SOLVENCY AND FINANCIAL CONDITION REPORT ("SFCR")

FOR THE YEAR ENDING 31 DECEMBER 2021

PACIFIC LIFE RE

Pacific Life Re Limited ("Solo"); and
Pacific Life Re Holdings Limited ("Group")

8 April 2022

Executive Summary

This report is a combined SFCR in that it covers both Pacific Life Re Limited ("PLRL") solo and Pacific Life Re Holdings Limited ("PLRH") group (PLRL and PLRH together, the "Group"). This report is provided in compliance with:

- The Solvency II ("SII") Directive 2009/138/EC (the "Directive"), published in December 2009, and any amendments to it by the Omnibus II Directive (16330/13), published in May 2014.
- The SII Delegated Regulation 2015/35 published in October 2014 and SII Delegated Regulation 2019/981, published 8 March 2019 (the "Delegated Regulations").
- European Insurance and Occupational Pensions Authority ("EIOPA") requirements, including EIOPA CP 13/010: Submission of Information to National Competent Authorities, published in September 2013; and
- Prudential Regulation Authority ("PRA") requirements, including PRA Supervisory Statement SS4/13, published in December 2013.

This SFCR contains five sections:

A Business and Performance.
B System of Governance.
C Risk Profile.
D Valuation of Technical Provisions, Assets and Other Liabilities; and
E Capital Management.

A Business and Performance

PLRL is the only insurance undertaking in the Group. The PLRL and PLRH boards of directors ("Boards") have approved the submission of a single combined SFCR. Paragraphs or sections of this report that are specific to the Group, in that they are not relevant to PLRL solo, are identified in brown font.

PLRL is a reinsurance company operating in the United Kingdom ("UK") and across selected markets through its Singapore, South Korea, and Canada branches and through its representative offices in Japan and China in the year ending 31 December 2021. The objective of PLRL has been to provide a comprehensive range of wholesale life risk management products and services to clients across these markets, including the provision of retrocession services to its affiliate in Australia. However, with effect from 1 January 2022, most of PLRL's reinsurance business was transferred to its affiliate, Pacific Life Re International Limited ("RIBM"). Business remaining in PLRL as of 1 January 2022 is solely the business written through its Canada and South Korea branches.

The Group contains only PLRL and PLRH. See section A1.7 for a summary of the operations of each entity. On 1 January 2021, the entire share capital of PLRH (and therefore, indirectly, the entire share capital of PLRH's subsidiary, PLRL) was contributed to Pacific Life Re Global Limited ("RGBM") from Pacific Life Re Holdings LLC ("PLRH LLC"). On 1 July 2021, the entire share capital of PLRH (and therefore, indirectly, the entire share capital of PLRH's subsidiary, PLRL) was contributed to RIBM from RGBM.

The Group's strategy has been to grow its in-force portfolio by writing new business to meet its internal return requirements whilst maintaining an appropriate level of diversification by risk category, underpinned by sufficient capital in accordance with regulatory and economic requirements.

However, from 1 January 2022, the Group is closed to new business other than in the Canadian and South Korean markets.

The underwriting result on an international financial reporting standards ("IFRS") basis for the year ended 31 December 2021 was a loss of £80.3m, an increase from the loss of £71.2m in the year ended 31 December 2020. The main drivers of the change in underwriting result were as follows:

- An overall new business strain recorded in 2021 principally reflecting strains in respect of European Protection business and Australia business. This is in contrast to the 2020 result which benefited from a significant positive impact from two particularly large treaties written in Europe Longevity business that was not repeated in 2021. This was partly offset by relatively higher strain in 2020 associated with higher levels of Europe Protection business.
- A small surplus in 2021 from the net impact of interest earnings and yield curve effects. This surplus was lower than in 2020, principally reflecting differences in asset and liability movements (which are broadly matched on an economic basis rather than an IFRS basis).
- An adverse impact from 2021 assumption basis changes impacting long-term technical provisions mainly within the Europe Protection, Asia and Australia businesses. The impact of basis changes was more adverse overall in 2020, in particular reflecting basis strengthening on Australia business.
- Claims experience was adverse relative to expectation and more adverse than seen in 2020. The main drivers of adverse experience were morbidity claims in Australia and excess claims (including COVID-19 impacts) in Europe Protection.
- An adverse impact from underlying policy data updates. This was more adverse than seen in 2020 but year on year variation is natural.

The Division commenced a project in 2019 to move the Division's headquarters to Bermuda and created two new regulated entities in Bermuda, RGBM and RIBM. On 25 June 2021, a Business Transfer Agreement was signed governing the transfer of business between PLRL and RIBM.

The majority of PLRL's business was transferred to RIBM on 1 January 2022 with the remainder expected to transfer during 2022 or early 2023. Once all business has been transferred out, management intend to dissolve the Company through a solvent liquidation. Due to management's intention to liquidate the Company, the Directors have adopted a basis other than going concern for the preparation of the statutory financial statements of both PLRH and PLRL. The valuation basis for assets and liabilities under Solvency II is unchanged as a result of adopting a basis other than going concern in the statutory financial statements. In contrast, for Solvency II reporting purposes, the requirement is that the valuation of assets and liabilities is based on the assumption of a going concern.

B System of Governance

The Group sets out its system of governance in a document which is available to all staff and is reviewed and updated annually. The last update was on 19 November 2021.

The Boards are responsible for the overall oversight of each entity's operations. The role of each Board is:

- To set strategy, to ensure that the key goals in that strategy are within the agreed risk appetite and to oversee executive implementation of that strategy.

- To articulate and maintain an appropriate culture to follow in pursuit of its business goals; and
- To set risk appetite which is used by each Board to monitor and control actual and prospective risks and to inform key business decisions.

The PLRL Board has delegated a portion of its powers and discretions to the following permanent committees, and the scope of that delegation is set out in the relevant committee's terms of reference:

- Audit Committee;
- Remuneration Committee; and
- Risk Committee.

Following consultation with the PRA, the Remuneration Committee ceased to exist in 2022, following the transfer of most assets and liabilities of PLRL and its Singapore branch, to RIBM and its branches. From 2022, the Remuneration Committee of RIBM and RGBM considers the remuneration of the Division's employees, save for those employed by Pacific Life Re (Australia) Pty Limited ("PLRA"). It is planned that the Audit Committee's and the Risk Committee's activities will be assumed by the Board of PLRL from 19 April 2022.

C Risk Profile

The Group views its risk profile based on regulatory capital at risk. For PLRH the risk profile is substantively the same as PLRL.

Underwriting risks dominate the Solvency Capital Requirement ("SCR") reflecting the preference for longevity, mortality, and morbidity risks under the Division risk strategy. In total, preferred risks under this policy account for 86% of SCR before diversification as at 31 December 2021.

As at 31 December 2021, the Group's risk profile was materially unchanged from the prior year. There has continued to be good new business growth in the longevity and protection lines over the 2021 year.

Due to the global COVID-19 outbreak, the Division's business continuity plan was put into effect. In response to COVID-19, the Division has modified its operations and policies to implement work from home for the majority of its workforce, increased sanitisation measures at facilities where a small number of its employees and third parties are working, and is providing supportive health, wellness and workplace equipment benefits and programs.

An internal Pandemic Escalation Model was developed in 2020 to monitor the insurance risk implications of the pandemic. This tracked development of the pandemic and incorporated a series of escalation triggers to support senior management's decision-making concerning new business flows, reserving and other related areas such as exposure to fixed-income assets.

Management have reviewed the investment portfolios for exposure to assets that might be impacted by ongoing instability in Ukraine. None of the investments held by PLRL have direct exposure to any Russian or Ukrainian issuers.

At the time of writing, there are clear humanitarian concerns in relation to the military conflict between Russia and Ukraine. Management have assessed our financial, insurance, and operational risk positions. This will remain an area of focus as the situation develops over time. PLRL has no direct insurance exposure to Russia or Ukraine. Operational considerations include our SAP data centres in Poland. Management have undertaken business impact assessments in relation to these data centres and business continuity plans are in place. A disaster recovery test was completed successfully in October 2021.

D Valuation of Technical Provisions, Assets and Other Liabilities.

PLRL's SII basic own funds ("BOF") value as at 31 December 2021 was £1,336.9m (2020: £1,491.7m), which comprises £553.7m of share capital (2020: £453.7m) and £783.2m (2020: £1,038.0m) of reconciliation reserve (within equity), both of which are classified as tier 1 own funds. During the year, PLRL issued £100m of capital to its parent PLRH. On 20 January 2022, PLRL conducted a share capital reduction and cancelled 552,649,892 shares of £1 each in its capital in order to increase its distributable reserves and therefore its remaining share capital is 1,000,000 shares of £1 each.

Ancillary own funds ("AOF") in the form of unpaid and uncalled shares constitutes a further £165m (2020: £165m) of regulatory capital funding, as tier 2 own funds as at 31 December 2021, but this arrangement was terminated with effect from 1 January 2022 and the unpaid shares were cancelled by way of a capital reduction on 20 January 2022.

The Group's SII BOF value as of 31 December 2021 was £1,338.0m (2020: £1,492.7m), which comprises £333.0m share capital (2020: £233.0m) and £1,005.0m reconciliation reserve (within equity) (2020: £1,259.8m), both of which are tier 1 own funds. During the year, PLRH issued £100.0m of ordinary share capital to RIBM. The AOF constitutes a further £165m (2020: £165m) of regulatory capital funding, as tier 2 own funds of PLRL as of 31 December 2021 but this arrangement was terminated with effect from 1 January 2022. On 20 January 2022, the issued share capital of PLRH was reduced from £332,973,936 divided into 332,973,936 ordinary shares of £1 each to £1,000,000 comprising 1,000,000 ordinary shares of £1 each by cancelling 331,973,936 ordinary shares of £1 each registered in the name of RIBM.

E Capital Management

The solvency capital requirement ("SCR") is calculated using a group partial internal model ("PIM") approved by the PRA and using the standard formula ("SF") for non-PIM risks. PLRL has a solvency coverage ratio at 31 December 2021 of 135% (2020: 139%), and the Group has a ratio of 135% (2020: 139%). The decrease in coverage ratio in the period is largely driven by new business growth in Europe and Asia, an increase in interest rates over the period, strengthening of demographic assumptions as part of the annual assumption review process and treaty implementations in to the valuation model, particularly in Europe. These were partially offset by a £100m capital injection in to PLRL, narrowing credit spreads and run off of in-force business.

PLRL's own funds include a transitional measure on technical provisions ("TMTP") as part of its own funds. At 31 December 2021, PLRL own funds excluding TMTP covered in excess of 100% of the SCR.

The minimum capital requirement ("MCR") is calculated using a formulaic Solvency II approach. Only BOF is available to cover the MCR, subject to quantitative limits. PLRL has an MCR ratio at 31 December 2021 of 455% (2020: 502%). The MCR ratio on 31 December 2021 for the Group is 455% (2020: 502%).

Approval by the Board of Directors of PLRL of the SFCR for the financial year ending 31 December 2021

We certify that:

- The SFCR has been properly prepared in all material respects in accordance with the PRA rules and SII Regulations; and
- We are satisfied that:
  a) Throughout the financial year ending 31 December 2021, the insurer has complied in all material respects with the requirements of the PRA rules and SII Regulations as applicable to the insurer; and
  b) It is reasonable to believe that, at the date of the publication of the SFCR, the insurer has continued so to comply, and will continue so to comply in future.

Approval by the administrative, management or supervisory body of the SFCR and reporting templates

DocuSigned by:

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Duncan Hayward
Director and Chief Financial Officer
Date: 8 April 2022

Report of the external independent auditor to the Directors of Pacific Life Re Holdings Limited and Pacific Life Re Limited (together 'the Group') pursuant to Rule 4.1 (2) of the External Audit Chapter of the PRA Rulebook applicable to Solvency II firms

Report on the Audit of the relevant elements of the Solo and Group Solvency and Financial Condition Report (the 'Solo and Group SFCR')

Opinion

Except as stated below, we have audited the following documents prepared by the Group as at 31 December 2021:

- The 'Valuation for solvency purposes' and 'Capital Management' sections of the Solo and Group SFCR as at December 2021, ('the Narrative Disclosures subject to audit'); and
- Pacific Life Re Holdings templates S.02.01.02, S.22.01.22, S.23.01.22, and S.32.01.22; and
- Pacific Life Re Limited solo templates S.02.01.02, S.12.01.02, S.23.01.01, S.22.01.21, and S.28.01.01 Limited

Together 'the Templates subject to audit'.

The Narrative Disclosures subject to audit and the Templates subject to audit are collectively referred to as the 'relevant elements of the Solo and Group SFCR'.

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

- information contained within the relevant elements of the Solo and Group SFCR set out above which are, or derive from the Solvency Capital Requirement, as identified in the Appendix to this report;
- the 'Executive Summary', 'Business and performance', 'System of governance' and 'Risk profile' elements of the Solo and Group SFCR;
- Group Templates S05.01.02, S05.02.01, S.25.02.22;
- Solo Templates S.05.01.02, S.05.02.01 and 25.02.21;
- Information calculated in accordance with the previous regime used in the calculation of the transitional measures on technical provisions, and as a consequence all information relating to the transitional measures on technical provisions as set out in the Appendix to this report;
- the written acknowledgement by management of their responsibilities, including for the preparation of the Solo and Group SFCR ('the Responsibility Statement').

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

In our opinion, the information subject to audit in the relevant elements of the Solo and Group SFCR as at 31 December 2021 is prepared, in all material respects, in accordance with the financial reporting provisions of the PRA Rules and Solvency II regulations on which they are based, as modified by relevant supervisory modifications, and as supplemented by supervisory approvals and determinations.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK), including ISA (UK) 800 and ISA (UK) 805, and applicable law. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the relevant elements of the Group Solvency and Financial Condition Report* section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the Solo and Group SFCR in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard as applied to public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter – Basis of Accounting

We draw attention to the 'Valuation for solvency purposes' and 'Capital Management' section of the Solo and Group SFCR, which describe the basis of accounting. The Solo and Group SFCR is prepared in compliance with the financial reporting provisions of the PRA Rules and Solvency II regulations, and therefore in accordance with a special purpose financial reporting framework. The Solo and Group SFCR is required to be published, and intended users include but are not limited to the PRA. As a result, the Solo and Group SFCR may not be suitable for another purpose. Our opinion is not modified in respect of these matters.

Emphasis of matter – the Group is reporting on a basis other than going concern

We draw attention to note 1b in the financial statements of Pacific Life Re Holdings, to note 1b in the financial statements of Pacific Life Re Limited and to the 'Business and Performance' section in the Solo and Group SFCR for the year ended 31 December 2021, which indicates that the Group is no longer a going concern as the intention is for the Group to cease to trade following the transfer of insurance business. Our opinion is not modified in respect of this matter.

Other Information

The Directors are responsible for the Other Information.

Our opinion on the relevant elements of the Solo and Group SFCR does not cover the Other Information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the Solo and Group SFCR, our responsibility is to read the Other Information and, in doing so, consider whether the Other Information is materially inconsistent with the relevant elements of the Solo and Group SFCR, or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the relevant elements of the Solo and Group SFCR or a material misstatement of the Other Information. If, based on the work we have performed, we conclude that there is a material misstatement of this Other Information, we are required to report that fact.

We have nothing to report in relation to these matters.

Responsibilities of Directors for the Solo and Group Solvency and Financial Condition Report

The Directors are responsible for the preparation of the Solo and Group SFCR in accordance with the financial reporting provisions of the PRA rules and Solvency II regulations which have been modified by the modifications, and supplemented by the approvals and determinations made by the PRA under section 138A of FSMA, the PRA Rules and Solvency II regulations on which they are based.

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

Auditor's Responsibilities for the Audit of the relevant elements of the Solo and Group Solvency and Financial Condition Report

It is our responsibility to form an independent opinion as to whether the relevant elements of the Solo and Group SFCR are prepared, in all material respects, with financial reporting provisions of the PRA Rules and Solvency II regulations on which they are based.

Our objectives are to obtain reasonable assurance about whether the relevant elements of the Solo and Group SFCR are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but it is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decision making or the judgement of the users taken on the basis of the Solo and Group SFCR.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at https://www.frc.org.uk/auditorsresponsibilities. The same responsibilities apply to the audit of the Solo and Group SFCR.

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

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

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

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

- had a direct effect on the determination of material amounts and disclosures in the SFCR. These included Solvency II as implemented in the UK ; and
- do not have a direct effect on the SFCR but compliance with which may be fundamental to the Group's ability to operate or to avoid a material penalty. These included Companies Act 2006 and related Company Law, the European Insurance and Occupational Pensions Authority ("EIOPA"), and Prudential Regulation Authority ("PRA").

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

As a result of these procedures, we considered the opportunities and incentives that may exist within the organisation for fraud and identified the greatest potential for fraud in the following areas: the significant assumptions used for actuarial reserving, and the cut-off of revenue recognition.

The assumptions require a high degree of judgement due to the number of factors which may influence experience, and are particularly sensitive to small changes. We performed the following procedures:

- obtained an understanding of the controls relevant to the assumptions setting process. This included controls around policyholder data used in the reserving process;
- assessed and challenged judgements made by management when setting the significant assumptions. This was done by reviewing minutes from the management and Board committee meetings where the assumptions were discussed and approved, and through comparisons to common industry-wide benchmarks (e.g. Continuous Mortality Investigation tables) and best practices;
- assessed the reasonableness of the impact of assumption changes on reserves. This testing included independently estimating the movement in treaty level reserves given the significant assumptions changes;
- performed analysis of actual versus expected results: claim (death and suspension) count and amount, and the base tables used for assurance over the appropriate application of the assumption setting methodology by management;
- assessed the impact of Covid-19 on the actuarial reserves assumptions as well as control environment around reserving by replicating the results (actual and expected exposures) of a sample experience study, which are an input to the judgements made by management. This procedure relates to the base mortality assumption specifically; and
- tested the key underlying data by reconciling to the general ledgers, and performing substantive test of detail, tracing selected samples to source documents.

For the cut-off of revenue recognition, we have inspected the policyholder system for active treaty agreements post-year end and confirmed whether any new treaties with premium that were signed before the year-end were included in the calculations of the Solvency II best estimate technical provisions.

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

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

- reviewing SFCR disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management and legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance, and reviewing correspondence with the PRA and FCA.

Other Matter

The Group has authority to calculate its Group Solvency Capital Requirement using a partial internal model ("the Model") approved by the Prudential Regulation Authority in accordance with the Solvency II Regulations. In forming our opinion (and in accordance with PRA Rules), we are not required to audit the inputs to, design of, operating effectiveness of and outputs from the Model, or whether the Model is being applied in accordance with the Group's application or approval order.

Report on Other Legal and Regulatory Requirements

Other Information

In accordance with Rule 4.1 (3) of the External Audit Chapter of the PRA Rulebook for Solvency II firms we are also required to consider whether the Other Information is materially inconsistent with our knowledge obtained in the audit of Pacific Life Re Holdings Limited's or Pacific Life Re Limited's statutory financial statements. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in relation to this matter.

Use of our Report

This report is made solely to the Directors of Pacific Life Re Holdings Limited and Pacific Life Re Limited in accordance with Rule 4.1 (2) of the External Audit Chapter of the PRA Rulebook for Solvency II firms. We acknowledge that our report will be provided to the PRA for the use of the PRA solely for the purposes set down by statute and the PRA's rules. Our audit work has been undertaken so that we might state to the insurer's Directors those matters we are required to state to them in an auditor's report on the relevant elements of the Solo and Group SFCR and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the PRA, for our audit work, for this report or for the opinions we have formed.

A J Holland

Andrew Holland FCA (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom

8 April 2022

Appendix – relevant elements of the Single and Group Solvency and Financial Condition Report that are not subject to audit

The relevant elements of the Single and Group SFCR that are not subject to audit comprise:

- The following elements of Group & Solo templates S.02.01.02:
  - Row R0550: Technical provisions – non-life (excluding health) – risk margin
  - Row R0590: Technical provisions – health (similar to non-life) – risk margin
  - Row R0640: Technical provisions – health (similar to life) – risk margin
  - Row R0680: Technical provisions – life (excluding health and index-linked and unit-linked) – risk margin
  - Row R0720: Technical provisions – Index-linked and unit-linked – risk margin
- The following elements of Solo templates S.12.01.02
  - Row R0100: Technical provisions calculated as a sum of BE and RM – Risk margin
  - Rows R0110 to R0130 – Amount of transitional measure on technical provisions
- The following elements of Group & Solo templates S.22.01.22 & S.22.01.01
  - Column C0030 – Impact of transitional measure on technical provisions
  - Row R0010 – Technical provisions
  - Row R0090 – Solvency Capital Requirement
- The following elements of Group & Solo template S.23.01.22 & S.23.01.01
  - Row R0020: Non-available called but not paid in ordinary share capital at group level
  - Row R0060: Non-available subordinated mutual member accounts at group level
  - Row R0080: Non-available surplus at group level
  - Row R0100: Non-available preference shares at group level
  - Row R0120: Non-available share premium account related to preference shares at group level
  - Row R0150: Non-available subordinated liabilities at group level
  - Row R0170: The amount equal to the value of net deferred tax assets not available at the group level
  - Row R0190: Non-available own funds related to other own funds items approved by supervisory authority
  - Row R0210: Non-available minority interests at group level
  - Row R0380: Non-available ancillary own funds at group level
  - Rows R0410 to R0440 – Own funds of other financial sectors
  - Row R0580: SCR
  - Row R0600: MCR
  - Row R0620: Ratio of Eligible own funds to SCR
  - Row R0610 – Minimum consolidated Group SCR
  - Row R0650 – Ratio of Eligible own funds to Minimum consolidated Group SCR
  - Row R0690: Ratio of Eligible own funds to group SCR including other financial sectors and the undertakings included in D&A
  - Row R0680: Group SCR
  - Row R0740: Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds
  - Row R0750: Other non available own funds
- The following elements of template S.28.01.01
  - Row R0310: SCR
  - Row R0320: MCR cap
  - Row R0320: MCR floor
- Elements of the Narrative Disclosures subject to audit identified as 'unaudited'.

Section A. Business and Performance (Unaudited)

A1. Business

A1.1 Name and legal form of the undertaking

The "Undertakings" are as follows:

- The solo entity for SII purposes is PLRL, a company registered in England and Wales; and the group entity for SII purposes (the "Group") is the group of companies whose parent is PLRH, a company registered in England and Wales. As at 31 December 2021, the Group contains only PLRL and PLRH. On 1 October 2020, ownership of Pacific Life Re Services Limited ("PLRS"), UnderwriteMe Limited ("UM") and the direct subsidiaries of UM, was transferred to Pacific Life Re Holdings LLC ("PLRH LLC").

Paragraphs or sections of this report that are specific to the Group, in that they are not relevant to PLRL, are identified in brown font.

A1.2 Name and contact details of the supervisory authority

Prudential Regulation Authority	**Financial Conduct Authority**
20 Moorgate	12 Endeavour Square
London	London
EC2R 6DA	E20 1JN

A1.3 Name and contact details of the external auditor

Deloitte LLP
Statutory Auditor
Hill House
1 Little New Street
London
EC4A 3TR

A1.4 Qualifying holdings in the Undertakings

100% of the voting rights of PLRL were held by its immediate parent company, PLRH, as at 31 December 2021. The ultimate parent company of PLRL is Pacific Mutual Holding Company ("PMHC").

100% of the voting rights of PLRH were held by its immediate parent company, RIBM, as at 31 December 2021. The ultimate parent company of PLRH is PMHC.

