncertainty, they were not minded to make any immediate changes to the approach. During the Insurance Europe's Solvency II conference in July, EIOPA said that, relative to other issues with Solvency II, issues with the risk margin approach were considered minor. Therefore, the industry should not expect any changes at either of the Solvency II reviews in 2018 and 2020.

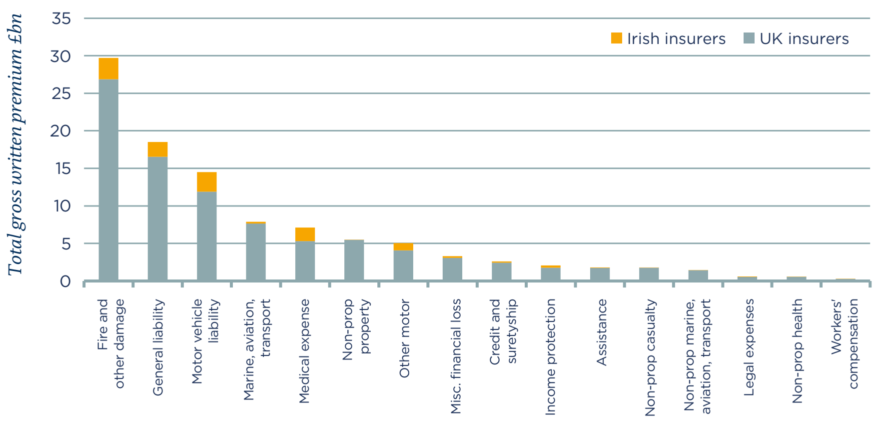
Our viewpoint

For now, whilst insurers may be concerned about the current approach, they will have to continue with it and find ways to manage the risk margin where it is a material component of their solvency balance sheet.

Lines of business

The following chart shows the total gross written premium over the year for the non-life Solvency II lines of business.

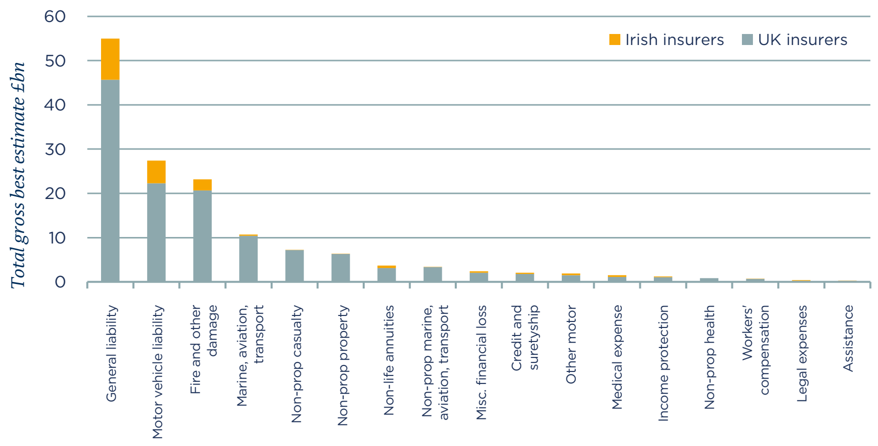
Gross written premium by SII LoB (non-life)



The firms we analysed wrote £103bn of non-life gross premiums during 2017, compared with £97bn during 2016. Premiums written to cover fire and other damage risks made up the largest proportion of the total premiums (nearly 30%), with motor ("motor vehicle liability" and "other motor") making up the next largest proportion, at 19%.

The following chart shows the gross best estimate technical provisions (ie Solvency II gross reserves) by the non-life Solvency II line of business.

Technical provisions by SII LoB (non-life)



The firms we analysed were holding nearly £148bn of best estimate technical provisions, reducing to £98bn after allowing for expected reinsurance recoveries. This compares to £134bn and £95bn respectively last year. Nearly 55%, or £82bn, of the gross technical provisions was in respect of liability lines, where claims typically take longer to be reported and settled.