A1.5 Solvency II reporting currency

The Undertakings report on a SII basis in GBP.

A1.6 Reporting period

This report covers the financial position as at 31 December 2021. This is analysed by reference to the previously reported position, as at 31 December 2020.

A1.7 Legal structure of the group

A1.7.1 Pacific Life Re Limited position within the legal structure of the group

The corporate structure of the United Kingdom ("UK") operating entities, including their United States ("US") intermediate parent company as at 31 December 2021, is set out below:

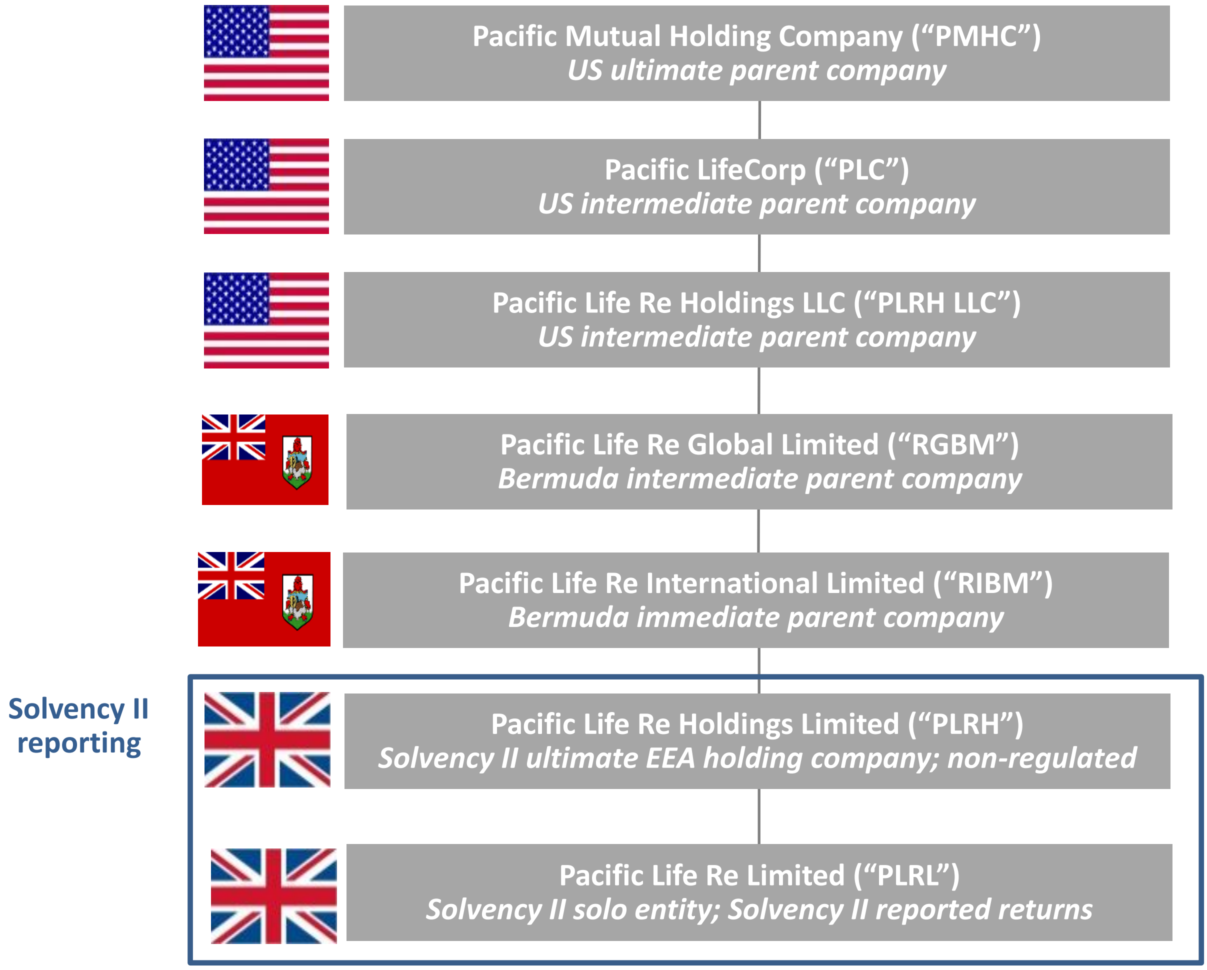

Figure 1 – Corporate structure chart.

The Division commenced a project in 2019 to move the Division's headquarters to Bermuda and created two new regulated entities in Bermuda, RGBM and RIBM.

RGBM largely writes North America sourced reinsurance and retrocession business. During the course of 2021, RIBM established regulated branches in the UK and Singapore and commenced the process to establish regulated branches in Canada and South Korea, to assume the reinsurance business undertaken by PLRL. On 1 July 2021, two treaties written in the Singapore branch of PLRL were transferred to RIBM by means of individual novation of treaties.

On 1 January 2022, the restructure of business governed by English law was undertaken by means of an insurance business transfer under Part VII of the Financial Services and Markets Act 2000. On the same day, the retrocession contract with PLRA was novated to RIBM. All other business transferred by individual novation of cedent treaties or in accordance with local regulatory processes on 1 January 2022, save for:

- the transfer of cedant treaties written by PLRL's Korea Branch by way of a South Korean law portfolio transfer, it is planned that this will occur in the second half of 2022 or early 2023 subject to applicable regulatory approvals being granted with respect to RIBM's proposed Korea Branch; and
- the transfer by individual novation of cedant treaties written by PLRL's Canada Branch to RIBM's proposed Canada Branch. This is planned to occur in the second half of 2022 subject to applicable regulatory approvals being granted to RIBM's proposed Canada Branch.

On 1 January 2021, PLRH was contributed by PLRH LLC to its subsidiary RGBM, such that its new direct parent became RGBM. On 1 July 2021, PLRH was contributed by RGBM to its subsidiary RIBM, such that its new direct parent became RIBM.

Pacific Life Re Holdings Limited (ultimate EEA holding company for Solvency II purposes)

PLRH is the holding company for the UK group. The primary function of PLRH is to act as a holding company and to provide financing to its subsidiary undertaking. All financing to PLRH is provided in the form of common equity.

Pacific Life Re Limited (solo company for Solvency II purposes)

PLRL is a reinsurance company which operated in the year ending 31 December 2021 in the UK and across selected markets through its Singapore, South Korea, and Canada branches and through its representative offices in Japan and China. PLRL provided retrocession services to its affiliate in Australia. PLRL carried out an annual Own Risk Solvency Assessment ("ORSA") which considers all risks that it faces, including those arising from membership of a group. PLRL is one of the main reinsurance carriers participating in the Division.

A1.7.2 Pacific Life Re Holdings Limited position within the legal structure of the group

The corporate structure of the UK operating entities, including their Bermuda and US intermediate parent companies as at 31 December 2021, is set out in section A1.7.1.

The ultimate parent company of PLRH is PMHC. The PRA has granted a waiver for other methods of group supervision above the level of the Group and therefore no further group SII submissions are being made.

A1.8 Pacific Life Re Limited lines of business and geographical areas of operation

PLRL was one of the main reinsurance carriers participating in the Division as at year ending 31 December 2021. PLRL wrote life reinsurance business in the UK, Ireland, Asia, and Canada, and provides retrocession services to its affiliate in Australia. From 1 January 2022, PLRL writes business in South Korea and Canada but is expected to transfer this business to RIBM during the course of 2022 or early 2023.

The material lines of business and geographical areas of operation for PLRH are the same as those of PLRL. As PLRL is the insurance business within PLRH, the focus of this SFCR is on the PLRL operations.

Europe

The Europe business consists primarily of UK and Irish protection, UK longevity swap and single premium annuity business (see section A1.9.1). The protection business comprises mortality, critical illness, and income protection business.

Premiums have increased primarily due to growth in the protection book arising from new and existing treaties, coupled with new Longevity swap treaty wins and continuous growth from the longevity flow treaty, initially written in 2018. However, all the business was transferred to the UK branch of RIBM, the majority of which was by way of a transfer under Part VII of the UK Financial Services & Markets Act 2000 on 1 January 2022.

Longevity business was ceded on a quota share basis to Pacific Life Insurance Company ("PLIC") and four specific treaties are partially retroceded to a third party. Single premium annuity business was ceded to PLIC on a 95% limited recourse basis. Mortality business is ceded to a retrocession pool comprising affiliate and third party retrocessionnaires in order to maintain the PLRL £3m per life retention, although the volumes ceded are not material.

Asia

The main line of business in Asia is critical illness. The critical illness products written through the Singapore and South Korean branches are similar to those in the UK, though frequently focussing on cancer benefits. There has been significant growth in Asia in 2021 which was largely attributed to new business written in South Korea. However, the business written in PLRL's Singapore Branch was transferred to RIBM on 1 January 2022.

PLRL Japanese marketing efforts focus primarily on direct marketing business which involves the cedant marketing life and health products directly to the consumer. This exposes PLRL to morbidity risks via its Singapore Branch up to 31 December 2021 and is also associated with higher exposure to lapse risk due to participation in the upfront marketing costs.

Australia

PLRL accepted retrocession of group and individual protection business from its affiliate PLRA. This covered principally mortality and total and permanent disability lump sum benefits as well as income protection. PLRL novated this contract to RIBM with effect from 1 January 2022.

Retro

PLRL writes retrocession business through its Canadian branch. The branch writes mainly mortality business and also writes longevity business.

A1.9 Any significant business or other events over the reporting period

A1.9.1 Product range changes

Pacific Life Re launched a new product called Global Funded Solutions ("GFS") which enhances the Division's proposition by accepting full annuity risk rather than just longevity risk in Pension Risk Transfer (PRT) markets. Utilising retrocession with PLIC, we expect to be able to access the current Investment Management capabilities and infrastructure of PLIC from writing PRT business in the US market. The initial phase of the project is limited to the UK Pension market, but the Division will look to expand the analysis into other markets. PLRL signed its first GFS business during 2021. This business was transferred to the UK branch of RIBM on 1 January 2022.

A1.9.2 Holding company structure changes

On 1 January 2021, PLRH was contributed by PLRH LLC to its subsidiary RGBM, such that its new direct parent became RGBM. On 1 July 2021, PLRH was contributed by RGBM to its subsidiary RIBM, such that its new direct parent became RIBM.

A2. Underwriting performance

The underwriting performance of PLRL by material line of business is presented below on an IFRS basis, and a reconciliation to the result for the year in the IFRS financial statements of PLRL and PLRH is provided on the next page.

	2021			2020		
	Protection	Longevity	Total	Protection	Longevity	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Premiums						
Gross	856,668	168,728	1,025,396	785,188	112,201	897,389
Reinsurers' share	(10,171)	(117,484)	(127,655)	(4,364)	(58,780)	(63,144)
Net	**846,498**	**51,244**	**897,742**	**780,824**	**53,421**	**834,245**
Claims incurred						
Gross	(553,242)	3,244	(549,998)	(419,456)	(2,860)	(422,315)
Reinsurers' share	7,651	(4,444)	3,207	915	791	1,706
Net	**(545,590)**	**(1,201)**	**(546,791)**	**(418,541)**	**(2,068)**	**(420,609)**
Change in technical provisions						
Gross	(135,585)	21,393	(114,192)	(412,142)	475,631	63,489
Reinsurers' share	(4,409)	(68,883)	(73,292)	(1,455)	(278,456)	(279,911)
Net	**(139,995)**	**(47,490)**	**(187,484)**	**(413,596)**	**197,175**	**(216,422)**
Acquisition costs						
Acquisition commission	(222,608)	-	(222,608)	(246,429)	-	(246,429)
Reinsurance commission	(8,067)	2,561	(5,506)	(11,238)	2,689	(8,549)
Other acquisition costs	(14,362)	(1,299)	(15,661)	(12,606)	(869)	(13,475)
Net	**(245,037)**	**1,262**	**(243,775)**	**(270,273)**	**1,819**	**(268,453)**
Underwriting result	**(84,124)**	**3,816**	**(80,308)**	**(321,586)**	**250,347**	**(71,239)**

Figure 2 – Summary of underwriting performance over the reporting period by line of business (PLRL and Group numbers are identical).

	2021		2020	
	PLRL	Group	PLRL	Group
	£'000	£'000	£'000	£'000
Underwriting result, per the preceding table	**(80,309)**	**(80,309)**	**(71,239)**	**(71,239)**
Net investment income	(68,858)	(68,858)	129,250	129,250
Fair value movement on funds withheld	14,154	14,154	(10,087)	(10,087)
Other operating income	(1,166)	(1,166)	3,803	3,803
Foreign currency (losses)/gains	(1,960)	1,712	(2,605)	(11,147)
Reinsurers' share of interest on custody assets	(6,093)	(6,093)	(8,178)	(8,178)
Other administrative expenses	(82,530)	(82,530)	(71,018)	(71,018)
Interest payable and similar charges	(541)	(541)	(759)	(759)
Tax	35,562	35,562	11,486	11,486
Loss for the year from discontinued operations	-	-	-	(5,056)
Loss for the year, per the PLRL financial statements	**(191,740)**		**(19,347)**	
Loss for the year, per the PLRH financial statements		**(188,067)**		**(32,945)**

Figure 3 – Reconciliation of underwriting result to the loss for the year in the IFRS financial statements.

The main drivers of underwriting performance for the year ended 31 December 2021 are highlighted as follows:

- An overall new business strain recorded in 2021 principally reflecting strains in respect of European Protection business and Australia business. This is in contrast to the 2020 result which benefited from a significant positive impact from two particularly large treaties written in Europe Longevity business that was not repeated in 2021. This was partly offset by relatively higher strain in 2020 associated with higher levels of Europe Protection business.
- A small surplus in 2021 from the net impact of interest earnings and yield curve effects. This surplus was lower than in 2020, principally reflecting differences in asset and liability movements (which are broadly matched on an economic basis rather than an IFRS basis).
- An adverse impact from 2021 assumption basis changes impacting long-term technical provisions mainly within the Europe Protection, Asia and Australia businesses. The impact of basis changes was more adverse overall in 2020, in particular reflecting basis strengthening on Australia business.
- Claims experience was adverse relative to expectation and more adverse than seen in 2020. The main drivers of adverse experience were morbidity claims in Australia and excess claims (including COVID-19 impacts) in Europe Protection.

- An adverse impact from underlying policy data updates. This was more adverse than seen in 2020 but year on year variation is natural.

The underwriting performance of PLRL by geographical area is presented below on an IFRS basis.

	2021					2020				
	Europe £'000	Asia £'000	Australia £'000	Other * £'000	Total £'000	Europe £'000	Asia £'000	Australia £'000	Other * £'000	Total £'000
Premiums										
Gross	661,652	173,355	183,291	7,098	1,025,396	548,633	136,736	206,391	5,629	897,389
Reinsurers' share	(124,327)	(270)	(1,166)	(1,892)	(127,655)	(60,970)	(125)	(508)	(1,541)	(63,144)
Net	**537,326**	**173,085**	**182,125**	**5,206**	**897,742**	**487,663**	**136,611**	**205,883**	**4,088**	**834,245**
Claims incurred										
Gross	(327,834)	(107,522)	(110,895)	(3,747)	(549,998)	(277,318)	(82,388)	(59,129)	(3,480)	(422,315)
Reinsurers' share	(4,155)	-	7,130	232	3,207	975	-	-	731	1,706
Net	**(331,989)**	**(107,522)**	**(103,765)**	**(3,515)**	**(546,791)**	**(276,343)**	**(82,388)**	**(59,129)**	**(2,749)**	**(420,609)**
Changes in technical provisions										
Gross	(33,819)	(56,860)	(34,585)	11,072	(114,191)	250,678	(1,601)	(188,396)	2,807	63,489
Reinsurers' share	(70,741)	286	(570)	(2,267)	(73,292)	(279,903)	-	374	(382)	(279,911)
Net	**(104,560)**	**(56,574)**	**(35,155)**	**8,805**	**(187,483)**	**(29,225)**	**(1,601)**	**(188,022)**	**2,425**	**(216,422)**
Commissions										
Acquisition commission	(129,273)	(36,781)	(55,828)	(726)	(222,608)	(142,592)	(26,046)	(77,423)	(368)	(246,429)
Reinsurance commission	2,560	2	(8,466)	398	(5,506)	2,689	-	(11,565)	327	(8,549)
Other acquisition costs	(6,871)	(3,505)	(5,290)	5	(15,661)	(7,867)	(2,209)	(3,329)	(70)	(13,475)
Net	**(133,584)**	**(40,284)**	**(69,584)**	**(323)**	**(243,775)**	**(147,770)**	**(28,255)**	**(92,317)**	**(111)**	**(268,453)**
Underwriting result	**(32,808)**	**(31,295)**	**(26,379)**	**10,173**	**(80,308)**	**34,325**	**24,367**	**(133,585)**	**3,653**	**(71,239)**

Figure 4 – Summary of underwriting performance over the reporting period by geographical area (PLRL and Group numbers are identical).

* The 'Other' geographical area comprises the Retro business unit, run-off, and general lines of business.

A3. Investment performance

A3.1 Information on income and expenses arising from investments over the reporting period

Income and expenses arising from investments over the reporting period are shown below:

		2021		2020	
		PLRL	Group	PLRL	Group
		£'000	£'000	£'000	£'000
Investment income and expenses					
Investment income	Fixed income securities	35,232	35,232	31,122	31,122
	Cash	71	71	280	314
	Total	**35,303**	**35,303**	**31,402**	**31,436**
Gains/(losses) on fixed income securities	Realised gains	2,325	2,325	6,545	6,545
	Realised losses	(1,262)	(1,262)	(211)	(211)
	Net unrealised gains	(103,107)	(103,107)	93,538	93,538
	Total	**(102,044)**	**(102,044)**	**99,872**	**99,872**
Investment expenses		2,116	2,116	2,025	2,025
Total net investment (loss)/income		**(68,858)**	**(68,858)**	**129,249**	**129,284**

Figure 5 – Summary of change in income and expenses arising from investments over the reporting period.

PLRL earned investment income on fixed income securities of £35.3m for the year ended 31 December 2021, which is £4.2m higher than the investment income of £31.1m earned during the year ended 31 December 2020 due to capital injections invested into the investment portfolio.

PLRL made realised gains and losses on fixed income securities of £2.3m and (£1.3m), respectively, during the year ended 31 December 2021, whereas it made realised gains and losses of £6.5m and (£0.2m), respectively, during the year ended 31 December 2020. The lower net realised gains in 2021 were primarily caused by a decrease in portfolio turnover.

PLRL made net unrealised losses on fixed income securities of (£103.1m) during the year ended 31 December 2021, whereas it made net unrealised gains of £93.5m during the year ended 31 December 2020. The movement in unrealised gains is largely due to yield movements causing bond prices to fall during the year.

The investment income earned on cash balances by the Group was consistent with that earned by PLRL in the year ended 31 December 2021 but marginally greater in the year ended 31 December 2020. This is due to interest earned on cash balances held by PLRS and the UM entities before they were removed from the Group during 2020.

A3.2 Information about any gains and losses recognised directly in equity over the reporting period

There were no investment gains or losses recognised directly in equity during the reporting period.

A3.3 Information about any investments in securitisation over the reporting period

PLRL held £0.8m US$-denominated securitised assets as at 31 December 2021 (2020: £0.8m).

A4. Performance of other activities

Material income and expenses during the year ending 31 December 2021, other than those discussed elsewhere in this report, are presented below on an IFRS basis.

Fair value movement on funds withheld

	2021 £'000	2020 £'000
Fair value movement on funds withheld	**14,154**	**(10,087)**

Figure 6 – Summary of fair value movement on funds withheld in the period (PLRL and Group numbers are identical).

As at 31 December 2021, PLRL had in place a number of retrocession agreements with PLIC as retrocessionaire. There is one block of annuity business and two blocks of longevity swap business for which the retrocession gives PLIC a security interest in the underlying custody assets held by PLRL. The custody assets are measured at fair value, therefore the Company recognises a funds withheld liability at fair value in accordance with Level 2 of the fair value hierarchy under *IFRS 13 Fair Value Measurement*.

These balances are accounted for as a deposit from reinsurer for SII purposes. The retrocession arrangements with PLIC were novated from PLRL to RIBM in accordance with the Part VII transfer on 1 January 2022.

Operating expenses (other than acquisition commission, other acquisition costs and reinsurance commission)

	2021		2020	
	PLRL £'000	Group £'000	PLRL £'000	Group £'000
Operating expenses (other than acquisition commission, other acquisition costs and reinsurance commission)				
Reinsurers' share of interest on custody assets	6,093	6,093	8,178	8,178
Other administrative expenses	82,530	82,530	71,017	71,017
Total	**88,623**	**88,623**	**79,195**	**79,195**

Figure 7 – Summary of change in operating expenses over the reporting period.

The reinsurers' share of interest on custody assets of £6.1m (2020: £8.2m) arises from the collateral provisions of longevity retrocession agreements with PLIC and is the PLIC share of the investment income that PLRL receives on the custody assets that PLRL holds in relation to two longevity treaties and one annuity treaty with a third party.

Other administrative expenses include employee costs, property costs and depreciation of assets.

Tax charged to the Statement of Comprehensive Income

	2021		2020	
	PLRL	Group	PLRL	Group
	£'000	£'000	£'000	£'000
Current tax (credit)/charge	(2,404)	(2,404)	(5,564)	(5,564)
Deferred tax (credit)/charge	(33,158)	(33,158)	(5,922)	(5,922)
Total tax (credit)/charge	**(35,562)**	**(35,562)**	**(11,486)**	**(11,486)**

Figure 8 – Summary of tax charge in the reporting period.

The total tax credit in the year is largely due to the PLRL IFRS loss in 2021, although impacts of an election made by PLRL to exclude foreign branches from the UK tax computation as of 1 January 2021 means the effective tax rate is lower than 25% as a deferred tax asset cannot be accrued for 2021 losses in the branches.

A5. Any other information

Intragroup transactions

Material intragroup transactions during the year ending 31 December 2021 are presented below and on the next page on an IFRS basis. The PLRL table shows material transactions between PLRL and members of the Pacific Life group. The Group table shows material transactions between members of the SII group (comprising PLRH and PLRL) and members of the Pacific Life group that are not in the SII group.