Firms held more than £4bn of gross technical provisions in respect of annuities stemming from non-life insurance contracts. These liabilities are typically due to periodical payment orders (PPOs) which are regular compensation payments payable over the remaining life of claimants with catastrophic injuries.

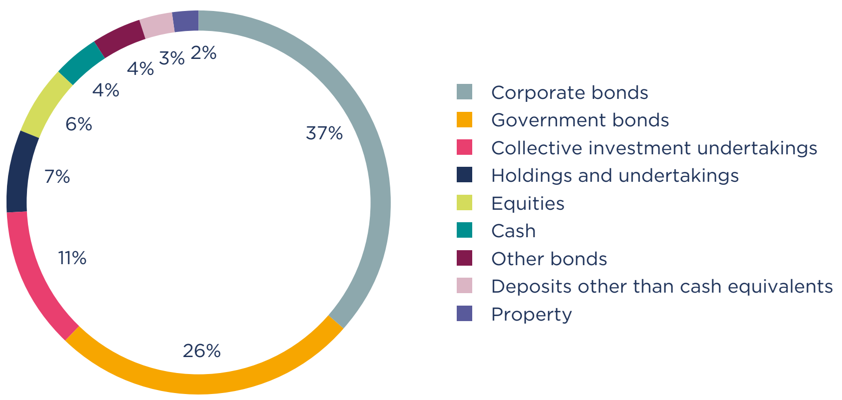
Firms held more than £4bn of gross best estimate provisions in respect of annuities stemming from non-life insurance contracts.

Investment holdings

The insurers we analysed held some £182bn of investments and cash at the 2017 year end. This is a large increase from the sample of insurers considered last year (£119bn) since we now include **Lloyd's** (£58bn) in this year's analysis.

The following chart sets out the aggregated allocation across each type of asset.

Aggregated investment holdings

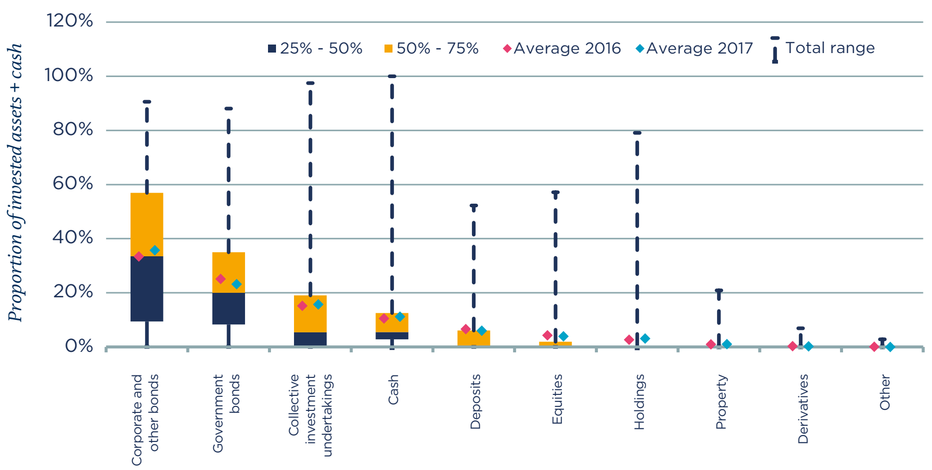


The investment allocation has not changed materially since the 2016 year end.

On an aggregate basis, 63% of assets at the 2017 year end were held in either corporate or government bonds. 11% was held in collective investment undertakings with the remainder mainly held in equities, other holdings and undertakings, and cash.

The following chart shows the range of insurers' allocations to particular investment classes.

Range of asset allocations across insurers



As was the case last year, whilst the average equity allocation is only 6%, some firms have much higher allocations. **FM Insurance**, **Greenlight Reinsurance**, **Medicash Health Benefits** and **NFU Mutual** all hold more than 35% of their invested assets (including cash) in equities.

UIA's equity allocation reduced from 50% of their invested assets (including cash) to 0%, following a review of the strategic asset allocation policy which was undertaken by the Board in 2017. Assets were reallocated into corporate and government bonds.

Our viewpoint

In the wider market, we have seen the persistent low-yield environment continue to influence investment strategies, with institutional investors increasingly considering illiquid investments such as private corporate debt, property and infrastructure. Whilst this is not immediately apparent from examining non-life insurers' SFCRs and QRTs, we expect that this is a trend to look out for over the next year particularly for those with long tailed liabilities.

Tiering of own funds

The proportion of available own funds to meet the SCR is heavily weighted to Tier 1 funds, the most loss absorbent and permanent form of capital. For insurers with an SCR less than £50m, this proportion is 98%. This reduces to 88% for insurers with an SCR greater than £200m, possibly reflecting the more diverse investment strategies adopted by larger firms.

Solvency II rules place certain restrictions on eligible own funds. These are:

- Tier 1 funds should be at least 50% of the SCR
- Tier 3 funds should be less than 15% of the SCR
- Tier 2 and 3 funds combined must be less than 50% of the SCR

Tradex and **Vitality Health** both reported Tier 3 eligible own funds that were equal to the 15% limit. In both cases, these related to deferred tax assets.

Bupa, **Lloyd's**, **RSA Ireland** and **Tokio Marine Kiln** all reported Tier 2 eligible own funds equal to the 50% limit. These funds were in the form of subordinated debt (Bupa and Lloyd's), letters of credit (Lloyd's and Tokio Marine Kiln) and issued but unpaid share capital callable on demand (RSA Ireland).

Overall quality

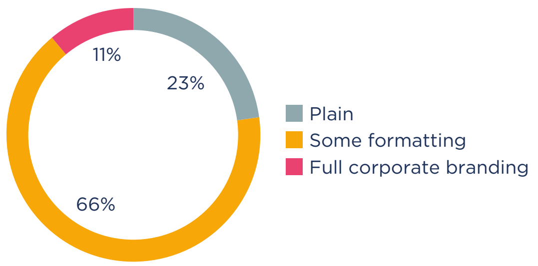
Overall, the quality of the disclosures appears to have improved over the year, with fewer firms publishing QRTs with obvious errors. 10% of the QRTs we reviewed contained errors, down from 25% last year.

5. Solvency and Financial Condition Reports

Look and feel of disclosures

The “look and feel” of SFCRs across the market continues to vary considerably.

Look and feel



77% of firms produced reports with at least some formatting, broadly the same proportion as last year.

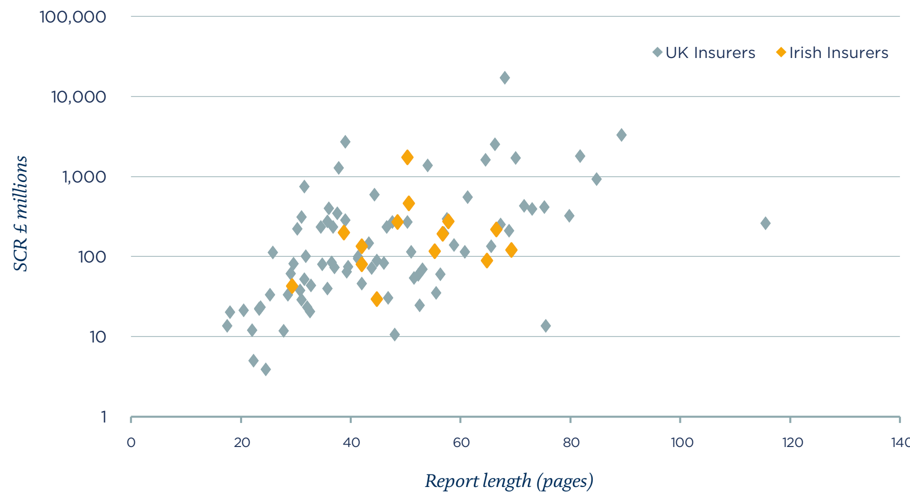
Some firms may be hesitant to spend more time improving the look and feel of their SFCRs given the time and effort involved. As a bare minimum, reports should be legible (and, ideally, electronically searchable). We recommend taking a proportionate approach with a focus on preparing reports which are easy to read and understand.