	PLRL				
	Amounts due from/(to) intragroup counterparty at 1 January 2021	Amount of transactions for the period	Settlements paid/ (received) during the period	Foreign currency gains/ (losses)	Amounts due from/(to) intragroup counterparty at 31 December 2021
	£'000	£'000	£'000	£'000	£'000
Management services					
Pacific Life Insurance Company	-	(5,257)	5,141	-	(116)
Pacific Life Re (Australia) Pty Limited	64	(135)	71	-	-
Pacific Life Re Services Limited	-	(45,214)	43,834	-	(1,380)
Pacific Life Re Holdings LLC	92	212	(304)	-	-
Pacific Services Canada Limited	-	(111)	111	-	-
UnderwriteMe Technology Solutions Limited, Singapore Branch	2	(107)	119	-	14
Pacific Life Services Bermuda Limited	-	(3,870)	3,540	-	(330)
Pacific Life Re Services Singapore Pte. Limited	-	(9,819)	9,967	(104)	44
Retrocession arrangements					
Pacific Life Insurance Company	(446,371)	(164,640)	115,630	122	(495,259)
Pacific LifeCorp	-	3,208	(3,208)	-	-
Pacific Life Re (Australia) Pty Limited	(347,009)	(63,904)	(37,939)	6,730	(442,122)
Pacific Life Re Global Limited	3,125	(4,115)	7,186	(9)	6,187
Group relief					
Pacific Life Re Holdings Limited	(1,070)	-	-	-	(1,070)
Pacific Life Re Services Limited	-	1,058	(1,058)	-	-
UnderwriteMe Limited	-	338	(338)	-	-
UnderwriteMe Technology Solutions Limited	-	301	(301)	-	-
Other					
Pacific Life Re International Limited	-	(6,605)	-	-	(6,605)
Total	**(791,167)**	**(299,378)**	**143,500**	**6,739**	**(940,306)**

	Group				
	Amounts due from/(to) intragroup counterparty at 1 January 2021	Amount of transactions for the period	Settlements paid/ (received) during the period	Foreign currency gains/ (losses)	Amounts due from/(to) intragroup counterparty at 31 December 2021
	£'000	£'000	£'000	£'000	£'000
Management services					
Pacific Life Insurance Company	-	(5,257)	5,141	-	(116)
Pacific Life Re (Australia) Pty Limited	64	(135)	71	-	-
Pacific Life Re Services Limited	-	(45,214)	43,834	-	(1,380)
Pacific Life Re Holdings LLC	92	212	(304)	-	-
Pacific Services Canada Limited	-	(111)	111	-	-
UnderwriteMe Technology Solutions	2	(107)	119	-	14
Pacific Life Services Bermuda Limited	-	(3,870)	3,540	-	(330)
Pacific Life Re Services Singapore Pte. Limited	-	(9,819)	9,967	(104)	44
Retrocession arrangements					
Pacific Life Insurance Company	(446,371)	(164,640)	115,630	122	(495,259)
Pacific LifeCorp	-	3,208	(3,208)	-	-
Pacific Life Re (Australia) Pty Limited	(347,009)	(63,904)	(37,939)	6,730	(442,122)
Pacific Life Re Global Limited	3,125	(4,115)	7,186	(9)	6,187
Group relief					
Pacific Life Re Services Limited	-	1,058	(1,058)	-	-
UnderwriteMe Limited	-	338	(338)	-	-
UnderwriteMe Technology Solutions Limited	-	301	(301)	-	-
Other					
Pacific Life Re International Limited	-	(6,605)	-	-	(6,605)
Total	**(790,097)**	**(299,378)**	**143,500**	**6,739**	**(939,236)**

Figure 9 – Summary of intragroup transactions in the reporting period.

Management services:

PLRL receives management services from Pacific Life Services Bermuda ("RSBM"), PLRS, Pacific Life Services Canada ("PSCL"), PLRA, Pacific Life Re Services Singapore Pte. Limited ("RSSG") and PLIC.

Intragroup retrocession arrangements:

Transactions with PLIC were in respect of retrocession contracts for certain reinsurance business accepted by PLRL. The related party balance consisted of accrued premiums and commissions, reinsurer's share of long-term provisions and claims outstanding, deposits due to and from PLIC, guarantee fees charged to PLRL by PLIC, and outstanding balances on the quarterly PLIC statement. In accordance with the Part VII transfer, the retrocession arrangements between PLRL and PLIC transferred to RIBM UK Branch with effect from 1 January 2022.

Transactions with RGBM, a subsidiary of PLRH LLC, related to retrocession reinsurance premiums incurred net of claims recovered during the year by PLRL in the course of normal business. In accordance with the Part VII transfer, the retrocession arrangements between PLRL and PLIC transferred to RIBM UK Branch with effect from 1 January 2022.

PLRL provided retrocession cover to PLRA for Australian life business. Balances related to retrocession reinsurance premiums incurred net of claims paid during the year by PLRL in the course of normal business. PLRA, PLRL and RIBM entered into an agreement to novate the retrocession treaty between PLRA and PLRL to RIBM with effect from 1 January 2022.

Guarantee fees to PLIC and Pacific Life Corp ("PLC"):

PLC provides a first guarantee for the performance of certain obligations of PLRL, in accordance with a guarantee agreement dated 29 March 2010. If PLRL is unable to meet its current obligations under reinsurance agreements, PLC shall guarantee payment. On 29 March 2010, PLIC entered into an agreement with PLRL to guarantee the performance of reinsurance obligations of PLRL. PLRL pays fees to PLIC and PLC for their respective guarantees. The PLIC guarantee is secondary to the guarantee provided by PLC and would only be triggered in the event of non-performance by PLC.

Ancillary own funds and related guarantee:

On 17 December 2015, PLRL issued and allotted 100,000,000 uncalled and unpaid ordinary shares (the "New Shares") of £1 each to PLC as AOF for SII regulatory purposes. On 14 August 2019, the Company issued and allotted a further 65,000,000 uncalled and unpaid ordinary shares. PLRL was permitted to make a call on demand upon PLC for the full £165m in one call or, alternatively, an unlimited number of calls for lower amounts that in aggregate do not exceed £165m. PLC's payment obligations in respect of any calls made by PLRL are supported by a guarantee given by PLIC. From 1 January 2016, PLRL paid a commitment fee to PLIC. The AOF was terminated with effect from 1 January 2022 and the unpaid shares were cancelled by way of a capital reduction on 20 January 2022.

Financing:

All of the PLRL share capital is held by PLRH (other than uncalled and unpaid shares issued to PLC as AOF), a company registered in England and Wales. Following the termination of the AOF effective on 1 January 2022, the unpaid shares were cancelled by way of a capital reduction on 20 January 2022. All of the PLRH share capital is held by RIBM, a company registered in Bermuda.

Group relief:

When unused tax losses are transferred to PLRL from other group companies, PLRL makes a payment in cash that is equal to the amount of the tax losses surrendered.

Other relevant information

Other relevant information regarding the business and performance of the Group, to the extent not already covered elsewhere in this report, is as follows:

- *Future developments:*
  The majority of the PLRL business has been transferred to RIBM during 2022. The remaining business in PLRL relates to:

    - PLRL's Canada Branch. It is intended that PLRL's Canada Branch's business is transferred by individual novation of cedant treaties to RIBM's proposed Canada Branch in the second half of 2022 subject to applicable regulatory approvals being granted to RIBM's proposed Canada Branch; and

    - PLRL South Korea branch. It is intended that PLRL's South Korea Branch's business will be transferred to a South Korea Branch of RIBM (once authorised) by way of a South Korean law portfolio transfer in the second half of 2022 or early 2023.

    - Once the business has been transferred out of PLRL, PLRL will be dissolved through a solvent liquidation (which is expected to take place in late 2023).

  (See section B.5)

- Equity reconciliations:
  Figure 33 in section E1.6 provides:
  - A reconciliation between (a) the equity in the IFRS financial statements of PLRL and the Group, and (b) the SII excess of assets over liabilities of the Group (SII group).

Section B. System of Governance (Unaudited)

B1. General information on the system of governance

The Group set out its system of governance in a document, which is available to all staff and is reviewed and updated annually (the "system of governance document"). The system of governance document was last updated on 19 November 2021. The Group system of governance document no longer applies to PLRS. A new parallel system of governance document sets out the governance structure of the Pacific Life Re Division following the completion of the Division's restructuring to establish the Division's headquarters in Bermuda, including RGBM, RIBM and RIBM's new branches.

B1.1 Structure of the system of governance

The system of governance document describes the main elements of the system of governance applied to PLRL and PLRH, including all the PLRL branches. The Boards of PLRL and PLRH are each responsible for the overall oversight of PLRL and PLRH (respectively), and each Board has the powers, authorities and duties vested in it by, and pursuant to, the relevant laws of their respective countries of incorporation and their articles of association.

The PLRL and PLRH Boards have approved a list of certain matters that are reserved for the decision of the Boards – known as "Board Reserved Matters" (see section B.1.2.1). Matters which are not reserved are delegated to the Chief Executive Officer ("CEO") who, with the management team, manages Group business on a day-to-day basis. The PLRL Board has also delegated authority and certain functions to various committees (see section B.1.2.2).

B1.2 Overview of the Boards and Committees

Collectively the Boards are expected to provide challenge to, and scrutiny of, the CEO and management. The roles of the Boards are:

- To set strategy, to ensure that the key goals in that strategy are within the agreed risk appetite and to oversee executive implementation of that strategy.
- To articulate and maintain an appropriate culture to follow in pursuit of its business goals; and
- To set risk appetite which is used by each Board to monitor and control actual and prospective risks and to inform key business decisions.

Given that PLRL transferred most of its reinsurance business to RIBM on 1 January 2022 and is closed to new business in markets other than Canada and South Korea, the focus of the PLRL Board in 2022 is on the orderly transfer of PLRL's remaining business, and the deauthorisation of its branches and the main entity.

B1.2.1 Role and duties of the Board of Directors

The Chair of each Board is responsible for the operation, leadership, and governance of each respective Board, ensuring its effectiveness and setting its agenda.

The CEO is responsible for the management of all Group businesses, for the implementation of strategy and for ensuring the appropriate apportionment of all significant responsibilities among the executive committee ("ExCo") and all other staff engaged in Group businesses.

The Non-Executive Directors ("NEDs") all have industry relevant experience and are responsible for providing guidance to and challenging the executives. The responsibilities of the Directors, including any prescribed responsibilities under the Senior Managers and Certification Regime (the "SM&CR"), are agreed with each Director, and recorded.

Certain matters require approval of the Boards, either by law or inclusion in the list of Board Reserved Matters. These include, for example:

- Approving any material changes to risk policies and risk strategy.
- Major changes to the corporate structure.
- Approving annual accounts (delegated to the audit committee for PLRL and PLRH).
- Approving the ORSA.
- Approving major changes to the PLRL & PLRH internal models in accordance with the PIM governance and change policy.
- Material changes to the AOF or making a call under the AOF (PLRL only) – noting that this arrangement was terminated after the 2021 year-end; and
- Approving large reinsurance transactions meeting specified criteria (PLRL only).

Members of the PLRL Board who served during the year ended 31 December 2021 were as follows:

Name	Role	Date of appointment	Senior Manager Function ("SMF")	Key Function Holder
David Howell	Executive Director	22/03/2006	Chief Executive Function (SMF1)	• Effectively running the firm
Duncan Hayward	Executive Director	17/10/2006	Chief Finance Function (SMF2) Operations Officer (SMF24) (Shared with Julie Evans, Chief Information Officer)	• Effectively running the firm • Asset liability management, investment policy and liquidity management
George Scott	Executive Director	09/01/2008 Resigned 09/06/2021	Chief Risk Function (SMF4)	• Effectively running the firm • Risk management function
Michelle Moloney	Executive Director	09/06/2021	Chief Risk Function (SMF4)	• Effectively running the firm • Risk management function
Gary Falde	Non-Executive Director	12/08/2008	Group Entity Senior Manager Function (SMF7)	None
Simon Machell	Independent Non-Executive Director	07/08/2015	Senior Independent Director (SMF14) The Whistleblowers' Champion	None

Name	Role	Date of appointment	Senior Manager Function ("SMF")	Key Function Holder
John Lister	Independent Non-Executive Director	14/06/2017	Chair of Risk Committee (SMF 10)	None
Toby Strauss	Independent Non-Executive Director	14/06/2017	Chair Function (SMF9) and Chair of Remuneration Committee (SMF12)	None
Steve Payne	Independent Non-Executive Director	12/10/2018	N/A	None
Ian Robinson	Independent Non-Executive Director	02/10/2020	Chair of Audit Committee Function (SMF11)	None

Figure 11 – Members of the PLRL Board who served during the year ended 31 December 2021.

Members of the PLRH Board who served during the year ended 31 December 2021 were as follows:

Name	Date of appointment
David Howell	23/03/2015
Duncan Hayward	23/03/2015
George Scott	23/03/2015 Resigned 09/06/2021
Gary Falde	23/03/2015
Simon Machell	28/05/2018
John Lister	28/05/2018
Toby Strauss	28/05/2018
Steve Payne	11/09/2018
Ian Robinson	02/10/2020
Michelle Moloney	09/06/2021

Figure 12 – Members of the PLRH Board who served during the year ended 31 December 2021.

On 10 January 2022, three out of the five Independent NEDs resigned from the Boards of PLRL and PLRH as agreed with the PRA (Toby Strauss, John Lister and Steve Payne). It is planned that a further Independent NED (Ian Robinson) and the group NED (Gary Falde) will resign from the Boards of PLRL and PLRH on 19 April 2022.

The PLRH Board met at least annually. The PLRL Board met at least six times a year and drove the majority of business oversight decisions. Meetings were structured to allow open discussion and each of the CEO and Chief Risk Officer ("CRO") provided an update at each PLRL Board meeting followed by updates from the PLRL Board Committees (see section B.1.2.2). Specific risk management topics which either required Board approval (e.g., approval of the final ORSA) or which the CRO considered required Board input (e.g., the ORSA process) were discussed by the Board as separate agenda items. Additional PLRL Board meetings were held in 2021 to discuss progress and key decisions regarding the corporate restructuring of the Pacific Life Re Division. More information is provided in section B1.3.

The PLRL Board conducted a self-assessment of its performance and effectiveness annually. Following gathering feedback from the other NEDs, the Chair assessed the performance of the CEO, while the Senior Independent Director assessed the performance of the Chair.

B1.2.2 PLRL Board Committees

The PLRL Board delegated some of its powers and discretions to the following permanent committees, and the scope of that delegation is set out in the relevant committee's terms of reference:

- Audit Committee.
- Remuneration Committee; and
- Risk Committee.

Following consultation with the PRA, the PLRL Remuneration Committee ceased to exist in 2022, following the transfer of most assets and liabilities of PLRL and its Singapore branch, to Pacific Life Re International Limited and its branches. From 2022, the Remuneration Committee of RIBM and RGBM considers the remuneration of the Division's employees, save for those employed by Pacific Life Re (Australia) Pty Limited.

The PLRL Board also formed a committee of its Independent Non-Executive Directors ("INEDs"), the 'INED AOF Committee', which has authority (acting unanimously) to make a call under the AOF and/or to veto any amendment to the AOF which would impede the ability of PLRL to make a call under the AOF. This Committee was disbanded in early-2022 when the AOF was terminated.

Audit Committee

The Audit Committee ("AC") is responsible for assisting the PLRL Board in the financial reporting processes, internal controls, performance of the internal and external audit processes, approval of the annual accounts and any other matters that may impact the financial results of PLRL and PLRH.

As at the 2021 year-end, the AC consisted of four NEDs, three of which were independent. It meets at least four times a year with the mandate to convene additional meetings as circumstances require. The Chairperson of the AC is an INED, who reports at PLRL Board meetings on the activities of the AC.

As at 10 January 2022, the AC consists of three NEDS, two of which are independent. It is planned that the Audit committee's activities will be assumed by the PLRL Board from 19 April 2022.

Remuneration Committee

The Remuneration Committee ("RemCo") met at least annually and was responsible for preparing an annual report, which detailed PLRL's proposed fixed and variable remuneration for the previous year, compliance with the principles set out in the Remuneration Policy and whether the Remuneration Policy and practices were effective and consistent with effective risk management and regulatory requirements. The RemCo also approved the remuneration of any persons for whom a significant portion of total remuneration is based on performance and whose activities, individually or collectively, may affect the financial soundness of PLRL.

As at 31 December 2021, the Chairperson of RemCo was also the Chair of the PLRL and PLRH Boards, who reported annually to the PLRL Board on RemCo activities. Other members of RemCo included the CEO and a representative from the Group's human resources team. The CEO's remuneration is not discussed or determined by the Remuneration Committee but is reviewed and approved by members of the governing body of PLIC in consultation with the Chair in accordance with the PLIC remuneration policy.

Following consultation with the PRA, the Remuneration Committee ceased to exist in 2022, following the transfer of most assets and liabilities of PLRL and its Singapore branch, to RIBM and its branches. From 2022, the Remuneration Committee of RIBM and RGBM considers the remuneration of the Division's employees, save for those employed by PLRA.

Risk Committee

The Board Risk Committee ("BRC") was responsible for advising the PLRL Board on PLRL's risk framework, including overall design of the framework, risk strategy, risk appetite, capital management policy and other risk policies relevant to PLRL. It also advised the PLRL Board on the PIM.

The BRC oversaw the risk function's implementation of the framework, in particular, conduct of the annual ORSA, and is responsible for monitoring risk exposures in relation to PLRL's risk appetite. It is also responsible for reviewing the adequacy and effectiveness of risk management information ('Risk MI'), material actuarial assumptions, the results of the annual experience analyses and the resulting actuarial assumption changes.

As at 31 December 2021, the BRC consisted of five NEDs, four of which were INEDs. The Chairperson of the BRC is an INED, who reports quarterly to the PLRL Board on the BRC's activities. The BRC meets at least four times a year with the mandate to convene additional meetings as circumstances require.

As at 10 January 2022, the BRC consists of three NEDS, two of which are independent, and an executive director. It is planned that the BRC's activities will be assumed by the PLRL Board from 19 April 2022.

B1.2.3 Executive responsibility

Executive Committee

The ExCo is chaired by the CEO and comprises the most senior managers in the Division, who meet on a monthly basis to discuss significant matters that relate to the management of the Division's business. ExCo coordinates developments and initiatives within the business that involve more than one department, and it explores strategic, business, and operational issues, some of which may then be presented to the PLRL Board.

Division Risk Management Committee

The Division Risk Management Committee ("DRMC") is responsible for:

- Establishing, reviewing, and implementing the Division risk policies.
- Monitoring the risks inherent in the Division's business.
- Ensuring that appropriate actions are taken to mitigate those risks; and
- Reporting to and advising relevant stakeholders in relation to risk matters.

The Chairperson of the DRMC is the CRO, who has a position on the PLRL and PLRH Boards and reports at each PLRL Board meeting on risk management issues and on activities of the DRMC. The attendees of the DRMC collectively have extensive actuarial, insurance, regulatory, legal, accounting, pricing, and management skills.

Division Operational Risk Management Committee

The Division Operational Risk Management Committee ("ORMC") is a subcommittee of the DRMC to address specific operational risk practices within the Division. The ORMC will focus on the evolution and embedding of the Operational Risk framework.

The ORMC will typically escalate matters to the DRMC and the Business Unit Management Team, as appropriate.

Division Actuarial Sub-Committee

The Division Actuarial Sub-Committee ("ASC") is a subcommittee of the DRMC to ensure that sufficient focus and time is dedicated to technical actuarial matters, facilitating deeper dives and richer understanding.

The ASC will typically conduct detailed discussions and present proposals to DRMC for approval.

Business Unit Risk Management Committees

The Europe, Asia, Australia and Retro Business Unit Risk Management Committees ("BURMCs") oversee second line activities within the relevant BUs. The BURMCs form a means of communication between the DRMC and the first line of defence in the relevant BU. They help to implement policy and initiatives developed by the DRMC and they escalate issues that arise within the relevant BU. The BU risk management function escalates matters to the DRMC as necessary.

B1.2.4 Enterprise-wide risk management

A three lines of defence risk management model is applied within the Group:

- The first line comprises all functions and departments other than the risk management and internal audit functions. The first line is responsible for the prudent management of risks arising from day-to-day business activities. This includes the identification and assessment of risk and the design and implementation of appropriate controls. Most risk management activities are conducted by the first line of defense.

- The second line of defense is the risk management function, which supports the first line of defense by providing risk management tools and guidance. The risk management function is also responsible for certain risk monitoring and assessment activities; and
- The third line of defense is the internal audit function, which is responsible for assessing compliance with, and the appropriateness of, policies and procedures applied by the first and second lines.

B1.3 Governance changes over the period

Additional Board meetings of PLRL were set up for those months in 2021 that did not have a scheduled PLRL board meeting to ensure that the NEDs had an increased oversight of progress and milestones for the Division corporate restructuring, and the impact of the project (if any) on business as usual.

B1.4 Remuneration policy

The Group recognises that employee rewards and incentives are a significant determinant of behaviour and that setting these appropriately is an important means to nurture an appropriate risk culture and to ultimately promote the long-term success of the business. The objectives of the Division's remuneration policy are:

- To align individual objectives with the strategy and the interests of the relevant BU, the Division and PMHC, the sole ultimate shareholder of PLRL and PLRH.
- To provide consistency in remuneration policy across the Division.
- To ensure that, so far as is possible, the incentives applicable to individual employees are consistent with effective risk management and that any perverse incentives are eliminated.
- To mitigate the potential for any misalignment of incentives to result in adverse outcomes for the organisation, its clients, and the shareholder.
- To establish a clear and transparent process for the setting of incentives and the determination of any subjective judgments; and
- To establish clear roles and responsibilities for those involved in remuneration decisions and processes.

Fixed remuneration

Fixed remuneration is determined considering an individual's professional experience and qualifications, relevant laws and regulations, local labour market conditions and internal benchmarking.

Variable remuneration – annual incentive plan

The Group has an annual incentive plan ("AIP"), which is designed to create a strong relationship between an employee's performance and reward. An employee's AIP target is set depending on the level of the employee's seniority and is based on a percentage of the employee's annual salary.

An AIP bonus is determined by an employee's own performance against challenging objectives as agreed with their manager, as well as that of the Division and the BU in which they work. As part of the annual performance review process, each individual is awarded a performance rating which drives their AIP bonus subject to the AIP pool.

AIP pool and performance metrics

A single AIP pool with one set of performance metrics has been created to cover employees in all BUs and it is the performance of the Division as a whole which determines the overall pool. The bonus pool is structured in this way to help to create a sense of shared goals, to promote cooperation between operational locations and to reduce the risk of conflicting objectives for those with responsibilities across different BUs. The Division AIP pool is allocated to each BU based on its performance against BU targets. These BU targets are based on the same metrics as those used to measure Division performance, although the weighting applied to the relevant metrics is different for each BU depending on its stage of development.

An AIP bonus is determined by an employee's own performance, as well as that of the Division and the BU in which they work. Heads of Legal, Corporate Actuarial/In-force Management and Risk Management teams are part of the Division Bonus Pool (rather than their BU Pool) in order to ensure independence of their incentives from the results of the BU that they work in. In addition, for leadership team ("LT") and ExCo members of the risk team, a proportion (i.e., 50% for the CRO and 25% for LT members) of the AIP is fixed while the remainder is determined in line with the standard methodology. For the AIP, the fixed element would not vary according to performance against the return on equity ("RoE"), new business units and qualitative metrics but it would continue to vary according to the individual's annual performance rating.

The performance metrics include: (i) the amount of new business written in the year; (ii) the value of new business written in the year; (iii) the returns generated by the Division which are measured by using post-tax US GAAP RoE; and (iv) a qualitative measure which recognises the activities which support long term sustainability and growth of the Division's business. The Group believes in the importance of capping variable remuneration so as to avoid incentivising excessive risk taking. Accordingly, the AIP pool is capped, and the performance metrics allocate no benefit for writing additional new business significantly in excess of plan. The variable element of remuneration for senior risk staff is more restricted to mitigate adverse incentives.

Variable - long term incentive plan

The purpose of the Group's rolling long term incentive plan ("LTIP") is to incentivise the ExCo and other senior employees by aligning their interests with the longer-term strategy of the Group and Pacific Life. An employee's LTIP target is set depending on the level of the employee's seniority and is based on a percentage of the employee's annual salary.

A substantial portion (85%) of the LTIP remuneration is based on post-tax US GAAP RoE over a three-year period, with the remaining 15% based on the "average annual book value growth" of the wider Pacific Life group. The LTIP measurement is based on the Group's results in each of the three years of the plan in order to provide an appropriate long-term measure of performance. The delayed emergence of profits from business written by the Group under US GAAP has the effect of adding another layer of deferral. Explicit clawback arrangements are included in the LTIP arrangements, to allow for non-payment in case of material adverse corporate or individual performance. There is no adjustment for an employee's individual performance under the LTIP as this is reflected under the AIP. The variable element of remuneration for senior risk staff is more restricted to mitigate adverse incentives. For tranches commencing in or after 2018 a proportion of the LTIP is fixed for members of the Risk team (i.e., 50% for the CRO and 25% for LT members), subject to specified Division RoE floors, while the remainder is determined in line with the standard methodology.

Non-Executive Directors

The remuneration of INEDs is designed to attract and maintain high quality Board members while being consistent with and supportive of maintaining their independence. The INEDs receive a set fee for their services but are not entitled to any performance-based options or bonus payments. NEDs who represent Pacific Life receive no remuneration relating to their roles as Directors of any Group entity. It is planned that the Pacific Life representative NED will resign from the PLRL Board on 19 April 2022.

Supplementary pension or early retirement schemes

Subject to local practices and requirements, staff are offered the choice of making contributions into a defined contribution pension scheme, which will be matched up to a limit. A historic defined benefit pension scheme is not open to new members. See section C7 for further details.

B1.5 Key functions

The Group has identified the following key functions:

- Actuarial function (see section B1.5.1).
- Compliance function (see section B1.5.2).
- Internal audit function (see section B1.5.3).
- Pricing function (see section B.1.5.4).
- Asset liability management ("ALM"), investment policy and liquidity management function (see section B2.3.1); and
- Risk management function (see section B3).

Each Key Function Holder is either an Executive Director, a member of the ExCo, Senior Leadership Team or Leadership Team. All of the Executive Directors (including the CEO) of PLRL, together with certain other senior individuals, also perform the function of 'effectively running the firm'.

In line with requirements, PLRL has implemented a framework to implement the SM&CR. This includes, for example, identifying senior manager functions and certification function holders (e.g., key function holders and material risk takers), annual assessments and certification for senior employees, regulatory reporting (to the extent required), and provision of additional training.

B1.5.1 The actuarial function

The actuarial function is responsible for:

- The calculation of technical provisions under direction from the PLRL Board and the DRMC.
- The calculation aspects of the PLRL internal model under direction from the PLRL Board and the DRMC.

- Advising the PLRL Board on the appropriateness of the terms used for writing new business, including the adequacy of premium rates; and
- Advising the PLRL Board on the appropriateness of retrocession arrangements.

Ultimate responsibility for the above items sits with the PLRL Chief Actuary.

B1.5.2 The internal control system

Internal control system

PLRL has adopted the Division operational risk policy in order to ensure a consistent internal control system across BUs. The operational risk policy requires that internal controls are in place to mitigate the likelihood/severity of manifestation of individual risks related to processes recorded in the Process Universe ("PU") and that such controls are adequately documented and operational. The operational risk policy sets out:

- The responsibilities of each individual to whom a process has been allocated.
- The requirements for documenting controls.
- Requirements for ongoing accuracy and completeness of the process controls.
- The process for changing a control; and
- The process for reviewing controls.

The Group has established a Risk and Control Self-Assessment ("RCSA") framework. This framework is underpinned by a bottom-up, PU which captures all material business processes across the Division. Under the RCSA framework the processes within the PU are periodically assessed using a risk-based approach which considers the likelihood and impact of operational loss events (a) on the assumption that no controls are in place and (b) based on controls that are actually in place i.e., on both an inherent & residual risk basis. The RCSAs record controls that are relevant to each process and MI that is used as a Key Risk Indicator ("KRI") to monitor the risk.

Risk Management facilitate an attestation process to be carried out every 6 months to ensure that process controls within each BU and Division Centre are kept up to date. Certification is provided by the control owners.

Compliance function

PLRL is engaged solely in reinsurance business and is not therefore subject to any material conduct of business regulation. The PLRL compliance requirements are predominantly prudential insurance regulations and generally applicable legal and regulatory requirements. Accordingly, the Group's compliance function has fewer personnel and a broader remit than that of a typical insurance company. The compliance function comprises all members of Pacific Life Re's Legal Department, which has legal professionals assigned to each BU. Overall responsibility for the PLRL compliance function rests with the General Counsel. The General Counsel provides a quarterly legal and regulatory report to the PLRL Board and attends a quarterly compliance committee in each BU, together with members of the legal, actuarial and finance teams. The compliance committees assess the possible impact of any changes in the legal environment on the operations of PLRL and PLRH, and they identify and assess the compliance risk.

B1.5.3 The internal audit function

Overall responsibility for the internal audit function rests with the Senior Internal Audit Manager, who, in order to maintain independence, has a reporting line to Pacific Life's Head of Internal Audit. The annual audit plan is reviewed and approved by the Audit Committee. The Senior Internal Audit Manager is invited to present reports, including an overall judgement of the function's activities, at the Audit Committee and, where relating to non-financial matters, the Boards.

B.1.5.4 Pricing function

The pricing function is responsible for pricing new business opportunities and for reviewing the profitability of inforce treaties for the various lines of business the Group is involved in. The Chief Pricing Officer has responsibility as Key Function Holder of the pricing function.

B1.6 Material transactions over the period

B.1.6.1 Material arrangements in place during the period

The material intragroup transactions between PLRL and other entities in the Pacific Life group are as follows:

- Business Transfer Agreement between PLRL and RIBM.
- Longevity retrocession from PLRL to PLIC.
- Protection retrocession from PLRL to RGBM.
- Protection retrocession from PLRA to PLRL.
- Support services provided to PLRL from PLRS.
- Support services provided to PLRL from RSBM.
- Support services provided to PLRL by PSCL.
- Support services provided to PLRL by RSSG.
- AOF arrangement between PLIC, PLC and PLRL, and the associated fee; and
- Guarantee of PLRL's reinsurance obligations by PLC and PLIC, and the associated fee.

B.1.6.2 Changes over the period

There have been capital injections in the period, see section E.1.3.1 for information.

As part of the corporate restructuring, PLRL became an indirect subsidiary of RGBM effective 1 January 2021 and then an indirect subsidiary of RIBM effective 1 July 2021, both changes having received prior written approval by the PRA.

On 25 June 2021, PLRL entered into a Business Transfer Agreement with RIBM under which it committed to transfer its business to RIBM on the terms and subject to the conditions contained in it (see also B5).

B1.7 Adequacy of systems of governance

The Group monitors and assesses its system of governance on an ongoing basis. There have been no significant findings during the reporting period which have been indicated to the Boards of the Group that the system of governance is not adequate.

B2. Fit and proper requirements

B2.1 Overview

In order for the Group to conduct its business activities and recruitment practices in accordance with the Group's guiding principles and high ethical standards, the Group is committed to carrying out due diligence on all new staff and on an ongoing basis for individuals carrying out certain roles as set out in the Division fitness and propriety policy. Individuals who are Key Function Holders, Certification Function Holders, or performing SMF roles are subject to ongoing checks. All staff are offered training on conduct rules and standards as required by their roles. In support of policy, processes are in place to ensure that the fitness and propriety of individuals is considered before confirming a senior person in post, or an application for approval or notification is made to the regulators. The Group will not continue to support an application for approval or a notification if it is believed that the candidate fails or would fail to meet any fit and proper requirements.

B2.2.1 Determining an individual's skills, knowledge, and expertise

The Group maintains procedures for ensuring that staff are 'fit', which means ensuring that each individual possesses the necessary skills, qualifications, knowledge, expertise, experience, diligence, and soundness of judgment to undertake and fulfil the particular duties and responsibilities of the role in question. The competencies required in any role are set out in a detailed job description and are evaluated annually through a robust performance review process. The Group's staff are offered training and opportunities to develop their expertise.

In addition to a robust interview process that is designed to assess competence and suitability for a role, all staff are subject to general background checks prior to joining the Group, which include:

- Identity verification.
- Proof of professional qualifications and memberships; *
- Verification of academic qualifications (usually the highest qualifications achieved).
- Verifying information on the CV for a period dependent on the role to confirm dates of employment and job titles and to identify any gaps greater than 12 weeks.
- Verification of the right to work in the relevant location; and
- Criminal background check to the extent permitted by law. *

The following additional background checks are conducted on Board Members, ExCo and SMF's:

- Regulatory references where required.
- Credit checks; *
- Searches to ensure that they are not disqualified (e.g., the Financial Services Register in the UK); and

- Checks on directorships held. *

The checks marked with an asterisk are repeated annually in respect of Board Members, ExCo and SMF's. The Certification process takes place annually for relevant individuals (including staff who are Key Function Holders, Material Risk Takers and other significant management functions as set out in SM&CR).

B2.2.2 Determining an individual's fitness and propriety

The Group maintains procedures for ensuring that staff are 'proper', which means ensuring that each individual is reputable, has previously demonstrated the appropriate competence and integrity in fulfilling occupational, managerial, or professional responsibilities, and that they have no conflicts of interest which could affect the proper performance of duties.

Staff will be informed if they hold a Certification Function as part of their induction or by a specific communication from HR. PLRL is required to assess whether staff which hold Certification Functions are fit and proper to perform their roles on appointment and then issue a certificate at least once a year, which states that PLRL is satisfied that: (i) the person is a fit and proper person to perform the role; and (ii) set out the aspects of PLRL's business in which the individual is involved. The following will be considered when issuing a certificate:

- whether the individual has obtained a relevant qualification.
- whether the individual has undergone or is undergoing training; and
- whether the individual possesses a level of competence.

If an individual performs more than one Certification Function, PLRL certifies that the individual is fit and proper to carry out each function. There might be different competencies required for the different functions, so PLRL assesses that the person is fit and proper to do each role (but this can be done as part of a single assessment process).

B2.3 Outsourced key functions

PLRL has adopted the Division's Third Party & Outsourcing Risk Management policy, the purpose of which is to ensure that:

- Decisions regarding third party on-boarding are made in an appropriate and consistent manner.
- Third party arrangements are appropriately documented, managed and controlled.
- Necessary Division, Pacific Life group and regulatory approvals are obtained; and
- Critical outsourcing arrangements are notified to relevant regulators where required.

The policy sets out the review and authorisation process that must be undertaken for outsourcings. The Division's philosophy in relation to outsourcing is only to outsource non-core functions, and only where this can provide better value for money or enhanced service. Intragroup outsourcing is chosen over external outsourcing where this is possible and provides better economies of scale for the Pacific Life group and/or the Division.

PLRL's material outsourcing arrangements are set out in figure 13.

Description of material outsourcing	Jurisdiction
Intragroup IT network services which ensure availability of server resources and data processing capabilities	US
IT network, infrastructure and helpdesk services which ensure availability of server resources, data processing capabilities and helpdesk support	UK
Intragroup agency support services – PLRS provides key services such as management services, staff and offices. All costs incurred by PLRS are allocated and recharged to PLRL as appropriate	UK
Intragroup support services such as senior staff	Bermuda
IT hosting services in relation to the administration platform implemented for business from Europe, Australia, Asia & Retro	Poland
IT support services in relation to the administration platform implemented for business from Europe, Australia, Asia & Retro	UK & India
Investment management of certain assets of PLRL (see section B.2.3.1)	UK & Australia
IT Support Services for Financial Systems	UK and India
Intra group services – Cyber and Information Security and Internal Auditing	US & UK

Figure 13 – The material outsourcings of PLRL.

B.2.3.1. Asset liability management, investment policy and liquidity management function

ALM is overseen by the Business Unit Investment Committees ("BUICs") with support from the finance and actuarial departments. Overall responsibility for ALM rests with the PLRL Chief Actuary. Day to day management of the PLRL investment portfolio is delegated to an external investment manager based in the UK and Australia acting in accordance with instructions from BUICs. The PLRL Investment Committee is responsible for directing investment policy through investment guidelines which detail the objectives of PLRL investment activities, including establishing the desired basis of ALM and the scope of permissible investments. The Investment Committee also monitors the performance of the investment manager and undertakes various investment-related risk monitoring activities.

B3. Risk management system including own risk and solvency assessment

B3.1 Risk management system overview

The Division risk management policy describes the overall approach, principles and processes employed by the Group in relation to risk management. In particular, it describes the methods used by the Group for:

- Identifying.
- Recording.
- Mitigating and controlling.
- Monitoring; and
- Measuring/reporting on risks that arise during business activities.

As outlined previously in section B1.2.4, the Group operates a three lines of defence risk management model, where the first line comprises all departments other than the risk management and internal audit functions, the second line of defence comprises the risk management function, and the third line of defence is the internal audit function.

B3.2 Risk governance

The risk management function is responsible for oversight of risk management activities. The risk management function is comprised of permanent risk management staff and the respective Board, Division and BU Risk Management Committees. The BRC plays the primary role regarding oversight of the PLRL risk management framework. The DRMC is responsible for oversight of the Divisional aspects of the risk management framework and plays the role of establishing harmonised Divisional risk policies and risk strategy which incorporate the requirements of the relevant boards. Each BU has its own BURMC that is responsible for implementation of the risk management framework within the BU. These responsibilities include carrying out risk management activities delegated by, and escalating risk issues to the DRMC. The BRC, DRMC and BURMCs are ultimately subject to the overarching authority of the PLRL Board in relation to risk management issues affecting PLRL. Members of the DRMC and relevant BURMCs are familiar with relevant aspects of the business of PLRL and thus are well-placed to assess, monitor and control risk affecting PLRL.

Responsibilities of the BRC, DRMC and BURMCs are set out in written terms of reference.

Overall responsibility for the risk management function of PLRL rests with the CRO. The CRO has responsibility for ensuring that risk management activities are carried out in a timely manner with an appropriate degree of rigour. The CRO produces a quarterly report for the PLRL Board so that it can monitor the risks that PLRL is exposed to and ensure that PLRL is operating within its defined tolerances and appetite.

The Division risk management policy is supplemented by specific risk policies defining the Division appetite or tolerance for its material risks. Where relevant, appetites and tolerances are also set at the legal entity level. Material changes in risk policies or appetite affecting PLRL are subject to approval by the PLRL Board. The risk management activities described in the risk management policy and the specific risk policies promote consistent and professional management of risk.

The continued appropriateness of the risk policies is reviewed by the DRMC. In addition to the annual review, any material changes in strategy or business plan trigger an assessment.

Arrangements for governance of the PIM are set out in the PIM Governance and Change policy. There have been no material changes to PIM governance during the reporting period.

B3.3 Risk strategy, appetite, and policy

The Group has adopted the Division risk strategy, which comprises a high-level appetite statement for the most material risks encountered in the business.

PLRL has a high appetite to take risks meeting its target returns which fall within its areas of expertise and for which it has the necessary capital. The Division risk strategy defines the risk appetite in terms of preferred, accepted, and minimised risks based on an assessment of relative knowledge and the potential for reward:

	Category		
	Preferred	**Accepted**	**Minimised**
Risk	Mortality	Persistency	Equity
	Longevity	Credit default	Currency
	Morbidity	Contract	Interest Rate
		Operational	Inflation
		Credit spread	Liquidity
			Reputation

Figure 14 – Division risk appetite.

Division risk policies have been adopted for the following risks:

- Insurance risk.
- Operational risk.
- Group risk.
- Credit risk.
- Market risk; and
- Liquidity risk.

Risk policies set out the definition of the risk in question and how the risk manifests in the context of the business. They also specify appetite or tolerance for the risk and the methods employed within the Division for identifying, assessing, monitoring, and controlling it.

A statement of appetite and risk tolerance is documented in the PLRL Risk Appetite Statements document which is reviewed annually by management. Material changes are approved by the PLRL Board. Risk appetite and tolerance statements are provided within each risk policy as shown in section C.

B3.4 Risk identification and assessment

PLRL carries out comprehensive risk assessments as part of the ORSA process. Various activities contribute to keep the risk assessments up to date. Each BURMC conducts periodic emerging risk reviews which are presented to the DRMC. Economic capital assumptions, methodologies and results are also reviewed periodically.

The Division has established a top-down Division Risk Register which captures the most material risks across all categories encountered by the Division. The Division has also established a bottom-up Process Universe of all material processes which are risk ranked based on the impact and likelihood of operational failures. All material risks and processes are allocated to senior individuals as risk owners and process owners respectively. Risk and Control Self Assessments are carried out on a periodic basis with the frequency reflecting the risk ranking for each process within the Process Universe. Risk and Control Self Assessments will set out the material risks they face in conducting their business and identify the key controls and any necessary remediation. The output of these assessments will further inform the content of the Division Enterprise Risk Register which is reviewed at least annually. The controls within the Process Universe (previously in the risk registers) are 'certified' on a twice-yearly basis. Certification involves risk owners confirming the following:

- Adequate controls are operating in respect of the process risks; and
- Controls are properly documented in accordance with the internal control policy (subject to listed exceptions).

The operational effectiveness of risk controls is subject to multiple forms of review which can include internal audit, external audit, and Internal Controls over Financial Reporting ("ICFR") testing. The risk management function performs reviews of certain key process & controls on an ad hoc basis.

B3.5 Scenario testing and modelling

Scenario testing and modelling is carried out as part of the ORSA. The scenarios tested reflect the risk profile of the business. Key scenario tests are carried out both at the effective date of the ORSA and at the end of the 5-year planning period, in order to assess the impact of any change of business mix over the period. The business plan is subject to sensitivity testing in which the impact on future capital requirements of altering a range of assumptions is examined, including new business assumptions, claims assumptions and investment conditions.

Up until 31 December 2021, PLRL was materially exposed to longevity risk and so improvements in mortality beyond those assumed could have had a significant adverse financial impact. For this reason, a scenario envisaging a cure for cancer was tested. PLRL retroceded a majority of its longevity business to its affiliate PLIC. The Division group risk policy sets out PLRL's appetite for PLIC failure, which was monitored by way of scenario testing.

B3.6 Risk reporting and escalation

Risk MI

The purpose of risk MI is to enable management to assess the evolving nature of exposure to identified risks and to monitor the effectiveness of related controls. Risk MI packs capture metrics within each risk category with predefined thresholds designed to provide early warning of emerging issues and to drive corrective actions. Metrics are also designed to align with risk controls referenced in the risk registers. Risk MI is supplemented by monthly strategic MI packs which monitor first line BU activities. Risk MI packs are produced on a quarterly basis at BU level for review by BURMCs, at entity level for review by BRC and at Division level for review by the DRMC.

Operational events

An operational event is defined as an actual event or 'near miss' arising from operational risk that involves a financial loss, a major disruption to the operation of the business and/or material reputational damage. Operational events are recorded on operational event logs maintained by risk management for each BU. Material operational events are escalated to the DRMC and relevant legal entity Boards for information purposes. Open operational events are reviewed at BU management meetings to track remediation of the specific loss and any control weakness that contributed to it.

Recording and reviewing operational events also helps to ensure the completeness of the risk registers, and output is used to calibrate appropriate levels of economic capital for operational risk. All employees are responsible for reporting operational events that occur and of which they become aware in connection with their normal duties. Operational events may not be 'closed' until remediation is complete.

B3.7 Risk management culture

It is recognised that strong systems and controls and risk management processes are not a substitute for an appropriate risk culture among senior management and employees. An appropriate risk culture will underpin and reinforce systems, controls, and processes, encouraging individuals to follow them in an effective and proportionate manner and to apply good judgement in relation to matters that are not covered. Management reinforces the risk culture with regular communication, through the annual performance management process, and through training relating to risk management issues. Management also conducts an annual staff survey which provides insights into the state of the culture among employees. Management information is presented on a quarterly basis to DRMC and BRC to track progress of initiatives aiming to promote a strong risk culture.

B4. Own risk and solvency assessment

Relationship to partial internal model and solvency capital requirement

The PLRL ORSA is calibrated using the Division economic capital model applied to calculate economic capital requirements ("ECR") for all Group entities relevant to PLRL. The broad structure of this model is congruent with that used to calculate PLRL's SII SCR.

The ORSA ECR diverges from the SII SCR in a number of ways. The key differences are:

- The calibration of ECR calculated using the latest quantifying insurance risk ("QIR") stresses for some PIM risks diverge from SCR calibrations where the PLRL Board considered that the calibration required to maintain PIM approval is not appropriate given the risk profile.
- The ECR valuation discount rates include an illiquidity adjustment reflecting the nature of investments typically held rather than the SII volatility adjustment ("VA").
- The risk margin is calculated using an internally calibrated cost of capital and reflects consistent discounting at valuation rates of interest.
- The approach to correlations between PIM and SF risks allows pairwise assumptions between risks rather than being constrained by SII integration techniques; and
- The economic capital resources do not include any TMTP.

The process for carrying out the ORSA is set out in the ORSA policy. Any differences in methodology between the ORSA and the regulatory calculation are highlighted in the ORSA report.

Compliance with six Solvency II tests for internal models

The Directive mandates the following six tests for firms using an internal model:

- Use test.
- Statistical quality standards.
- Calibration standards.
- Profit and loss attribution test.
- Validation standards; and
- Documentation standards.

As part of the annual ORSA assessment process, compliance with the six tests is reviewed and verified. The results of the review are included in the ORSA report.

Frequency and timing

The ORSA assessment is performed on at least an annual basis. The review process is carried out in parallel with the business planning exercise. This enables the financial projections carried out as part of the ORSA process to include appropriate scenarios and sensitivities that are aligned with the planning process, and it also ensures that the ORSA is an integral part of the development of business strategy.

Interim ORSA assessments must be carried out whenever there is a significant change in risk profile.

Calibration and governance

The current policy is to set capital requirements using a 99.5% confidence level over a one-year time horizon.

Material changes to the assumptions used in calculating ORSA capital requirements are approved by either the BURMC, the DRMC or the PLRL Board depending on the level of materiality.

Constituent parts of own risk solvency assessment performance

The following requirements specified in the ORSA policy must be met each time an ORSA assessment is performed:

PLRL ORSA
- A qualitative description of the risks faced by PLRL.
- An assessment of the overall solvency needs (i.e., capital requirements) of PLRL as at the balance sheet date and a quantitative statement of such needs.
- An assessment of the overall solvency needs of PLRL covering at least the business planning period following the balance sheet data (typically 5 years, but noting that PLRL proposes to be deauthorised by, and liquidated in, 2023).
- A summary and analysis of any differences in methodology between the ORSA and the SCR, including a quantitative estimate of the impact of such differences; and
- An analysis of the quality of loss absorbing capacity of the Company's own funds over the whole business planning period.

The ORSA is performed using the same data quality standards that are applicable to the PIM in accordance with the PLRL data policy. The ORSA includes an assessment of the appropriateness of own funds to meet the risks implicit in PLRL capital requirements. The future availability of additional capital from the parent of PLRL is considered as part of the analysis of projected capital requirements.

ORSA process

The elements of the risk framework of PLRL, which form part of the ORSA process, are set out below:
- **Risk identification** via maintenance of Risk and Control Self Assessments and supporting processes, including emerging risk reviews, loss event reporting and profit and loss attribution.
- **Risk assessment** including annual reviews of QIR papers, terms of trade, and scenario and sensitivity testing.
- **Risk monitoring** in particular quarterly risk MI and financial reporting, including solvency monitoring, strategic MI, experience reviews and annual reviews of ORSA capital requirement targets.
- **Risk management** i.e., the operation of controls specified in the Enterprise Risk Register, activities of the BRC & DRMC, and reviews of risk policies and risk strategy via the annual business planning process; and
- **Risk reporting** via the ORSA report and supporting documents.

The risk management function prepares an annual plan for the ORSA process to ensure that it is managed effectively and that all necessary inputs are available in a timely manner for presentation of ORSA results to the PLRL Board.