One approach we have seen work well is that taken by **LV=**. The Executive Summary of its Group SFCR has full corporate branding and the later sections have basic formatting. **AMT Mortgage** and **L&G** have also adopted a similar approach. Given that the non-technical readers of SFCRs are likely to focus on the summary section the most, it makes sense to concentrate efforts here.

With all the effort firms made last year producing their first SFCR, we were interested to see whether firms would fall into the practice of ‘rolling forward’ large sections this year. Whilst this is appropriate for the more generic sections of the SFCR where there has been very little change, firms should also consider making improvements that might help with wider communication.

Larger firms (with larger SCRs) are more likely to provide longer narrative sections in their SFCRs, as can be seen in the following chart.

Narrative length* compared to SCR

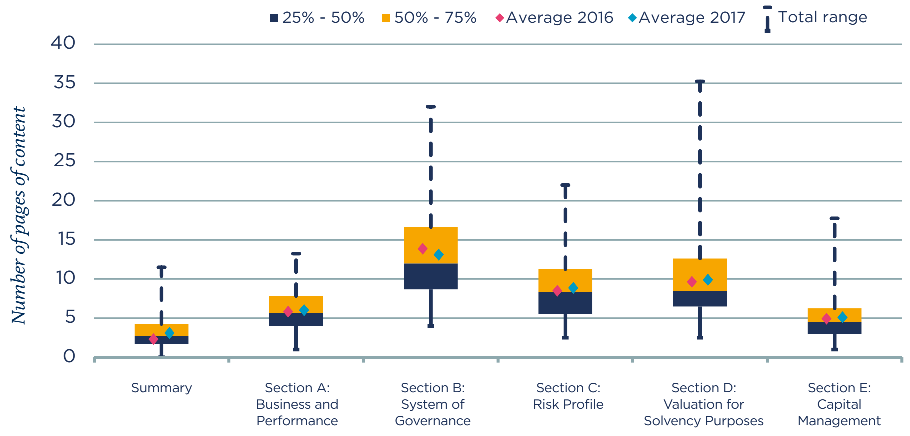


Total length equals length of summary plus sections A-E only.

The average narrative length increased from 45 to 47 pages

The chart below shows the length of the SFCR, by section. The overall average narrative length is 47 pages, up slightly from 45 last year. The most notable increase in length has been in the “Summary” section of the SFCR. We expect this is driven by the additional guidance provided by EIOPA in December 2017 Supervisory Statement setting out details of their expectation of the content of the summary section. The average length of the “System of Governance” section has reduced, although there is a wide range from firm to firm. There have not been significant changes in length of other sections of the report.

Length of each section



Compliance

Our review last year considered how well insurers' SFCRs complied with the regulatory requirements. We recommended that insurers consider undertaking post-release reviews of their SFCRs to identify areas where they may be non-compliant.

Insurers typically comply with the more "clear cut" requirements. Where requirements are open to interpretation, the quality of disclosures varies significantly from firm to firm.

Once again this year, around a third of firms did not disclose the amount of expected profit included in the future premiums. This is a significant omission.

For firms who disclosed that they outsourced significant parts of their activities, around 10% did not say where their providers were based. This is better than last year, where this proportion was around a third.

All firms made their QRTs available either as a separate file available to download or as an appendix to their SFCR. Publishing the QRTs in full is helpful for those analysing SFCRs to be able to view the quantitative information consistently across multiple firms, rather than having to pick out numbers from within the narrative text.