The CRO presents the ORSA plan to the PLRL Board and seeks direction and comments. This includes the following:

- Specific risk issues that should be investigated as part of the ORSA process, and any further suggestions from the PLRL Board.
- Scenarios and sensitivities that should be considered as part of the ORSA process; and
- The impact on the ORSA process of any material changes in the business (for example, products or territories) or business strategy that have occurred since the ORSA was last performed.

The results of the ORSA performance are set out in a detailed internal report. Branch-level ORSAs, where required, must be reviewed by the BRC, and approved by the legal head of the branch, and the results thereof must be communicated to the PLRL Board. A record of the challenge process is recorded in respective BRC and Board minutes. Each performance of the ORSA is reported to the PRA within 2 weeks of completion of the assessment. Branch-level ORSAs are reported to their local regulator where required.

Communication of results

The CRO is responsible for ensuring that results and conclusions regarding each assessment of capital requirements are communicated to all staff for whom the information is relevant.

The PLRL Board and senior management take the results of each performance of the ORSA, and the insights gained from it, into account in carrying out their functions and in the design and implementation of the system of governance, including capital management, business planning and product development and design.

Any specific actions arising as a result of an ORSA assessment will be recorded as part of the internal report and will be followed up as part of the regular meetings of the BRC.

Ongoing solvency monitoring process

The PLRL Chief Actuary is responsible for ensuring that solvency is monitored to ensure continuous solvency compliance with the ORSA and SCR capital requirements. The monitoring process is set out in the PLRL capital management policy.

B5. Any other information

On 25 June 2021, PLRL entered into a Business Transfer Agreement ("BTA") with RIBM under which it committed to transfer its business to RIBM on the terms and subject to the conditions contained in the BTA. It is intended that, following the transfer of PLRL's business to RIBM, PLRL will be dissolved through a solvent liquidation (which is expected to take place at the earliest in late 2023). Separate from this BTA, all assets and liabilities retained by PLRL in accordance with the BTA are intended in due course also to be transferred to RIBM in advance of the deemed, or actual, liquidation of PLRL.

Under the BTA the business of PLRL will be transferred in five 'blocks', each of which will be treated as a distinct transaction within the overall transaction, with the consequence that each block shall be priced independently but consistently, and the assets and liabilities associated with each block shall be transferred. The majority of the consideration for the Sale will take the form of loan notes issued by RIBM to PLRL and a true-up process will be completed in early 2022 to adjust for the value of assets retained by PLRL (or its relevant branch) in respect of each block.

On 1 January 2022, the following transfers of PLRL's business to RIBM were carried out:

- PLRL's Europe Business Unit business was transferred to the UK branch of RIBM by way of a transfer under Part VII of the UK Financial Services & Markets Act 2000, in parallel with a Guernsey law transfer process in relation to a sole Guernsey incorporated policyholder, save for one Irish law governed treaty which is to be transferred by way of a contract novation between PLRL, RIBM-UKB and the relevant counterparty.
- PLRL's Singapore Branch's business was transferred to the Singapore Branch of RIBM by way of contract novations agreed between PLRL's Singapore Branch, the Singapore Branch of RIBM and the relevant counterparties; and
- PLRL's intra-group retrocession business, under which PLRL provides retrocession to PLRA, was transferred to RIBM acting through its Bermuda head office, by way of a contract novation agreed between PLRL, RIBM and PLRA.

It is intended that PLRL's Canada Branch's business will be transferred to a Canada Branch of RIBM (once authorised) by way of contract novations agreed between PLRL's Canada Branch, the Canada Branch of RIBM and the relevant counterparties in the second half of 2022.

It is intended that PLRL's South Korea Branch's business will be transferred to a South Korea Branch of RIBM (once authorised) by way of a South Korean law portfolio transfer in the second half of 2022 or early 2023.

There are no other material aspects of the system of governance which are not covered in the above sections.

Section C. Risk Profile (Unaudited)

PLRL's SCR was £1,112m at 31 December 2021.

Pre-diversification and before allowance for the loss-absorbing capacity of deferred taxes and other adjustments, the SCR was £3,909m. The following table shows the derivation of the SCR from this pre-diversification amount. The table shows the impact of diversification both within and between the constituent modules under the PLRL integration technique, and it shows post-diversification adjustments including deferred tax.

£'000	Capital requirement
SCR (before diversification)	3,910,741
less Diversification module – life and health underwriting risk	-2,025,815
less Diversification module – market risk	-144,319
less Diversification module – counterparty risk	-2,219
less Inter-module diversification	-346,905
less non-linearity adjustment	-70,131
less Adjustment for deferred tax	-305,365
plus New business adjustment	55,721
plus Operational risk	41,016
less Profit share adjustment	-1,082
PLRL SCR	1,111,642

Figure 15 – Summary of SCR from quantitative reporting template ("QRT") S.25.02.b.

The PLRL risk profile is based on regulatory capital at risk. The relative contribution of each risk, except operational risk, is determined based on the amount before allowing for the impact of diversification between risks. The operational risk contribution is shown post diversification.

For PLRH the risk profile is substantively the same as PLRL.

The pie chart below sets out the risk profile, excluding operational risk, and each of the key risks that are covered in the following sections as at 31 December 2021.

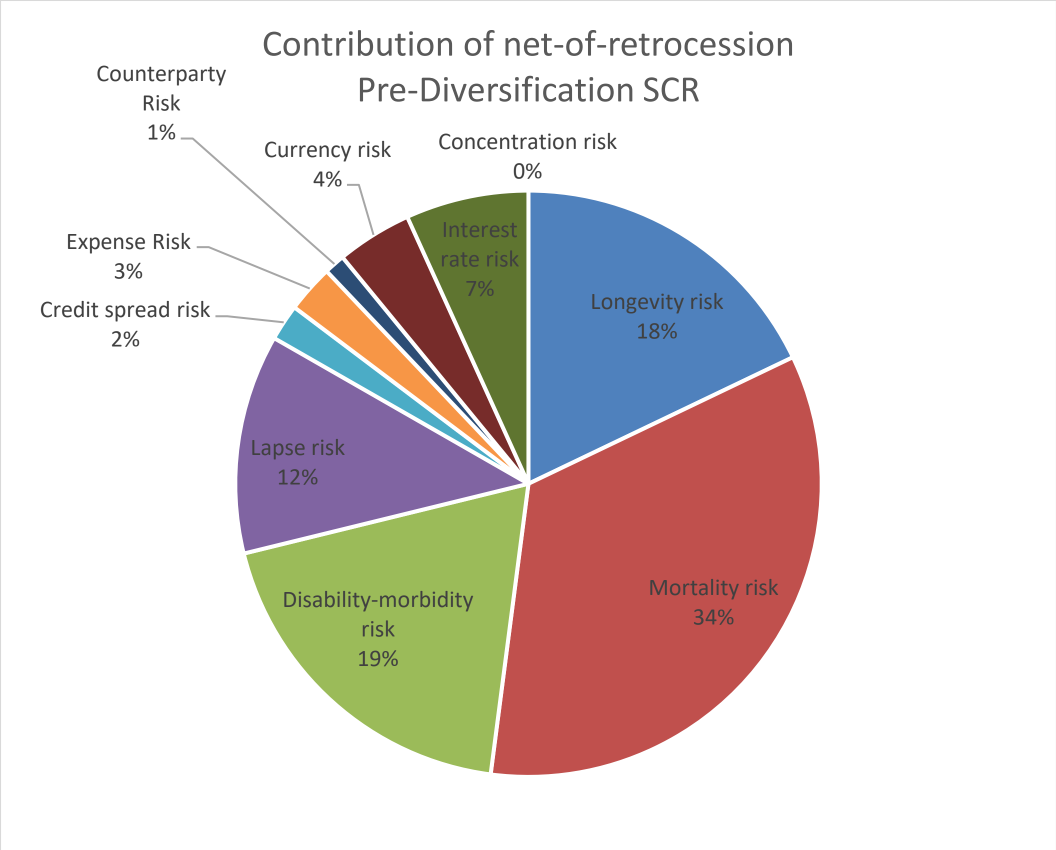

Figure 16 – Summary of undiversified SCR from QRT S.25.02.b.

Risk profile drivers

As at 31 December 2021, underwriting risks dominated the SCR net of retrocession reflecting the preferred nature of longevity, mortality, and morbidity risks under the Division risk strategy (see section B.3). In total, as at 31 December 2021, preferred risks under this policy account for 71% of SCR whilst accepted risks (mainly persistency and credit) contribute 14%, leaving a 15% contribution from minimised risks. The contribution from minimised risks is overstated as much of the interest rate risk element is subsequently eliminated through the non-linearity adjustment.

Change in the risk profile over the period to 31 December 2021

The following table highlights the change in the risk profile presented for PLRL over the valuation period.

	Capital requirement		Change in the SCR
	2021	2020	
	£'000	£'000	
Life and health underwriting risk SCR module	3,357,923	3,327,334	30,589
Market risk SCR module	505,856	564,769	-58,913
Counterparty default risk SCR module	46,961	29,964	16,998
Diversification	-2,519,258	-2,509,962	-9,296
less non-linearity adjustment	-70,131	-43,069	-27,062
less Adjustment for deferred tax	-305,365	-273,346	-32,019
plus New business adjustment	55,721	59,013	-3,292
plus Operational risk	41,016	36,033	4,983
less Profit share adjustment	-1,082	-1,555	473
Group SCR	1,111,642	1,189,180	-77,538
Diversification benefit	64.4%	64.0%	

Figure 17 – Summary of SCR from QRT S.25.02.b (Year end 2021 vs 2020).

The risk profile before diversification has remained steady over the period, with 86% contribution from underwriting risks.

C1. Underwriting risk

As at 31 December 2021, the PLRL in force portfolio consisted primarily of European protection and UK longevity business. The European protection business comprises mortality, critical illness and income protection business and was heavily UK based with the remainder being Irish. The longevity business comprises longevity swap business, covering insured annuities, pensioners in payment and deferred business (i.e., pensioners not yet in payment). Asian protection business is a less material but growing block, primarily comprising critical illness business. Australia has group and individual protection business including income protection which covers life and morbidity risks. Retro has a small amount of longevity business.

Neither PLRL nor PLRH made use of special purpose vehicles to transfer risk over the reporting period.

C1.1 Underwriting risk at 31 December 2021

As at 31 December 2021, the exposure for the underwriting module was £3,358m, with intra-module diversification of 60% (i.e., allowance for diversification between underwriting risks).

The pie chart below illustrates the underwriting risk profile:

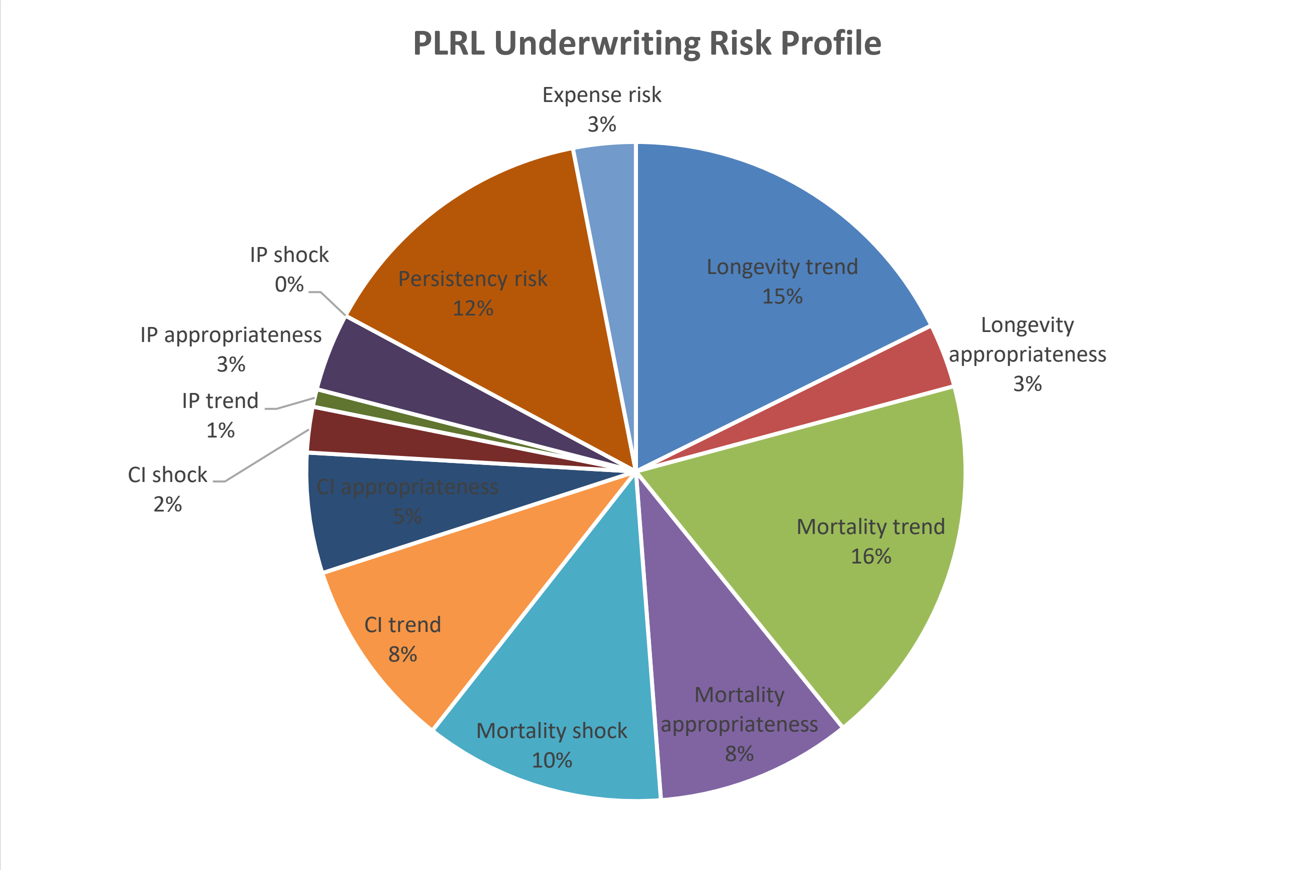

Figure 18 – Summary of underwriting risk from QRT S.25.02.b.

C1.2 Change in underwriting risk over the period to 31 December 2021

The following table considers the change from 31 December 2020 in undiversified underwriting risks:

	Life underwriting risk capital requirement		Change in the SCR
	2021	2020	
	£'000	£'000	
Mortality risk	938,982	943,259	-4,276
Longevity risk	699,400	787,616	-88,215
Disability-morbidity risk	746,974	678,539	68,435
Lapse risk	473,226	408,052	65,174
Life and health expense risk	102,925	103,487	-562
Life catastrophe risk	396,415	406,382	-9,967
Life underwriting risk SCR module	3,357,923	3,327,334	30,589

Figure 19 – Summary of underwriting risk from QRT S.25.02.b (Year end 2021 vs 2020).

PLRL has achieved strong new business growth in Europe over 2021 though increased interest rates have more than offset this in the form of reduced mortality and longevity risk.

Disability-morbidity risk has grown by 10% over the year. This category includes CI business sold in Europe and Asia, as well as IP business sold mainly in Australia. CI contributes around 76% of the growth in the disability-morbidity category, reflecting the strong new business performance in the UK and Asia protection market over the year.

PLRL is materially exposed to mortality and longevity trends as shown by Figure 19.

C1.3 Risk appetite and tolerance statement

The Division insurance risk policy defines insurance risk to cover the following main areas:

- Mortality.
- Longevity.
- Morbidity.
- Ancillary benefits attached as riders to insurance products (for example, waiver of premium, terminal illness).
- Persistency; and
- Expense.

The Division has a high appetite for the preferred risks of mortality, morbidity, and longevity risk. The Division has a medium appetite for other risks within insurance risk, i.e., persistency, expense, and ancillary benefit risks.

The Division requires minimum post-tax returns on capital for accepting each preferred risk, as well as minimum premium margins (after allowing for expenses) for mortality and morbidity risks.

The Division generally writes proportional reinsurance business. Any new non-proportional business must be approved under the Division new product policy.

The Division limits its exposure to individual events by setting maximum limits per life in reinsurance treaties and by setting up retrocession arrangements to manage the risk of cessions on the same lives from different sources.

Maximum per life retention limits for PLRL specifically, which vary by product and territory, are set out in the insurance risk policy.

Specific limitations in the following areas are also defined:

- Treaty size and age limitations for longevity business.
- Treaty size limits for protection business.
- Unemployment cover; and
- Group business.

Unemployment cover is not a preferred risk but may be written in conjunction with preferred risks.

The Division seeks to minimise exposure to options within underlying insurance contracts, but it generally accepts standard options as part of the business it underwrites. The Division will accept business with guaranteed or reviewable premiums and will set terms that reflect the risks associated with any guarantees.

C2. Market risk

PLRL's market risk strategies for invested assets are documented in its Business Unit Investment Guidelines ("BUIGs"). PLRL invests its portfolio of assets according to prudent person principal restrictions identified in its BUIGs. These guidelines are designed to promote the liquidity, security and quality of the portfolio and returns of such assets are assessed in relation to their risk via the associated capital charges.

The only permitted investments are investment grade fixed income securities, short term deposits and units in fixed income funds. Acquisition of equities, property, commodities, derivatives, alternative asset classes (such as hedge funds) and non-investment grade securities are expressly excluded.

C2.1 Market risk at 31 December 2021

As at 31 December 2021, the exposure for the market risk module is £506m, with intra-module diversification of 27% (i.e., allowance for diversification between market risks).

The pie chart below sets out the drivers of the £506m for PLRL:

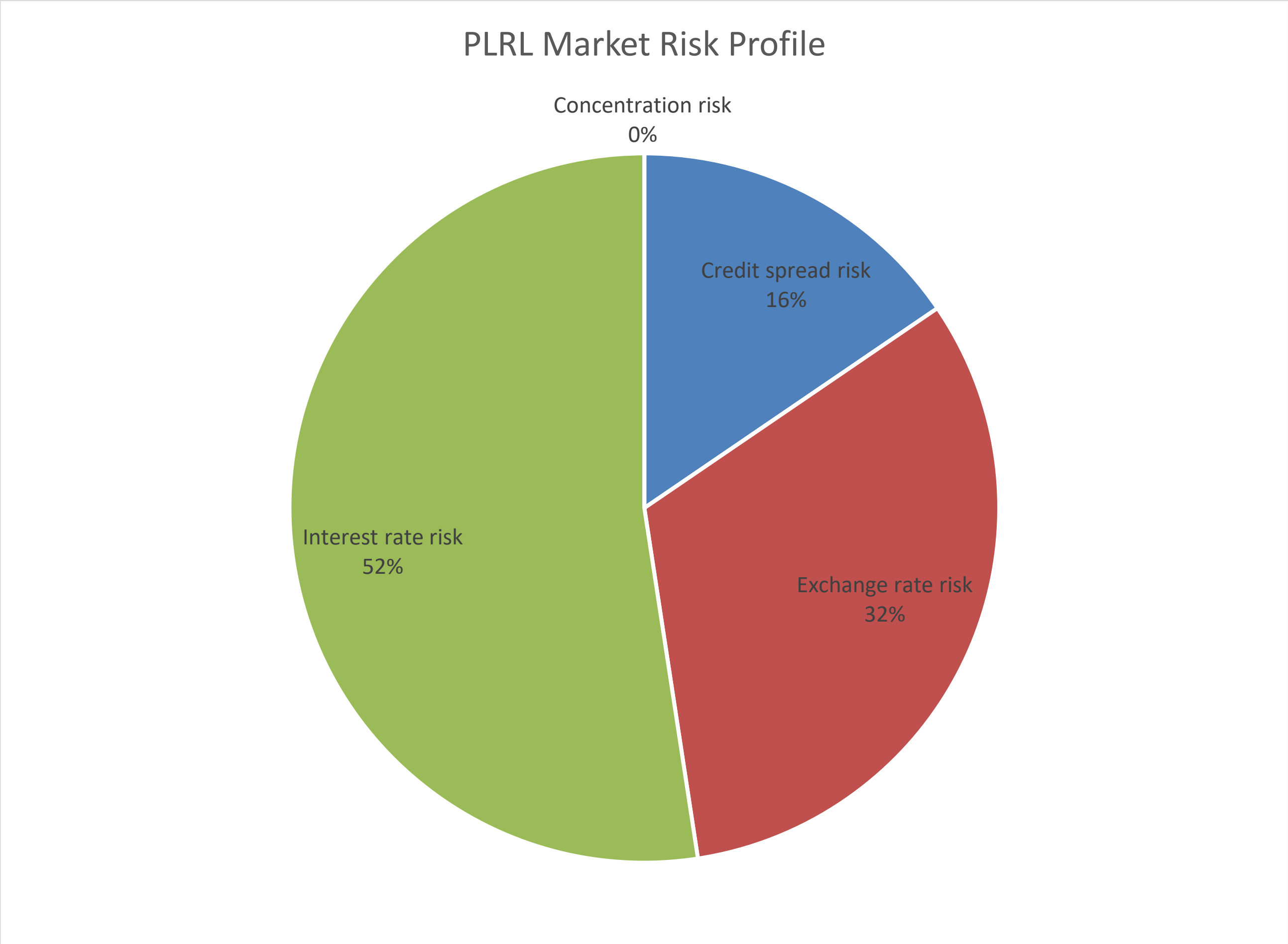

Figure 20 – Summary of market risk from QRT S.25.02.b.

C2.2 Change in the market risk over the period to 31 December 2021

The following table considers the change from 31 December 2020 in undiversified market risks.

4	Market risk capital requirement		Change in the SCR
	2021	2020	
	£'000	£'000	
Interest rate risk	265,140	317,641	-52,501
Credit spread risk	78,261	79,556	-1,295
Equity risk	Nil	Nil	Nil
Property risk	Nil	Nil	Nil
Concentration risk	Nil	247	-247
Currency risk	162,456	167,326	-4,870
Market risk SCR module	505,856	564,769	-58,913

Figure 21 – Summary of market risk from QRT S.25.02.b (Year end 2021 vs 2020).

Over 2021, there has been an increase in interest rates, which has the effect of reducing the interest rate risk capital charge.

There has been a small reduction in currency risk (-3%) mainly reflecting favourable exchange rate movements relative to GBP.

C2.3 Risk appetite and tolerance statement

The market risk SCR module includes a mixture of market and credit risks which PL Re addresses under separate risk policies. Market risk excluding credit spread risk is categorised as a 'minimised' risk in the Division risk strategy, and appetite for this risk is therefore low. Credit spread risk falls within PL Re's definition of credit risk and is an accepted risk. PLRL's exposure to credit spread risk in relation to GFS business is 100% retroceded to the Company's affiliate PLIC on a limited recourse basis. Outside of this only a limited exposure is accepted.

The permitted and excluded asset classes, under investment guidelines, are outlined above within section C2. In exceptional circumstances, PLRL may tolerate higher exposure to market risk where the impediments to effective hedging are significant and the Board considers that the residual risk is acceptable.

Interest rate risk

PLRL manages interest rate risk by setting a limit on the sensitivity to asset/liability duration mismatch for each currency.

Credit spread risk

PLRL manages credit spread risk by setting limits on the weighted average credit rating of its invested assets. The Standard and Poor ("S&P") rating scale is primarily used to determine this weighted average credit rating. The lower of S&P, Moody's and Fitch ratings are used where different agencies have applied different ratings. PLRL does not purchase sub-investment grade securities (i.e., securities with a rating of BB+ and below).

Concentration risk

There are no significant exposures to concentration risk within either PLRH at the group level or PLRL as a solo entity.

Currency risk

PLRL seeks to minimise exposure to the financial impact of foreign currency movements. The BUs therefore undertake asset/liability matching by fund for their primary currency exposures. In respect of smaller foreign currency liabilities, the mismatching of foreign currency assets and liabilities is tolerated up to a de minimis limit before a resolution is required to be considered by the BUIGs.

C3. Counterparty default risk

The PLRL counterparty default risk SCR module covers the risk of default relating to cash bank balances, retrocessionnaires and outstanding cedant balances.

C3.1 Counterparty default risk at 31 December 2021

As at 31 December 2021, the PLRL exposure for the counterparty default module is £45m, with intra-module diversification of 5% (i.e., allowance for diversification between default risks).

C3.2 Change in the counterparty default risk over the period to 31 December 2021

There was a £15m increase in counterparty default risk over the period as a result of updating the information relating to counterparties and an increased amount of cash holdings.

C3.3 Risk appetite and tolerance statement

Credit risk is categorised as an accepted risk in the Division risk strategy, and appetite for this risk is therefore moderate.

Current net exposures related to cedants and retrocessionnaires are not significant in relation to the PLRL capital resources.

Exposure to negative reserve build up is tolerated because the reduction in capital requirements that would arise from the termination of a treaty due to a counterparty default/recapture is likely to offset the reduction in capital resources/risk margin arising from the corresponding loss of negative reserves. The exceptions to this are where financing arrangements have been provided and there is a risk of actual cash loss resulting from the treaty termination or where experience on a treaty has been favourable. Material credit exposures including negative reserves are monitored quarterly in accordance with the Division Credit Risk Policy.

With respect to financing arrangements, credit is extended up to limits set within the credit risk policy by rating and BU, with additional approval required from the DRMC and the PLRL Board for credit beyond the limits on a case by case basis.

In relation to PLRL's exposure to banks in respect of its operational bank balances, the credit risk policy sets counterparty limits by BU and rating. Such limits may be exceeded with additional approval from the DRMC.

A minimum rating applies to all custodians and subcustodians. The value of assets held by subcustodians who do not segregate client and own assets are not expected to be material.

Retrocessionnaires should have a minimum S&P (or equivalent from an internationally recognised rating agency) insurer financial strength credit rating. Where an entity does not have a credit rating, authority is delegated to the Division Chief Financial Officer ("CFO") and Chief Risk Officer ("Division CRO") to decide whether to accept the entity as a retrocessionaire, subject to carrying out a credit review of the entity and reporting the outcome to the DRMC. The credit review will cover items such as:

- The regulatory supervision of the entity.
- Its free capital; and
- If it is a member of a group of companies, the credit rating of other members of the group and the extent to which the entity is integrated within the group.

All other non-insurance counterparty exposures more than a de minimis limit are alerted to the BRC and the DRMC within the quarterly risk MI.

C4. Liquidity risk

PLRL has not built-up significant amounts of reserves to cover future liabilities reflecting the balance of premium structures and products to date. A significant proportion of its financial assets are backing SCR and risk margin. PLRL's best estimate liabilities are negative, representing expected future profits. The total amount of the expected profit included in future premiums, calculated in accordance with Article 260(2), was £1,443m as at 31 December 2021.

PLRL manages liquidity exposure by assessing the availability of liquid assets to meet the impact of adverse liquidity scenarios over the business planning horizon. In addition to its own liquid resources, PLRL can call on further resources from PLC and PLIC, under the guarantees described in section A.5, to meet obligations under reinsurance contracts. The assessment also takes account of any restrictions applicable to assets and the impact on liquidity of bank facilities. PLRL takes steps to address any potential liquidity shortfall indicated by its liquidity assessments.

PLRL has low exposure to liquidity strain from a 'run on the bank scenario', where policyholders seek to cash in policies due to counterparty concerns, because it does not issue policies directly to consumers, because the underlying business it reinsures has little or no cash value on redemption and because it seeks to avoid granting contractual options to clients that could result in liquidity strain.

C4.1 Risk appetite and tolerance statement

PLRL's risk strategy identifies liquidity risk as an unavoidable part of securing the preferred categories of risk. Liquidity risk is categorised as a minimised risk in the Division risk strategy, and appetite for this risk is therefore low. There are financial costs and practical limitations to eliminating liquidity risk and therefore liquidity risk is tolerated where it is proportionate to do so.

The Group does not actively seek to increase its exposure to liquidity risk, but recognises that liquidity risk may be increased where:

- Growth in business may require high levels of cash financing, e.g., payment of ceding commissions to acquire business or finance marketing spend; and
- Growth of business with terms for which cash/security collateral may in exceptional circumstances be transferred to counterparties or held in custody accounts/posted, dependent upon the legal entity credit rating situation.
- Recapture rights are granted to cedants under exceptional circumstances

C5. Operational risk

C5.1 Operational risk at 31 December 2021

As at 31 December 2021, the exposure for this module is £41m.

C5.2 Change in the operational risk over the period to 31 December 2021

There was a £5m increase in operational risk capital requirement over the period because of an increase in the earned premiums.

C5.3 Risk appetite and tolerance statement

Operational risk is classified as an accepted risk in the Division risk strategy and appetite for this risk is therefore moderate.

Although PLRL does not have an explicit financial tolerance for operational risk, appetite statements have been developed for the most significant risks. Decisions regarding whether to incur operational risk and the appropriate level of controls are taken using business judgment in each case. The Division considers that this cost/benefit analysis is not capable of reduction to a simple formula.

C6. Outcome of stress testing and sensitivity testing results

PLRL carries out a range of sensitivity and scenario tests as part of its ORSA. The scope of the 2021 PLRL ORSA applies to business retained in PLRL from 1 January 2022. The assessment of the overall solvency needs of PLRL are aligned with the business planning period and appropriately reflect the risk profile of the retained business. The main categories of testing are discussed in more detail below.

Cancer cure

PLRL is exposed to improvements in cancer treatment through expected impact on longevity trend risk, in particular increased longevity of underlying policyholders and pensioners, and through expected impact on morbidity trend risk, in particular increased incentive to improve diagnosis as treatments for conditions become more effective. These adverse impacts would be partially offset by a likely corresponding impact on mortality trend risk.

PLRL models its exposure to cancer cure through a deterministic scenario based on cure for all cancers. Calibration of this scenario involves significant expert judgment. Testing of the scenario indicated that the PLRL exposure is materially less than the SCR.

Volumes

As part of the planning process, PLRL tests the impact of planned business volumes being greater or lower than anticipated. PLRL has the ability to control volumes by closing treaties to new business on relatively short notice. PLRL solvency is exposed to volumes being higher than planned, and PLRL is able to manage this exposure by drawing more capital from its parent, declining new business opportunities and/or closing open treaties to new business.

Market and Insurance risks

PLRL investigates both market and insurance risk scenarios as part of its ORSA process. The results of the most recent ORSA indicated that these exposures are modest and do not have the capacity to materially jeopardise PLRL solvency on an economic basis.

C7. Other material risks

Other risks that are not considered in the SCR are covered below.

Risks not considered in the SCR

The maintenance of capital is not deemed a suitable response for the following risks:

Liquidity risk – refer to section C4.

Group risk

The Group defines group risk as the risk of loss arising from membership of the Pacific Life group. This risk may manifest itself through default on intragroup retrocession, failure to provide agreed services, or a negative impact on the creditworthiness of Group carriers.

The Division's risk strategy classifies group risk within the 'accepted' category.

Group Risk materially reduced on 1 January 2022 upon expiry of the AOF agreement and novation of the longevity swap retrocession arrangement with PLIC from PLRL to RIBM.

PLRL measures its exposure to group risk on intragroup retrocession by monitoring the level of PLRL solvency after a failure of entities within the Pacific Life group. The levels that are deemed acceptable are reviewed at least annually and may be revised following a significant change in the parent company's financial strength.

Strategic risk

No specific material amount of additional capital is held in respect of this risk. Strategic risk is controlled by robust decision making, project management and project reporting processes and by experienced and highly qualified staff. The overall strategy is approved by the PLRL Board, and any material changes require Board approval. The annual review by the Board and parent company management of the five-year rolling business plan acts as a further control.

Reputational risk

The reputation of PLRL is crucial to its ability to write new business, and so PLRL has a low appetite for risking its standing with its clients. Reputational risk is mitigated by the knowledge, integrity, and experience of staff and by the firm's culture, which gives appropriate priority to business ethics, regulatory compliance, and risk management.

Regulatory risk

No specific material amount of additional capital is held against this risk. This risk is monitored with the internal control policy activities described in section B1.5.2.

Contract terms risk

PLRL is exposed to risks arising from particular contract terms. The main controls against this are the Division contract process and the treaty authority documents, which require that internal and/or external legal review of all material contracts is conducted.

COVID-19 Statement

Starting from early 2020 the COVID-19 pandemic has caused widespread hospitalisation and deaths and negatively impacted world economies. Uncertainty regarding the spread of COVID-19 and its impact on world economies has resulted in volatility and disruption in the financial markets, which may continue. Fluctuations in interest rates and credit spreads have, to date, had the most significant effect on PLRL's financial condition and results of operations. The COVID-19 pandemic has driven increased claims on protection business over 2021 but with some material offset from longevity business. With the continuation of vaccine programmes / booster roll outs in combination with the diversification from longevity (as seen in 2021), the impact from insurance risks overall is not expected to increase materially.

Due to the global COVID-19 outbreak, an internal Pandemic Escalation Model was developed in 2021 to monitor insurance risk. This tracked development of the pandemic and incorporated a series of escalation triggers to support decision-making by senior management in relation to new business flows, reserving and other related areas such as exposure on fixed income assets. This guidance has been reviewed in 2021 and updated considering lessons learned to date.

PLRL carries out regular liquidity stress testing based on adverse scenarios including a 1 in 200 pandemic event combined with a market risk event. The current liquidity ratio is comfortably above our target levels following such a stress even after the emergence of Covid-19 claims which did not cause any liquidity issues over 2021.

Conflict in Ukraine

Management have reviewed the investment portfolios for exposure to assets that might be impacted by ongoing instability in Ukraine. None of the investments held by PLRL have direct exposure to any Russian or Ukrainian issuers.

At the time of writing, there are clear humanitarian concerns in relation to the military conflict between Russia and Ukraine. Management have assessed our financial, insurance, and operational risk positions. This will remain an area of focus as the situation develops over time. PLRL has no direct insurance exposure to Russia or Ukraine. Operational considerations include our SAP data centres in Poland. Management have undertaken business impact assessments in relation to these data centres and business continuity plans are in place. A disaster recovery test was completed successfully in October 2021.

C8. Any other information

C8.1 Internal model appropriateness

PLRL has defined the scope of the PIM in terms of the risks to which it is exposed. The decision with regards to whether a risk is included within the scope of the PIM is made based on three criteria:

1. The materiality of the risk in the overall context of PLRL risks.
2. PLRL relative knowledge of the particular risk; and
3. For risks which would not be included in the PIM under the first two criteria, the suitability of the SF for the particular risk is assessed.

Reviews of PIM scope based on items 1 and 2 above are performed annually.

The suitability of the SF is determined triennially as part of the full review of PIM scope, by direct consideration of the SF calibration considering the PLRL risk profile for the relevant risks.

Finally, PLRL assesses whether any risks to which it is exposed, and which have not previously been included in the SCR, are sufficiently material to be included.

C8.2 Recovery and Resolution plans

PLRL maintains comprehensive recovery and resolution plans which are updated annually.

Section D. Valuation for Solvency Purposes

The bases, methods and main assumptions used for the valuation of PLRL and Group assets, technical provisions and other liabilities are consistent with the SII rules.

In accordance with Article 10 of the Delegated Acts, valuation policies have been chosen to reflect quoted prices and, where these are not available, other data from active markets for the same or similar items has been used. In the absence of either quoted prices or other data from an active market, other valuation techniques are applied to the assets and other liabilities.

Differences between the SII and IFRS values of assets and liabilities arise from specific measurement differences between SII and IFRS as explained in this section.

D1. Bases, methods, and main assumptions used for the valuation for solvency purposes for each material class of assets and the nature of differences with IFRS accounting policies

The following tables show the SII and IFRS value of each material class of assets for PLRL and Group as at 31 December 2021 and 31 December 2020. In the sections following the table, further details are provided for the material SII classes of assets.

	Section reference (If material)	2021			
		PLRL		Group	
		SII £'000	IFRS £'000	SII £'000	IFRS £'000
Assets					
Deferred acquisition costs	D1.1	-	50,410	-	50,410
Intangible assets	D1.2	-	-	-	-
Property, plant, and equipment held for own use	N/A	601	601	601	601
Investments	D1.3	1,429,966	1,429,966	1,429,966	1,429,966
Deposits other than cash equivalents	D1.4	12,351	12,351	12,351	12,351
Reinsurance recoverables	D1.5	(1,959,887)	(340,227)	(1,959,887)	(340,227)
Insurance, intermediaries, reinsurance, and other receivables	D1.6	522,889	522,889	522,889	522,889
Cash and cash equivalents	D1.7	212,183	212,180	212,183	212,180
Deferred tax asset	D3.2	55,169	49,149	55,169	49,149
Any other assets, not elsewhere shown	D1.8	12,442	18,328	12,442	18,328
Total assets		**285,714**	**1,955,647**	**285,714**	**1,955,648**

	Section reference (If material)	2020			
		PLRL		Group	
		SII	IFRS	SII	IFRS
		£'000	£'000	£'000	£'000
Assets					
Deferred acquisition costs	D1.1	-	50,217	-	50,217
Intangible assets	D1.2	-	-	-	-
Property, plant, and equipment held for own use	N/A	882	882	882	882
Investments	D1.3	1,402,727	1,402,727	1,402,727	1,402,727
Deposits other than cash equivalents	D1.4	4,450	4,450	4,450	4,450
Reinsurance recoverables	D1.5	(2,100,716)	(265,215)	(2,100,716)	(265,215)
Insurance, intermediaries, reinsurance, and other receivables	D1.6	465,056	465,099	465,056	465,099
Cash and cash equivalents	D1.7	132,760	132,760	132,760	132,760
Deferred tax asset	D3.2	20,722	20,722	20,722	20,722
Any other assets, not elsewhere shown	D1.8	11,253	18,475	11,253	18,475
Total assets		**(62,864)**	**1,830,119**	**(62,864)**	**1,830,119**

Figure 22 – Summary of assets from QRTs.

There has been no change in the recognition or valuation bases used or to estimations during the reporting period.

D1.1 Deferred acquisition costs

The SII measurement basis for deferred acquisition costs ("DAC") is zero because the economic value of this item is included in the SII technical provisions.

The IFRS accounting policy for DAC determines that the costs directly attributable to the successful acquisition of new business are deferred. This DAC is subsequently amortised systematically over a period no longer than that in which it is expected to be recoverable out of future margins. These costs are not included within the IFRS technical provisions.

D1.2 Intangible assets

The Group does not recognise any intangible assets.

D1.3 Investments

The SII measurement basis for financial investments is fair value, on initial recognition and subsequently, with changes in fair value recognised in profit or loss. The fair value of an asset is the amount for which it could be exchanged between knowledgeable willing parties in an arm's length transaction. This measurement basis is consistent with the PLRL investment and risk management strategy to manage its financial investments on a fair value basis.

Purchases and sales of investments are recognised on the trade date, which is the date that PLRL commits to purchase or sell the assets, measured at their fair values.

There are no differences between IFRS and SII, which both require financial investments to be measured at fair value.

D1.4 Deposits other than cash equivalents

Deposits other than cash equivalents consist of deposits that cannot be used to make payments before a specific maturity date and that are not exchangeable for currency or transferable without any kind of significant restriction or penalty.

The SII measurement basis for deposits other than cash equivalents is fair value, which is approximated by amortised cost. This is a reasonable approximation due to the short-term nature of deposits other than cash equivalents and due to the low risk of counterparty default based on counterparty credit ratings.

There are no differences between IFRS and SII, which both require financial investments to be measured at fair value.

D1.5 Reinsurance recoverables

Reinsurance recoverables relate to outwards business and consist of the reinsurers' share of best estimate liabilities.

The SII measurement basis for reinsurance recoverables is the probability-weighted average of future cash inflows, considering the time value of money using the relevant risk-free interest rate term structure. The cash inflows used to calculate the reinsurers' share of best estimate liabilities are reduced by future outwards reinsurance premium cash outflows which are not yet due at the balance sheet date. If deemed material, an adjustment is also made for expected losses due to default of the counterparty, which is based on an assessment of the probability of default of the counterparty and of the average loss resulting therefrom.

Reinsurance recoverables correspond to reinsurers' share of technical provisions under IFRS, which is measured on a different basis, whereby the assumptions include a margin for prudence, to comply with the reporting requirements of the PRA Prudential Sourcebook for Insurers (replaced by the Directive from 1 January 2016).

D1.6 Insurance, intermediaries, reinsurance, and other receivables

The below assets, as disclosed on the balance sheet quantitative reporting template ("QRT"), have been aggregated for the purpose of describing the valuation basis.

	2021			
	PLRL		Group	
	SII	IFRS	SII	IFRS
	£'000	£'000	£'000	£'000
Deposits to cedants	6,286	6,286	6,286	6,286
Insurance and intermediaries' receivables	412,809	412,809	412,809	412,809
Reinsurance receivables	97,709	97,709	97,709	97,709
Receivables (trade, not insurance)	6,085	6,085	6,085	6,085
Insurance, intermediaries, reinsurance, and other receivables	**522,889**	**522,889**	**522,889**	**522,889**

	2020			
	PLRL		Group	
	SII	IFRS	SII	IFRS
	£'000	£'000	£'000	£'000
Deposits to cedants	19,458	19,458	19,458	19,458
Insurance and intermediaries' receivables	363,926	363,926	363,926	363,926
Reinsurance receivables	76,089	76,089	76,089	76,089
Receivables (trade, not insurance)	5,583	5,626	5,583	5,626
Insurance, intermediaries, reinsurance, and other receivables	**465,056**	**465,099**	**465,056**	**465,099**

Figure 23 – QRTs. Insurance, intermediaries, reinsurance, and other receivables.

Deposits to cedants relate to inwards reinsurance business and consist of collateral balances posted in favour of cedants.

Insurance and intermediaries' receivables consist of reinsurance fees net of claims and commissions due from cedants.

Reinsurance receivables consist of collateral balances posted in favour of retrocessionaires.

Receivables (trade, not insurance) largely consist of intragroup receivables from companies outside of the Group.

The SII measurement basis for insurance, intermediaries, reinsurance and other receivables is fair value, which is approximated by amortised cost. This is a reasonable approximation due to the short term nature of settlement of the receivable balances and due to the low risk of counterparty default. There are no differences between IFRS and SII, as amortised cost approximates fair value.

D1.7 Cash and cash equivalents

Cash and cash equivalents consist of cash at banks and in hand, deposits held at call with banks and other short-term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value. Such investments are those with less than three months' maturity from the date of acquisition, or which are redeemable on demand with only an insignificant change in their fair values.

The SII measurement basis for cash and cash equivalents is fair value, which is approximated by amortised cost. This is a reasonable approximation due to the short term nature of cash and cash equivalents and due to the low risk of counterparty default based on counterparty credit ratings.

There are no differences between IFRS and SII, as amortised cost approximates fair value.

D1.8 Any other assets, not elsewhere shown

A prepayment balance is recognised by PLRL for the recharge of software development costs and license fees from PLRS. The SII measurement basis is zero because the prepayment will not result in a future cash flow as it represents future services to be received. Furthermore, the prepayment is not transferrable in an arm's length transaction. The IFRS measurement basis for the prepayment balance is cost, whereas the SII measurement basis is zero.

A right-of-use asset is recognised in relation to office leases held by PLRL. The SII and IFRS measurement bases are identical and in line with IFRS 16.

D2. Bases, methods and main assumptions used for the valuation for solvency purposes for each material class of liabilities and the nature of differences with IFRS accounting policies

The table on the following page shows the SII and IFRS value of technical provisions for PLRL as at 31 December 2021 and 2020. In the sections following the table, further details are provided in relation to the assumptions and methodology for the best estimate liability ("BEL") and risk margin components of technical provisions.

	2021	
	SII	IFRS
	£'000	£'000
Technical provisions – health		
Best estimate	93,181	498,433
Risk margin	195,865	-
Total technical provisions – health	**289,047**	**498,433**
Technical provisions – life (excluding health and index-linked and unit-linked)		
Best estimate	(3,268,220)	(15,913)
Risk margin	666,702	-
Total technical provisions – life	**(2,601,518)**	**(15,913)**
Technical provisions – index-linked and unit-linked		
Best estimate	-	-
Risk margin	-	-
Total technical provisions – index-linked and unit-linked	-	-

Total technical provisions	**(2,312,472)**	**482,520**
Less: Reinsurance Recoverables	1,959,887	340,227
Net technical provisions	**(352,585)**	**822,747**

	2020	
	SII	**IFRS**
	£'000	**£'000**
Technical provisions – health		
Best estimate	(2,325)	377,174
Risk margin	231,821	-
Total technical provisions – health	**229,496**	**377,174**
Technical provisions – life (excluding health and index-linked and unit-linked)		
Best estimate	(3,458,710)	524
Risk margin	612,722	-
Total technical provisions – life	**(2,845,988)**	**524**
Technical provisions – index-linked and unit-linked		
Best estimate	-	-
Risk margin	-	-
Total technical provisions – index-linked and unit-linked	-	-
Total technical provisions	**(2,616,492)**	**377,698**
Less: Reinsurance Recoverables	2,100,716	(265,214)
Net technical provisions	**(515,776)**	**112,484**

Figure 24 – Summary of technical provisions from QRTs (PLRL and Group numbers are identical).

D2.1 Bases, methods and main assumptions used for its valuation of liabilities for solvency purposes

D2.1.1 Methodology applied in deriving the technical provisions

In accordance with Article 77 of the Directive, the value of technical provisions is equal to the sum of a BEL and a risk margin.

D2.1.1.1 Technical provisions valuation methodology

The BEL is the probability-weighted average of future cash outflows, taking into account the time value of money using the relevant term dependent discount rate. The calculation of the best estimate is based on up-to-date and credible information and on realistic assumptions, and it is performed using adequate, applicable and relevant actuarial and statistical methods. The cash flow projection used in the calculation of the BEL includes all cash inflows and outflows required to settle the insurance and reinsurance obligations over the lifetime thereof. The best estimate is calculated gross of the amounts recoverable from reinsurance contracts, which are calculated separately in accordance with Article 81.3 of the Directive.

The risk margin is calculated so as to ensure that the value of technical provisions is equal to the amount that insurance and reinsurance undertakings would be expected to require in order to acquire and meet the insurance and reinsurance obligations.

D2.1.1.2 Guarantee and option valuation methodology

The majority of the PLRL business comprises reinsurance treaties covering term life, critical illness, income protection, annuity and longevity swap products. There is no investment-linked or accumulating with-profits business. In particular:

- There are no guaranteed annuity rate options; and
- There are no guaranteed surrender or unit-linked maturity values.

The main guarantee on PLRL business is that future premiums and benefits are fixed for most in-force policies.

PLRL does not make any other explicit allowance in respect of options or guarantees.

D2.1.2 Methodology applied in deriving the risk margin

The risk margin is the amount that theoretically would have to be paid to another insurer (in addition to the best estimate provisions) to compensate them for taking on the insurance liabilities. It is based on the principle of allowing for the cost of holding capital to support risks which cannot be readily hedged.