EIOPA has made clear the expectation that the narrative reports should be capable of being standalone documents that contain all the required information without the need for the reader to refer back to the QRTs. Firms should ensure this is the case going forwards.

Our viewpoint

There are still a number of firms who are failing to comply with important parts of the requirements. We recommend that firms identify material areas of non-compliance by comparing their SFCRs to the requirements set out in Chapter XII of the Delegated Regulation and address these areas appropriately as part of next year's SFCR process.

Key risks

Brexit risks

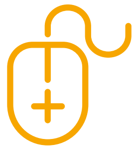
Nearly 60% of firms mentioned Brexit risks in their SFCRs. Some firms are not anticipating it to have a material impact, but 33% of firms see Brexit as a key risk, up from 23% of firms last year. This might reflect the lack of progress in Brexit negotiations over the year. Firms' plans for Brexit have started to emerge with many explaining the need to set up EU domiciled entities or restructure their business given the continued uncertainty around passporting rights. Other risks identified include adverse exchange rate movements and inflationary pressures.

33% of firms see Brexit as a key risk, up from 23% last year.

Cyber risks

Action taken by firms to mitigate operational cyber risks (ie ignoring cyber risks underwritten by the firms) included on-going training for staff, purchasing specific cyber security insurance and setting up committees to regularly monitor cyber risks.

42% of firms listed cyber as a key risk to their business. We expect this to increase in future given the increase in high profile cyber-attacks, such as the Equifax data breach to the WannaCry ransomware attack.



42% of firms listed cyber as a key risk to their business.

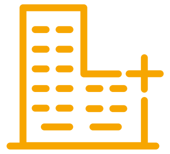
Firms' exposure to cyber risk is under greater scrutiny by regulators. In July 2017, the PRA published its cyber insurance underwriting risk supervisory statement stating how it expects firms to identify, quantify and manage their cyber underwriting risk, whether they are affirmative risks (explicitly included coverage for cyber risk) or non-affirmative risks (not explicitly included or excluded coverage for cyber risk).

The introduction of GDPR (General Data Protection Regulation) has also placed greater onus on firms to manage the risks of data breach. Despite this, only 17% of firms mentioned GDPR and its new requirements as a key risk.

IFRS 17

The new accounting standard for insurance contracts, IFRS 17, comes into effect on 1 January 2021. The standard will require significant change for affected firms, from data systems and calculation methods to final reporting and potentially even dividend payments.

HCC International and **HCC - London Branch** were the only two firms to mention IFRS 17 as a material risk, noting the extensive implementation work that will be required. With some commentators suggesting that IFRS 17 will be more costly to implement than Solvency II, we were surprised by how few insurers mentioned this risk.



Only two firms highlighted IFRS 17 as a material risk.

Four firms flagged Trump's actions as a key risk.

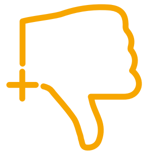
Trump

Four firms specifically mentioned the impact of Trump's actions since he came into office as a key risk.

Greenlight Reinsurance and **CACI Non-Life** both highlighted the risks associated with US protectionist policies. Greenlight Reinsurance noted that Trump's intention to clamp down on the transfer of US business overseas could have a significant impact on their ability to access US business.

Other firms mentioned the general economic uncertainty created by the Trump administration policies including US tax returns following the "Tax Cuts and Jobs Act" that came into effect on 1 January 2018.

Stress and sensitivity testing



Overall, we've seen less improvement than expected on the disclosure of stress and sensitivity testing.

Last year we highlighted stress and sensitivity testing as an area of weakness in firms' disclosures. EIOPA also highlighted this in its Supervisory Statement on the SFCR published in December 2017.

EIOPA stated that the testing should cover:

- descriptions of methods used;
- details on the underlying assumptions including how future management actions have been allowed for;
- impact of sensitivity testing as an amount and as a % of the SCR; and
- discussion of the most material sensitivities in the context of strategy and risk management.