The risk margin is calculated as the present value of the projected SCR for non-hedgeable risks multiplied by the assumed cost of capital rate. This is calculated on a total company basis, allowing for diversification between lines of business.

D2.1.2.1 Elements included in the solvency capital requirement for risk margin projection

The risk margin calculation is based on projected SCR amounts at future calendar year ends, for the relevant underlying stresses. In addition to the PIM risks, the risk margin calculation allows for operational risk, expense risk and counterparty default risk impact.

D2.1.2.2 Steps in the risk margin calculation

The non-diversified capital values are calculated for each treaty, both at the reference date and for each future period. These are then aggregated to get totals for each management block, and then for the whole company. Correlation matrices are applied to derive diversified SCR at the SCR reference date and for each projected calendar year end period. Each of these future projected SCR amounts are multiplied by the cost of capital rate and the risk margin is the present value at the valuation date of the result.

For treaties not yet fully modelled, the underlying non-diversified capital values are estimated using Pricing outputs or with reference to similar treaties. Otherwise, the calculation approach is as above.

D2.1.2.3 The projection of the solvency capital requirement

The risk margin calculation requires the projection of capital values into the future. The PLRL modelling solution includes calculations that allow the accurate computation of the capital values at future time periods without the need for approximations.

For treaties not yet included within the modelling solution, the initial capital values are projected in line with the progression seen on similar, fully modelled treaties.

D2.1.3 Key assumptions in deriving the technical provisions

This section covers key assumptions used to derive the BEL component of the technical provisions of PLRL. A further description of the key assumptions is included below.

D2.1.3.1 Relevant term dependent discount rate applied in deriving the technical provisions

The discount rates are based on currency-specific risk free yield curves that are prescribed by the PRA.

Volatility adjustment

For the purposes of calculating the BEL and the SCR, the risk free yield curve is increased by the PRA prescribed VA for the relevant currency (note this is zero for some currencies).

Note that the VA is not used for the purposes of calculating the risk margin; all discounting is performed using the risk free rate.

Matching premium

PLRL does not apply a matching premium to the risk-free yield curves provided by the PRA.

D2.1.3.2 Lapses

The best estimate lapse assumptions for protection business treaties are based on the assumptions used when the business was originally priced, adjusted for experience emerging over time. Pricing assumptions are based on the Terms of Trade (“ToT”) assumptions, adjusted for treaty specific experience. The lapse assumptions are treaty specific and reflect treaty specific experience.

Lapse experience analyses are carried out for treaties where sufficient volumes of data are available.

D2.1.3.3 Policy expenses

Maintenance expense loadings are based on the expense assumptions adopted as part of the annual business planning process, with minor adjustments in some cases.

D2.1.3.4 Investment related expenses

Investment related expenses largely comprise investment management fees but also include other expenses such as custodian fees and accounting fees. The expected expense cash flows are projected into the future and are discounted to the reference date. The expenses reflect the expected fees associated with holding an asset portfolio sufficient to meet the liabilities and capital requirements required under SII.

D2.1.3.5 Mortality and morbidity assumptions

Long term protection mortality

Base mortality

The best estimate mortality assumptions for life protection business are based on the assumptions used when the business was originally priced, adjusted for experience emerging over time. Pricing assumptions are based on the ToT assumptions, adjusted for client specific experience. The mortality assumptions are treaty specific and reflect treaty specific experience.

Mortality experience analyses are generally carried out on an annual basis.

Mortality trend

Mortality assumptions for long term protection business are based on ToT mortality trend tables. The same assumptions therefore apply across all life protection treaties. These are derived based on historic population mortality trends supplemented by the judgment of Group experts.

Critical illness and total and permanent disability morbidity

Base morbidity

The best estimate morbidity assumptions for critical illness (including variants of this product as written in Asia) and total and permanent disability protection business are based on the assumptions used when the business was originally priced, adjusted for experience emerging over time. Pricing assumptions are based on the ToT assumptions, adjusted for client specific experience. The morbidity assumptions are treaty specific and reflect treaty specific experience.

Morbidity experience analyses are generally carried out for the main protection treaties on an annual basis.

Morbidity trend

Morbidity trend assumptions are based on the ToT assumptions. These are derived based on historic population trends supplemented by the judgment of Group experts.

Income protection

Base inception

The best estimate income protection inception assumptions are based on the assumptions used when the business was originally priced, adjusted for experience emerging over time. Pricing assumptions are based on the ToT assumptions, adjusted for client specific experience. The inception assumptions are treaty specific and reflect treaty specific experience.

Base recovery

The best estimate income protection recovery assumptions are based on the assumptions used when the business was originally priced, adjusted for experience emerging over time. Pricing assumptions are based on the ToT assumptions, adjusted for treaty specific experience. The recovery assumptions are treaty specific and reflect treaty specific experience.

Inception and recovery trend

No allowance is made for inception and recovery trends.

Annuity and Longevity Swap mortality

Base mortality

The best estimate mortality assumptions for longevity swap treaties are based on the assumptions used when the business was originally priced, adjusted for experience emerging over time. Pricing assumptions are based on the ToT assumptions, adjusted for client specific experience. The mortality assumptions are treaty specific and reflect treaty specific experience.

Mortality experience analyses are generally carried out for the main longevity treaties at least on an annual basis.

Mortality trends

Best estimate mortality trend assumptions for longevity treaties are based on the ToT. These are derived based on historic population mortality improvements trends by the judgment of Group experts.

D2.1.3.6 Contract boundaries

The boundary for all contracts is determined in accordance with Solvency II rules which are consistent with IFRS. No cash flows after the contract boundary are included in the valuation of technical provisions of the SCR. Where PLRL business is retroceded from affiliate companies, the contract boundary will reflect the arrangement between the affiliate company and their cedant provided the retrocession treaty provides PLRL with comparable rights to those in the treaty between the affiliate and their cedant.

D2.2 Uncertainty associated with the value of technical provisions

Cash flow projections are performed on a deterministic as opposed to a stochastic basis, but the BEL is uplifted to account for a probability-weighted average of future cash flow projections. The assumptions underlying the deterministic cash flows reflect PLRL management's best estimate of future experience, reflecting the underlying data as well as the judgment of management. These estimates therefore include an inherent level of uncertainty.

D2.3 Differences between the bases, methods and main assumptions used for the valuation for solvency purposes and those used for valuation in financial statements

Whilst the valuation approach is generally similar, there are some notable differences between valuation for regulatory reporting and valuation for IFRS financial reporting. In particular:

- The assumptions adopted for regulatory reporting are best estimate assumptions, whereas the assumptions used for IFRS financial reporting include a margin for prudence known as 'provision for adverse deviation';
- The technical provisions under regulatory reporting allow for a probability weighted approach to cash flow projection but there is no such allowance for financial reporting;
- The technical provisions under regulatory reporting include a risk margin (as described above) but there is no such item under IFRS financial reporting; and
- The technical provisions under regulatory reporting use yield curves rather than the valuation rate of interest based on assets backing liabilities as used in IFRS financial reporting.

D2.4 Volatility adjustment (Unaudited)

The following table shows the impact of the VA on key financial metrics:

	PLRL			Group		
	Including VA	VA set at zero	Difference	Including VA	VA set at zero	Difference
	£'000	£'000	£'000	£'000	£'000	£'000
Technical provisions net of reinsurance recoverable	(352,584)	(355,845)	(3,261)	(352,584)	(355,845)	(3,261)
Solvency capital requirement (SCR)	1,111,642	1,106,737	4,905	1,111,642	1,106,737	4,905
Minimum capital requirement (MCR)	293,746	293,738	9	293,746	293,738	9
Total available funds to meet SCR	1,501,758	1,504,204	2,446	1,502,828	1,505,274	2,446
Total available funds to meet MCR	1,336,758	1,339,204	2,446	1,337,828	1,340,274	2,446
SCR ratio	135%	136%	1%	135%	136%	1%
MCR ratio	455%	456%	1%	455%	456%	1%

Figure 25 – Volatility adjustment impact.

D2.5 Transitional measures (Unaudited)

The PRA approved the PLRL application for the use of TMTP on 10 December 2015. The TMTP has since been re-calculated (the latest recalculation effective as at 31 December 2021), due to the regulatory requirement for biennial recalculations during the phasing-in period.

The following table shows the impact of the TMTP on various key financial metrics:

	PLRL			Group		
	Including TMTP	TMTP set at zero	Difference	Including TMTP	TMTP set at zero	Difference
	£'000	£'000	£'000	£'000	£'000	£'000
Technical provisions	(352,584)	(35,560)	317,024	(352,584)	(35,560)	317,024
Solvency capital requirement (SCR)	1,111,642	1,190,867	79,225	1,111,642	1,160,260	48,618
Minimum capital requirement (MCR)	293,746	297,717	3,971	293,746	297,717	3,971
Total available funds to meet SCR	1,501,758	1,263,990	(237,768)	1,502,828	1,265,060	(237,768)
Total available funds to meet MCR	1,336,758	1,098,990	(237,768)	1,337,828	1,100,060	(237,768)
SCR ratio	135%	106%	-29%	135%	109%	-26%
MCR ratio	455%	369%	-86%	455%	369%	-86%

Figure 26 – TMTP impact.

At 31 December 2021, PLRL own funds were sufficient to cover the SCR without reliance on TMTP. As a result of this, PLRL is not required to provide a phasing-in plan to the PRA which would set out the planned measures to ensure coverage of the SCR by the end of the transitional period.

D2.6 Other

D2.6.1 Recoverables from reinsurance contracts

PLRL retrocedes a significant proportion of its longevity business to an affiliate and a portion of its protection business to external parties as well as an affiliate.

See section D1 for details on the valuation basis.

D2.6.2 Changes in assumptions from previous reporting period

An annual experience analysis is performed in respect of treaties that have a credible amount of experience data. As a result, best estimate base mortality, morbidity and lapse assumptions have been updated for the relevant treaties.

In addition to the above, ToT assumptions have been updated as part of a regular programme to ensure that our assumptions reflect up-to-date data and methodology.

See section E.1.3.2 for an overview of the drivers of change in the own funds over the reporting period.

D3. Bases, methods and main assumptions used for the valuation for solvency purposes for each material class of other liabilities and the nature of differences with IFRS accounting policies

The table below shows the SII and IFRS value of each material class of liabilities for PLRL as at 31 December 2021 and 31 December 2020. In the sections following the table, further details are provided for the material SII classes of liabilities.

	Section reference (if material)	2021			
		PLRL		Group	
		SII	IFRS	SII	IFRS
		£'000	£'000	£'000	£'000
Provisions other than technical provisions	D3.1	322,991	322,992	322,991	322,992
Deferred tax liabilities	D3.2	301,510	23,153	301,510	23,153
Insurance, intermediaries, reinsurance and other payables	D3.3	624,228	624,222	623,158	623,152
Any other liabilities, not elsewhere shown	D3.4	12,535	14,436	12,535	14,436
Total other liabilities		**1,261,264**	**984,803**	1,260,193	983,732
	Section reference (if material)	**2020**			
		PLRL		**Group**	
		SII	**IFRS**	**SII**	**IFRS**
		£'000	**£'000**	**£'000**	**£'000**
Provisions other than technical provisions	D3.1	237,641	237,642	237,641	237,642
Deferred tax liabilities	D3.2	213,747	-	213,747	-
Insurance, intermediaries, reinsurance and other payables	D3.3	582,616	582,596	581,546	581,526
Any other liabilities, not elsewhere shown	D3.4	3,660	3,660	3,660	3,660
Total other liabilities		**1,037,664**	**823,898**	**1,036,594**	**822,828**

Figure 27 – Summary of other liabilities from QRTs.

There has been no change in the recognition or valuation bases used or to estimations during the reporting period.

D3.1 Provisions other than technical provisions

Provisions other than technical provisions consist primarily of claims which are reported but not paid and not past due at the balance sheet date. Once a claim is reported, it is included in the manual reserving process and is excluded from the best estimate liabilities given that it is no longer in force. The balance is not past due as there is a time lag whilst the claim is validated.

The SII measurement basis for provisions other than technical provisions is fair value, which is approximated by amortised cost using the effective interest method. This is a reasonable approximation due to the short term nature of provisions other than technical provisions.

D3.2 Deferred tax liabilities

Deferred tax assets and liabilities are recognised in relation to the difference between the SII value of assets and liabilities in accordance with Article 75 to 86 of Directive and the amount of those assets and liabilities for tax purposes. Provision is made for deferred tax liabilities, or credit taken for deferred tax assets, in respect of all temporary differences that have originated but not reversed at the reporting date, with the exception that deferred tax assets are recognised only to the extent that the Directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

The SII measurement basis is similar to that of IFRS, but the deferred tax amounts are different due to differences in the SII value and IFRS carrying amount of the assets and liabilities (namely technical provisions and DAC) in relation to which the deferred tax is calculated.

D3.3 Insurance, intermediaries, reinsurance and other payables

The below liabilities, as disclosed on the balance sheet QRT, have been aggregated for the purpose describing the valuation basis.

	2021			
	PLRL		Group	
	SII	IFRS	SII	IFRS
	£'000	£'000	£'000	£'000
Deposits from reinsurers	247,863	247,863	247,863	247,863
Insurance and intermediaries payables	225,292	225,292	225,292	225,292
Reinsurance payables	40,530	40,530	40,530	40,530
Payables (trade, not insurance)	14,169	14,163	13,099	13,093
Debts owed to credit institutions	96,374	96,374	96,374	96,374
Insurance, intermediaries, reinsurance and other payables	**624,228**	**624,222**	**623,158**	**623,152**
	2020			
	PLRL		**Group**	
	SII	**IFRS**	**SII**	**IFRS**
	£'000	**£'000**	**£'000**	**£'000**
Deposits from reinsurers	268,685	268,685	268,685	268,685
Insurance and intermediaries payables	172,413	172,413	172,413	172,413
Reinsurance payables	43,688	43,688	43,688	43,688
Payables (trade, not insurance)	9,222	9,202	8,152	8,132
Debts owed to credit institutions	88,609	88,609	88,609	88,609
Insurance, intermediaries, reinsurance and other payables	**582,616**	**582,596**	**581,546**	**581,526**

Figure 28 – Insurance, intermediaries, reinsurance and other payables.

Deposits from reinsurers consists of collateral balances from retrocessionaires in favour of PLRL.

Insurance and intermediaries payables consists of deposits and advances from cedants arising from collateral movements in favour of PLRL.

Reinsurance payables consist of amounts payable to retrocessionaires for reinsurance fees net of claims and commissions, and guarantee fees.

Debts owed to credit institutions consist of principle and interest payable to a third party bank.

Payables (trade, not insurance) consist of the current tax payable, trade payables, accruals, and intragroup payables with Group companies.

The SII measurement basis for Insurance, intermediaries, reinsurance and other payables is fair value, which is approximated by amortised cost. This is a reasonable approximation due to the short term nature of the balances.

There are no valuation differences between IFRS and SII, as amortised cost approximates fair value.

"Any other liabilities, not elsewhere shown" contains an expense reserve which represents the present value of future expenses PLRL is expected to incur to maintain the 95% of each GFS treaty that is held by PLIC. The SII measurement basis is fair value.

A lease liability is recognised in relation to office leases in Asia. The SII and IFRS measurement bases are identical and in line with IFRS 16.

D4. Alternative methods for valuation

D4.1 Identification of assets and other liabilities

Those assets and liabilities of the Undertakings for which an alternative valuation method has been used, are listed in the following table, together with the methodology applied and a reference to the description of the main assumptions and differences to IFRS valuation for the material classes of assets and other liabilities.

No.	Balance	Alternative valuation methodology	Reference to the description of the main assumptions and differences to IFRS valuation for the material classes of assets and other liabilities
1	Property, plant and equipment	Cost less depreciation	N/a - immaterial
2	Insurance, intermediaries, reinsurance and other receivables	Amortised cost	D1.5
3	Cash and cash equivalents	Amortised cost	D1.6
4	Certain items that are disclosed as "Any other assets, not shown elsewhere"	Amortised cost	N/a - immaterial
5	General prepayments disclosed as "Any other assets, not shown elsewhere"	Cost	N/a - immaterial

6	Provisions other than technical provisions	Amortised cost	D3.1
7	Insurance, intermediaries, reinsurance and other payables	Amortised cost	D3.3
8	Certain items that are disclosed as "Any other liabilities, not shown elsewhere"	Amortised cost, or Valuation technique	D3.4

Figure 29 – Assets and other liabilities where alternative valuation is used.

For those balances for which amortised cost is used as the alternative valuation methodology, the assumption that the cash flows are short dated is likely to remain applicable as the terms of the treaty, service agreement, loan agreement, invoices and tax liability payments are unlikely to change. The assumption that there is a low risk of counterparty default can change, in which case the use of amortised cost as an alternative valuation methodology would have to be reconsidered.

D5. Any other information

D5.1 Future management actions

The PLRL PIM includes allowance for future management actions in respect of the option to terminate the acceptance of new business. PLRL typically has the right at its absolute discretion to terminate treaties that are open to new business on 3 months' notice.

This management action has been allowed for in the PIM in determining the SCR by calculating the SCR in respect of 6 months' of new business (rather than 12 months, or 4 months in the case of longevity flow business) on open treaties written after the SCR reference date.

Allowance has been made for the expected time needed to implement the management action. It was assumed that the termination of the acceptance of new business can be effected within a period of 6 months, reflecting a 3 month decision 'window' plus the typical 3 month notice period. (or 1 month, in the case of longevity flow business; giving a total period of 4 months).

The reasons for terminating the acceptance of new business are mainly anticipated to be poor historic and / or expected future underwriting results on the treaty, but other circumstances could also result in the management action.

D5.2 Assumptions about policyholders' behaviour

No assumptions are made regarding policyholder behaviour other than standard lapse assumptions as described in section D2.1.3.2.

D5.3 Consolidation

The combined data for the Group has been prepared by complying with the principles of IFRS 10 *Consolidated Financial Statements* but using the SII measurement basis for assets and liabilities.

Section E. Capital Management

E1. Own funds

E1.1 Management of the own funds

E1.1.1 Objectives

Group objectives in managing capital are:

- To maintain financial strength and allocate capital efficiently to support new business growth;
- To satisfy the requirements of policyholders, shareholders, regulators and rating agencies; and
- To ensure that assets held by PLRL are of appropriate quality.

E1.1.2 Capital management policy

PLRL and PLRH hold sufficient capital to meet their minimum regulatory and economic capital requirements, and an additional solvency buffer, which is intended to cover reductions in the solvency position caused by:

- Adverse experience;
- Market movements; and
- Unplanned new business.

The Undertakings are required to hold sufficient capital to meet SII regulatory requirements. A regulatory solvency ratio, which is the ratio of eligible capital resources to SCR, is used to report the Undertakings' solvency position to the PRA on a quarterly basis, in accordance with the SII regime.

The Undertakings also monitor their solvency position in accordance with the ORSA (referred to as economic capital solvency position), and PLRL also monitors each branch's local regulatory solvency ratio.

Solvency monitoring is performed regularly for PLRL and PLRH, and is summarised in the quarterly management information using three levels of triggers to determine when additional capital or other action is required.

PLRL includes a transitional measure on technical provisions, TMTP, as part of its own funds. At 31 December 2021, PLRL own funds excluding TMTP were in excess of 100% of the SCR.

The PLRL medium term capital management plan for five years is set out in the annual ORSA. This enables the PLRL Board to understand the likely future solvency position and capital needs of PLRL and PLRH. The plan includes:

- A projection of the regulatory and economic capital solvency position over at least the next 5 years, including the impact of sensitivities;
- Discussion of the sources and quality of capital; and
- High level consideration of the latest phasing-in plan (when one applies).

The remedial actions listed below will be considered if any of the solvency monitoring triggers is breached:

- Recalculation of the TMTP (if appropriate);
- Capital injection from PLC;
- Increase eligible AOF;
- Review investment strategy;
- Reduction to new business volumes, closure to new business or recapture of existing treaties; and
- Transfer funds from head office to branches (if the triggers indicate a shortage of capital in that branch).

During 2021, PLRH enacted the following from the list above:

- Capital injections of £100m to PLRL.

The action to be taken will depend on which trigger(s) has been breached, the extent of the shortfall and the anticipated development of the solvency position over the subsequent months.

The most likely action to be considered if the solvency ratio exceeds the upper end of any solvency buffer is a dividend payment.

Changes over reporting period

The capital management policy was revised on 26 February 2021 to include explicit targets and buffers for the South Korea. The rationale for the buffers and potential remedial actions was also enhanced.

E1.2 Components of own funds

PLRL and PLRH own funds comprise the sum of BOF and AOF (see section E1.8).

No entities within the Group hold participations in financial or credit institutions.

E1.2.1 Tier 1 basic own funds

The following table shows PLRL and PLRH tier 1 BOF, none of which is subject to transitional arrangements per Article 308b of Directive 2009/138/EC:

	2021		2020	
	PLRL	Group	PLRL	Group
	£'000	£'000	£'000	£'000
Tier 1 BOF				
Ordinary share capital (gross of own shares)	553,650	332,974	453,650	232973.9357
Reconciliation reserve before deduction for participations	783,271	1,005,017	1,037,818	1,259,753
Total tier 1 BOF	**1,336,921**	**1,337,991**	**1,491,468**	**1,492,727**

Figure 30 – Components of tier 1 BOF.

Paid-up ordinary share capital

PLRL and PLRH have in issue share capital that is fully paid up as at the end of the period (other than in relation to the AOF).

Reconciliation reserve

Once all other own fund items have been classified within their respective tiers, and once the required adjustments have been made, the remainder of the excess of assets over liabilities represents the reconciliation reserve, which is classified as tier 1. The reconciliation reserve comprises retained earnings, the translation reserve and other reserves.

E1.2.2 Tier 2 basic own funds

PLRL and PLRH had no tier 2 BOF during the years ending 31 December 2021 and 31 December 2020.

E1.2.3 Tier 3 basic own funds

PLRL and PLRH had no tier 3 BOF during the years ending 31 December 2021 and 31 December 2020.

E1.3 Analysis of change in the own funds from 31 December 2020 to 31 December 2021

E.1.3.1 Paid-in ordinary share capital

PLRL issued £50m of ordinary share capital to PLRH on 31 August 2021 and issued a further £50m of ordinary share capital to PLRH on 27 September 2021.

PLRH issued £50m of ordinary share capital to RIBM on 31 August 2021 and issued a further £50m of ordinary share capital to RIBM on 27 September 2021.

E.1.3.2 Reconciliation Reserve

PLRL own funds have decreased by £154.8m over the year from £1,656.6m to £1,501.8m.

The main drivers of the increase were:

- Experience and changes to best estimate assumptions (-£121m)
- Increase in risk free discount rate (-£72m)
- Treaty implementations in to the valuation model and other models updates (-£37m)
- Tax variances driven by the increase in UK corporation tax rate from 19% to 25%, balance sheet movements and the Business Transfer Agreement (BTA) which reduced losses carried forward tax assets in Australia (-£32m)
- Other items, including currency and expenses (-£36m)
- Annual recalibration of expese overrun, PWR, TMTP and market risks (-£17m)

The above were partially offset by the following items:

- Narrowing of credit spreads (+£13m), capital injections (+£100m), Expected profit and run-off of the in-force book (+£48m).

E1.4 Eligible own funds to cover solvency capital requirements

The BOF and AOF are available to cover the SCR, but are subject to quantitative limits[1]. The following table shows the own funds available and eligible to cover SCR.