Overall, we've seen less improvement than expected in this area.

Some insurers have improved their disclosures. For example, **Hiscox** describes the methodology used and the scenarios considered in more detail than in their report last year. In addition, there is a summary table of the eight scenarios, across risk categories, and the impact on the SCR.

On the other hand, **Tesco Underwriting** provides no material commentary on any testing that they have performed.

60% of firms included the quantitative results of their testing. 37% included high-level commentary of their results.

Some insurers, eg **Covea**, stated that they could withstand the defined stresses but did not refer to any quantitative results.

To comply with the requirements, we recommend firms include the quantitative results of stress and sensitivity testing to put the high-level commentary into context.

Our viewpoint

Given the regulations, updates from EIOPA and feedback from PRA SFCR roundtable discussions, the market still has some way to go towards becoming compliant in this area.

Insurers should provide more quantitative detail on the key stresses and scenarios, as well as commentary explaining the results and putting them in the appropriate context. This will help demonstrate to the market an appropriate degree of self-awareness of key risks and exposures.

Uncertainty within technical provisions

Only 13% of insurers gave a quantitative indication of the sensitivity of the technical provisions to key assumptions.

EIOPA's Supervisory Statement highlighted the need for firms to do more to articulate the level of uncertainty within the technical provisions.

This is because a number of assumptions underpin the technical provision calculations and means a range of reasonable best estimates could be calculated.

Although nearly 90% of insurers discussed the uncertainty in their technical provisions, only 13% of insurers gave a quantitative indication of the sensitivity of the technical provisions to key assumptions. This is an improvement on last year, but is still far lower than we would have expected.

Our viewpoint

We recommend that insurers improve their quantitative disclosures in this area so that the degree of uncertainty can be better understood.

Survey constituents and other notes

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

UK-based insurers

Insurance company name	Report name
Admiral Insurance Company Ltd	Admiral
Aetna Insurance Company Ltd	Aetna
Ageas Insurance Ltd	Ageas
AIG Europe Ltd	AIG Europe
Aioi Nissay Dowa Insurance Company of Europe PLC	Aioi Nissay Dowa
Allianz Insurance PLC	Allianz
Ambac Assurance UK Ltd	Ambac Assurance
Amlin Insurance S.E.	Amlin
AMT Mortgage Insurance Ltd	AMT Mortgage
AmTrust Europe Ltd	AmTrust
Arch Insurance Company (Europe) Ltd	Arch
Aspen Insurance UK Ltd	Aspen
Assurant General Insurance Ltd	Assurant GI
Aviva Insurance Ltd	Aviva
Aviva International Insurance Ltd	Aviva International
Avon Insurance PLC	Avon
Axa Insurance UK PLC	Axa UK
Berkshire Hathaway International Insurance Ltd	Berkshire Hathaway International
BHSF Ltd	BHSF
British Gas Insurance Limited	British Gas
Bupa Insurance Limited	Bupa
China Taiping Insurance (UK) Co Ltd	China Taiping
Chubb European Group PLC	Chubb
CIS General Insurance Ltd	CIS GI
CNA Insurance Company Ltd	CNA
Cornish Mutual Assurance Company Ltd	Cornish Mutual
Covea Insurance PLC	Covea
DAS Legal Expenses Insurance Company Ltd	DAS Legal Expenses

Insurance company name	Report name
EC Insurance Company Ltd	EC Insurance
Ecclesiastical Insurance Office PLC	Ecclesiastical
Endurance Worldwide Insurance Ltd	Endurance Worldwide
Esure Insurance Limited	Esure
Exeter Friendly Society Ltd	Exeter Friendly Society
Fidelis Underwriting Ltd	Fidelis
Financial Insurance Company Ltd	Financial
First Title Insurance PLC	First Title
FM Insurance Company Ltd	FM Insurance
Gresham Insurance Company Ltd	Gresham
HCC International Insurance Company PLC	HCC International
Highway Insurance Company Ltd	Highway
Hiscox Insurance Company Ltd	Hiscox
Houston Casualty Company - London Branch	HCC - London Branch
HSB Engineering Insurance Ltd	HSB Engineering
International General Insurance Company (UK) Ltd	IGI
Lancashire Insurance Company (UK) Ltd	Lancashire
Legal & General Insurance Ltd	L&G
Liberty Mutual Insurance Europe PLC	Liberty Mutual
Liverpool Victoria Insurance Company Ltd	LV=
Lloyds Bank General Insurance Ltd	Lloyds Bank GI
London General Insurance Company Ltd	London General
Markel International Insurance Company Ltd	Markel International
Medicash Health Benefits Ltd	Medicash Health Benefits
Mitsui Sumitomo Insurance Company (Europe) Ltd	Mitsui Sumitomo Europe
Motors Insurance Company Ltd	Motors
Newline Insurance Company Ltd	Newline
Pinnacle Insurance PLC	Pinnacle
QBE Insurance (Europe) Ltd	QBE Insurance Europe
QBE Re (Europe) Ltd	QBE Re Europe
Royal & Sun Alliance Insurance PLC	RSA
Royal & Sun Alliance Reinsurance Ltd	RSA Reinsurance

Insurance company name	Report name
Sabre Insurance Company Ltd	Sabre
Scor UK Company Ltd	Scor UK
Simply Health Access	Simply Health Access
Sompo Japan Nipponkoa Insurance Company of Europe Ltd	Sompo Japan Nipponkoa
St. Andrew's Insurance PLC	St. Andrew's
Starr International (Europe) Ltd	Starr
Stewart Title Ltd	Stewart Title
Stonebridge International Insurance Ltd	Stonebridge
Tesco Underwriting Ltd	Tesco Underwriting
The Association of Underwriters known as Lloyd's	Lloyd's
The Equine and Livestock Insurance Company Ltd	Equine and Livestock
The Griffin Insurance Association Ltd	Griffin
The National Farmers Union Mutual Insurance Society Ltd	NFU Mutual
The Wren Insurance Association Ltd	Wren
Tokio Marine Kiln Insurance Ltd	Tokio Marine Kiln
Tokio Millennium Re (UK) Ltd	Tokio Millennium Re
Tradex Insurance Company Ltd	Tradex
Trans Re London Ltd	Trans Re London
Travelers Insurance Company Ltd	Travelers
U K Insurance Ltd	UKI
UIA (Insurance) Ltd	UIA
Vitality Health Ltd	Vitality Health
W. R. Berkley Insurance (Europe), SE	WR Berkley Europe
Western Provident Association Ltd	WPA
XL Catlin Insurance Company UK Ltd	XL Catlin
XL Insurance Company SE	XL Insurance
XL Re Europe SE	XL Re Europe

Irish insurers

Insurance company name	Report name
Allianz PLC	Allianz Ireland
Axa Insurance DAC	Axa Ireland
CACI Non-Life DAC	CACI Non-Life
Euro Insurances Limited	Euro Insurances
FBD Insurance PLC	FBD
Greenlight Reinsurance Ireland DAC	Greenlight Reinsurance
IPB Insurance CLG	Irish Public Bodies
Irish Life Health Designated Activity Company	Irish Life Health
Liberty Insurance Ltd	Liberty
RSA Insurance Ireland DAC	RSA Ireland
Talanx Reinsurance (Ireland) SE	Talanx Re
VHI Insurance DAC	VHI
Zurich Insurance PLC	Zurich

Survey constituents and other notes
continued

Groups vs solo entities

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

Year ends and aggregating figures

97% of the firms analysed had financial year ends as at 31 December 2017. When we have aggregated figures within this report, we have done so for all companies, including those with other year end dates during 2017.

Exchange rates

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

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