	2021		2020	
	PLRL	Group	PLRL	Group
	£'000	£'000	£'000	£'000
Available own funds				
Tier 1 BOF	1,336,921	1,337,991	1,491,657	1,492,727
Tier 2 AOF	165,000	165,000	165,000	165,000
Total available own funds	**1,501,921**	**1,502,991**	**1,656,657**	**1,657,727**
Total eligible own funds	**1,501,921**	**1,502,991**	**1,656,657**	**1,657,727**
SCR	1,111,642	1,111,642	**1,189,180**	**1,189,180**
Ratio	**135%**	**135%**	**139%**	**139%**

Figure 31 – Eligible own funds to cover SCR.

E1.5 Eligible own funds to cover the minimum capital requirement

Only BOF is available to cover the minimum capital requirement ("MCR"), subject to quantitative limits[2].

The following table shows the own funds available and eligible to cover MCR.

	2021		2020	
	PLRL	Group	PLRL	Group
	£'000	£'000	£'000	£'000
				Available own funds
Tier 1 BOF	1,336,921	1,337,991	1,491,657	1,492,727
Total available own funds	1,336,921	1,337,991	1,491,657	1,492,727
MCR	293,746	293,746	297,295	297,295
Ratio	**455%**	**455%**	**502%**	**502%**

Figure 32 – Eligible own funds to cover MCR.

There are no restrictions on availability of own funds to cover MCR.

1 Article 82 of the Delegated Regulation states that the eligible amount of tier 1 items must be at least 50% of the SCR and 80% of the MCR; the eligible amount of tier 3 items must be less than 15% of the SCR; and the sum of the amount of tier 2 and tier 3 items eligible to cover the SCR and MCR respectively must not exceed 50% of the SCR or 20% of the MCR.

2 The tier 2 BOF as at 31 December 2015 and 31 December 2014 exceeded 20% of MCR as at the end of the respective periods, which resulted in a restriction on the tier 2 BOF that is eligible to cover the MCR.

E1.6 Analysis of change from IFRS equity to basic own funds

	Section reference (if material)	2021	
		PLRL £'000	Group £'000
IFRS equity to SII excess of assets over liabilities reconciliation			
Equity in the IFRS PLRL/PLRH financial statements		**511,426**	**512,496**
Add: IFRS to SII measurement differences			
Deferred acquisition costs measured at £nil for SII	E1.6.1	(50,410)	(50,410)
Net technical provisions measurement differences for SII	E1.6.2	1,175,332	1,175,332
Reinsurance platform intangible asset, prepayment and deferred income measured at £nil for SII	E1.6.3	(3,808)	(3,808)
Current and deferred taxes	E1.6.4	(296,047)	(296,047)
Other		428	428
SII excess of assets over liabilities		**1,336,921**	**1,337,991**

Figure 33 – Analysis of change from IFRS Equity to SII BOF.

E1.6.1 Deferred acquisition costs

The SII measurement basis for DAC is zero (see section D1.1).

E1.6.2 Net technical provisions

The IFRS net technical provisions are calculated to comply with the requirements of the PRA's Prudential Sourcebook for Insurers. The SII technical provisions comprise of best estimate liabilities, risk margin and TMTP.

E1.6.3 Prepayment and deferred income balances recognised in relation to a single reinsurance platform

A prepayment balance is recognised by PLRL for the recharge of software development costs and license fees across the Division. The SII measurement basis for this balance is zero (see section D1.8).

E1.6.4 Taxes

The SII measurement basis is similar to that of IFRS, but the deferred tax amounts are different due to differences in the SII and IFRS values of the assets and liabilities in relation to which the deferred tax is calculated.

E1.7 Ancillary own funds

On 10 December 2015, the PRA approved the PLRL application to use AOF to meet the increased capital requirements for the SII regime. On 18 December 2015, PLRL issued and allotted 100,000,000 uncalled and unpaid ordinary shares of £1 each to PLC. On 14 August 2019, PLRL issued and allotted a further 65,000,000 uncalled and unpaid ordinary shares of £1 each to PLC. PLRL is permitted to make a call on demand upon PLC for the full £165m in one call or, alternatively, an unlimited number of calls for lower amounts that in aggregate do not exceed £165m. The PLC payment obligations in respect of any calls made by PLRL are supported by a guarantee given by PLIC. The uncalled and unpaid shares do not carry voting rights. Once called and fully paid, they have the same rights as other ordinary shares.

The AOF is classified as tier 2 for Group SII reporting purposes, in accordance with Article 331 of the Delegated Regulation.

There has been no call made on the unpaid ordinary shares.

On 1 January 2022, the AOF agreement was terminated.

E1.8 Restrictions on own funds

PLRL and PLRH have concluded that there are no arrangements which constitute ring-fenced funds for the purpose of Article 80 of the Delegated Regulation. There will therefore be no restrictions applied to tier 1 BOF in relation to ring-fenced funds.

E2. Solvency capital requirement and minimum capital requirement (Unaudited)

E2.1 Detail of the capital requirements for Pacific Life Re Limited

		2021	2020
	Standard formula or internal model	£'000	£'000
Available own funds		**1,501,758**	**1,656,657**
Market risk SCR module (including diversification within module)	Standard formula	361,538	410,431
Life underwriting risk SCR module (including diversification within module)	Partial internal model	1,072,108	1,056,774
Health underwriting risk SCR module (including diversification within module)	Partial internal model	260,000	279,748
Operational risk SCR module (including diversification within module)	Standard formula	41,016	36,033
Counterparty default risk SCR module (including diversification within module)	Standard formula	44,743	29,045
Diversification between modules		(346,905)	(363,893)
Loss absorbing capacity of deferred tax		(305,365)	(273,346)
Other: new business, non-linearity, profit share adjustment		(15,492)	14,388
Solvency capital requirement		**1,111,642**	**1,189,180**

Minimum capital requirement		**293,746**	**297,295**
Surplus		390,116	467,477
Eligible own funds as % of SCR		**135%**	**139%**

Figure 34 – Summary of SCR, MCR for PLRL

The decrease in coverage ratio in the period is largely driven by adverse impacts from claims experience and annual assumption basis changes, and an adverse impact from underlying policy data updates. This was largely offset by £100m of capital injections in to PLRL.

E2.2 Calculation of minimum capital requirement

The PLRL MCR is calculated using a formulaic approach subject to a minimum of the greater of 25% of the SCR and the overall floor of €3.6m (approx. £3.2m), and a maximum of 45% of SCR.

This is then applied to PLRH unchanged.

E2.3 Explanation for material changes to solvency capital requirement and minimum capital requirement

The SCR has decreased by £77.5m over the year from £1,189.2.m to £1,111.6m. The main drivers of the decrease were:

- New business written over the year (+£122m); and
- Underlying policy data updates (+£28m)

The above were offset by the following items which led to a reduction in SCR:

- Run off of existing business (-£94m);
- Increase in risk-free discount rates (-£57m);
- Tax impacts (-£37m); and
- Other items including annual assumption changes, annual recalibrations and currency and spread movements (-£40m).

E2.4 Simplifications and parameters used in deriving the solvency capital requirement

Investment data – credit rating

The SF states that in cases where more than one credit rating is available for a counterparty, the second highest rating should be used. All of the credit ratings have been sourced from S&P's website hence only one source of credit rating has been used. Due to the nature of the business written, the Group has a relatively low exposure to Market risk and hence this approximation is deemed acceptable.

The Group has no information on the underlying assets of its investments in asset backed securities, so the concentration risk stress is therefore applied to the issuers of securities. The common credit group information is provided by Pacific Life and may be subject to change and/or may not reflect the latest market position. This is deemed acceptable as asset backed securities are immaterial in the context of the Group's total invested assets, representing just 0.2% of the total.

Policyholder data

Some treaties are not incorporated in the projection model, such that SCRs are instead calculated using approximate methods outside of the projection model. This typically applies for new treaties not yet set up in the projection model, or treaties where policy data files are not yet available or implemented in the operations administration system. Approximate calculation methods will depend on the information available and will typically involve basing the SCR on the original pricing capital requirements where available. Other methods may include the scaling of the SCR based on applying ratios of similar treaties that are incorporated in the business model.

The majority of treaties are set up in the projection model, data is provided through the operations administration system and capital stresses are carried out within the projection model without the need to apply approximate valuation approaches.

Change in own funds

Individual stresses are generally calculated by using the change in the best estimate liabilities for all PIM stresses as an approximation to the change in own funds. The only exception is persistency risk, for which this approximation is not deemed appropriate and hence an adjustment is applied to allow for the impact of basing the stress on the change in own funds rather than the change in best estimate liabilities.

E2.5 Disclosure of capital add-ons to solvency capital requirement

Neither PLRL nor PLRH are subject to a capital add-on, nor do they employ the use of any undertaking-specific parameters.

E3. Use of duration-based equity risk sub-module in the calculation of the solvency capital requirement (Unaudited)

PLRL and PLRH are not subject to equity risk.

E4. Differences between the standard formula and the internal model used (Unaudited)

PLRL has gained PRA approval to adopt a PIM in respect of its insurance risks. The PIM, as per the SF, is calibrated such that it corresponds to a value-at-risk of the BOF subject to a confidence level of 99.5% over a one-year period. The main differences between the SF and the internal model are as follows:

- PLRL has adopted a more granular approach to the identification of the drivers of insurance risk and has therefore introduced further sub-categories for some of its insurance risks. Specifically, PLRL has included a trend risk component (uncertainly regarding future improvements or deteriorations) for longevity, mortality and morbidity risks alongside a base mortality/morbidity risk termed “appropriateness risk”. Appropriateness risk is the risk of misestimating the base mortality or morbidity assumption at outset such that the characteristics of the underlying reinsurance business are different from that assumed at the pricing stage. Appropriateness risk is divided into two types: “Treaty Level Appropriateness Risk” is the risk of misestimating the base assumption with respect to a specific treaty and independently of other treaties. “Terms of Trade Risk” is the risk of getting Terms of Trade incorrect which would usually impact all treaties within that product type.

- PLRL has derived its own calibration of the PIM risk distribution based on both internal and external data and the expert judgement of PLRL management. Essentially, for each product line or group of risks above, the following steps are carried out:
    - Specific product types and resultant high level risks are defined based on a review of both the in-force portfolio and potential sources of new business.
    - A review of the best estimate assumption setting process is carried out from which specific “sub-risks” are isolated within the risk type.
    - A probability distribution function is then derived for each sub-risk from which a stress at the required percentile can be determined. This usually takes the form of fitting a suitably parameterised model to a given dataset.

  This has led to different stressed assumptions for all insurance risks relative to the SF.
- Whilst, as per the SF, a correlation matrix approach is used to aggregate the risks; PLRL has developed its own correlations for PIM risks. The IT3 (Integration Technique 3) approach has been used to aggregate PIM and SF risks.

The PIM is used widely throughout PLRH, with uses including the following:

- Business Planning;
- Business strategy and risk appetite;
- Pricing;
- Performance measurement;
- Risk measurement and capital;
- Asset-Liability Matching (ORSA basis see section B.5); and
- ORSA.

E5. Non-compliance with the MCR and noncompliance with the SCR

There are no instances of non-compliance.

E6. Any other information

There are no other material aspects of capital management which are not covered in the above sections.

Section F. Appendices

F1. Glossary

Ancillary own funds	AOF
Annual incentive plan	AIP
Asset liability management	ALM
Basic own funds	BOF
Best estimate liability	BEL
Board of Directors of PLRL/PLRH	Board(s)
Board Risk Committee	BRC
Business Unit	BU
Business Unit Investment Committees	BUICs
Business Unit Investment Guidelines	BUIGs
Business Unit Risk Management Committee	BURMC
Chief Executive Officer	CEO
Chief Financial Officer	CFO
Chief Risk Officer	CRO
Deferred acquisition costs	DAC
Delegated Regulation 2015/35	Delegated Regulation
Directive 2009/138/EC	Directive
Division Risk Management Committee	DRMC
Economical capital requirements	ECR
European Insurance and Occupational Pensions Authority	EIOPA
Executive Committee	ExCo
Global Funded Solutions	GFS
Group entity for Solvency II purposes	Group
Independent Non-Executive Director	INED
International Financial Reporting Standards	IFRS
Long Term Incentive Plan	LTIP
Minimum capital requirement	MCR
Non-Executive Director	NED
Own risk and solvency assessment	ORSA
Pacific LifeCorp	PLC
Pacific Life Insurance Company	PLIC
Pacific Life Re Division (a Division of Pacific Life)	Division
Pacific Life Re (Australia) Pty Limited	PLRA
Pacific Life Re Holdings Limited	PLRH
Pacific Life Re Holdings LLC	PLRH LLC
Pacific Life Re Global Limited	RGBM
Pacific Life Re Limited	PLRL
Pacific Life Re Services Limited	PLRS
Pacific Mutual Holding Company	PMHC
Pacific Services Canada Limited	PSCL
Partial internal model	PIM

Prudential Regulation Authority	PRA
Quantifying insurance risk	QIR
Quantitative reporting template	QRT
Senior Insurance Manager Function	SIMF
Senior Managers and Certification Regime	SM&CR
Solvency and financial condition report	SFCR
Solvency capital requirement	SCR
Solvency II	SII
Standard and Poor's	S&P
Standard formula	SF
Terms of trade	ToT
Transitional measures for technical provisions	TMTP
UnderwriteMe Limited	UM
United Kingdom	UK
United States	US
Volatility adjustment	VA

Figure 35 – Glossary.

F2. Quantitative Reporting Templates

The following pages contain QRTs for the Solo and Group submissions.

All figures are presented in thousands of pounds with the exception of ratios that are in decimals. All items disclosed are consistent with the information provided to the regulators privately.

The following Solo QRTs are provided:
(a) S.02.01.02, balance sheet information;
(b) S.05.01.02, information on premiums, claims and expenses, using the valuation and recognition principles used in the separate financial statements;
(c) S.05.02.01, information on premiums, claims and expenses by country;
(d) S.12.01.02, information on the technical provisions relating to life insurance and health insurance;
(e) S.22.01.21, impact of long term guarantees measures and transitionals;
(f) S.23.01.01, information on own funds, including BOF;
(g) S.25.02.21, information on the SCR, for undertakings using the standard formula and partial internal model; and
(h) S.28.01.01, information on the MCR, only life or only non-life insurance or reinsurance activity.

The following Group QRTs are provided:
(a) S.02.01.02, balance sheet;
(b) S.05.01.02, information on premiums, claims and expenses, using the valuation and recognition principles used in the consolidated financial statements;
(c) S.05.02.01, information on premiums, claims and expenses by country, using the valuation and recognition principles used in the consolidated financial statements;
(d) S.22.01.22, impact of long term guarantees measures and transitionals;
(e) S.23.01.22, information on own funds, including BOF;
(f) S.25.02.22, information on the SCR , for groups using the standard formula and partial internal model; and
(g) S.32.01.22, information on the undertakings in the scope of the Group.

S.02.01.02

Balance sheet

		Solvency II value
	Assets	C0010
R0030	Intangible assets	0
R0040	Deferred tax assets	55,169
R0050	Pension benefit surplus	0
R0060	Property, plant & equipment held for own use	601
R0070	Investments (other than assets held for index-linked and unit-linked contracts)	1,442,316
R0080	*Property (other than for own use)*	0
R0090	*Holdings in related undertakings, including participations*	0
R0100	*Equities*	0
R0110	*Equities - listed*	0
R0120	*Equities - unlisted*	0
R0130	*Bonds*	1,429,966
R0140	*Government Bonds*	724,975
R0150	*Corporate Bonds*	704,251
R0160	*Structured notes*	0
R0170	*Collateralised securities*	739
R0180	*Collective Investments Undertakings*	0
R0190	*Derivatives*	0
R0200	*Deposits other than cash equivalents*	12,351
R0210	*Other investments*	0
R0220	Assets held for index-linked and unit-linked contracts	0
R0230	Loans and mortgages	0
R0240	*Loans on policies*	0
R0250	*Loans and mortgages to individuals*	0
R0260	*Other loans and mortgages*	0
R0270	Reinsurance recoverables from:	-1,959,887
R0280	*Non-life and health similar to non-life*	0
R0290	*Non-life excluding health*	0
R0300	*Health similar to non-life*	0
R0310	*Life and health similar to life, excluding index-linked and unit-linked*	-1,959,887
R0320	*Health similar to life*	0
R0330	*Life excluding health and index-linked and unit-linked*	-1,959,887
R0340	*Life index-linked and unit-linked*	0
R0350	Deposits to cedants	6,286
R0360	Insurance and intermediaries receivables	412,809
R0370	Reinsurance receivables	97,709
R0380	Receivables (trade, not insurance)	6,085
R0390	Own shares (held directly)	0
R0400	Amounts due in respect of own fund items or initial fund called up but not yet paid in	0
R0410	Cash and cash equivalents	212,183
R0420	Any other assets, not elsewhere shown	12,442
R0500	**Total assets**	285,713

		Solvency II value
	Liabilities	C0010
R0510	Technical provisions - non-life	0
R0520	*Technical provisions - non-life (excluding health)*	0
R0530	*TP calculated as a whole*	0
R0540	*Best Estimate*	0
R0550	*Risk margin*	0
R0560	*Technical provisions - health (similar to non-life)*	0
R0570	*TP calculated as a whole*	0
R0580	*Best Estimate*	0
R0590	*Risk margin*	0
R0600	Technical provisions - life (excluding index-linked and unit-linked)	-2,312,472
R0610	*Technical provisions - health (similar to life)*	289,047
R0620	*TP calculated as a whole*	0
R0630	*Best Estimate*	93,181
R0640	*Risk margin*	195,865
R0650	*Technical provisions - life (excluding health and index-linked and unit-linked)*	-2,601,518
R0660	*TP calculated as a whole*	0
R0670	*Best Estimate*	-3,268,220
R0680	*Risk margin*	666,702
R0690	Technical provisions - index-linked and unit-linked	0
R0700	*TP calculated as a whole*	0
R0710	*Best Estimate*	0
R0720	*Risk margin*	0
R0740	Contingent liabilities	0
R0750	Provisions other than technical provisions	322,991
R0760	Pension benefit obligations	0
R0770	Deposits from reinsurers	247,863
R0780	Deferred tax liabilities	301,510
R0790	Derivatives	0
R0800	Debts owed to credit institutions	96,374
R0810	Financial liabilities other than debts owed to credit institutions	0
R0820	Insurance & intermediaries payables	225,292
R0830	Reinsurance payables	40,530
R0840	Payables (trade, not insurance)	14,169
R0850	Subordinated liabilities	0
R0860	*Subordinated liabilities not in BOF*	0
R0870	*Subordinated liabilities in BOF*	0
R0880	Any other liabilities, not elsewhere shown	12,535
R0900	**Total liabilities**	-1,051,208
R1000	**Excess of assets over liabilities**	1,336,921

S.05.01.02

Premiums, claims and expenses by line of business

Life

		Line of Business for: life insurance obligations						Life reinsurance obligations		
		Health insurance	Insurance with profit participation	Index-linked and unit-linked insurance	Other life insurance	Annuities stemming from non-life insurance contracts and relating to health insurance obligations	Annuities stemming from non-life insurance contracts and relating to insurance obligations other than health insurance	Health reinsurance	Life reinsurance	Total
		C0210	C0220	C0230	C0240	C0250	C0260	C0270	C0280	C0300
	Premiums written									
R1410	Gross							311,081	714,114	1,025,195
R1420	Reinsurers' share							0	126,028	126,028
R1500	Net							311,081	588,086	899,167
	Premiums earned									
R1510	Gross							311,081	714,315	1,025,396
R1520	Reinsurers' share							0	127,656	127,656
R1600	Net							311,081	586,659	897,740
	Claims incurred									
R1610	Gross							166,924	383,221	550,145
R1620	Reinsurers' share							0	3,206	3,206
R1700	Net							166,924	380,015	546,939
	Changes in other technical provisions									
R1710	Gross							128,510	-14,318	114,192
R1720	Reinsurers' share							0	-73,291	-73,291
R1800	Net							128,510	58,973	187,483
R1900	**Expenses incurred**							104,128	231,371	335,499
R2500	**Other expenses**									
R2600	**Total expenses**									335,499

S.05.02.01

Premiums, claims and expenses by country

Life

		C0150	C0160	C0170	C0180	C0190	C0200	C0210
		Home Country	Top 5 countries (by amount of gross premiums written) - life obligations			Top 5 countries (by amount of gross premiums written) - life obligations		Total Top 5 and home country
R1400			AU	KR	IE	JP		
		C0220	C0230	C0240	C0250	C0260	C0270	C0280
	Premiums written							
R1410	Gross	621,871	183,291	91,633	40,560	37,708		975,062
R1420	Reinsurers' share	125,971	1,266	-3,354	0	0		123,882
R1500	Net	495,899	182,025	94,987	40,560	37,708		851,180
	Premiums earned							
R1510	Gross	621,895	183,291	91,633	40,560	37,708		975,086
R1520	Reinsurers' share	125,947	1,266	-3,354	0	0		123,859
R1600	Net	495,947	182,025	94,987	40,560	37,708		851,227
	Claims incurred							
R1610	Gross	307,136	111,041	72,471	20,697	9,103		520,449
R1620	Reinsurers' share	-4,157	7,130	2	0	0		2,974
R1700	Net	311,293	103,912	72,469	20,697	9,103		517,474
	Changes in other technical provisions							
R1710	Gross	25,711	69,602	19,857	-22,504	18,037		110,703
R1720	Reinsurers' share	-66,810	-570	-3,930	0	0		-71,310
R1800	Net	92,521	70,172	23,787	-22,504	18,037		182,013
R1900	**Expenses incurred**	203,914	66,280	7,463	8,976	25,260		311,894
R2500	**Other expenses**							
R2600	**Total expenses**							311,894

S.12.01.02

Life and Health SLT Technical Provisions

		Insurance with profit participation	Index-linked and unit-linked insurance			Other life insurance			Annuities stemming from non-life insurance contracts and relating to insurance obligation other than health insurance	Accepted reinsurance	Total (Life other than health insurance, including Unit-Linked)	Health insurance (direct business)			Annuities stemming from non-life insurance contracts and relating to health insurance obligations	Health reinsurance (reinsurance accepted)	Total (Health similar to life insurance)
				Contracts without options and guarantees	Contracts with options or guarantees		Contracts without options and guarantees	Contracts with options or guarantees					Contracts without options and guarantees	Contracts with options or guarantees			
		C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0150	C0160	C0170	C0180	C0190	C0200	C0210
R0010	**Technical provisions calculated as a whole**									0	0						0
R0020	Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP calculated as a whole									0	0						0
	Technical provisions calculated as a sum of BE and RM																
	Best estimate																
R0030	**Gross Best Estimate**									-2,951,196	-2,951,196					93,181	93,181
R0080	Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default									-1,959,887	-1,959,887						0
R0090	Best estimate minus recoverables from reinsurance/SPV and Finite Re									-991,309	-991,309					93,181	93,181
R0100	**Risk margin**									666,702	666,702					195,865	195,865
	Amount of the transitional on Technical Provisions																
R0110	Technical Provisions calculated as a whole										0						0
R0120	Best estimate									-317,024	-317,024						0
R0130	Risk margin										0						0
R0200	**Technical provisions - total**									-2,601,518	-2,601,518					289,047	289,047

S.22.01.21

Impact of long term guarantees measures and transitionals

		Amount with Long Term Guarantee measures and transitionals	Impact of transitional on technical provisions	Impact of transitional on interest rate	Impact of volatility adjustment set to zero	Impact of matching adjustment set to zero
		C0010	C0030	C0050	C0070	C0090
R0010	Technical provisions	-2,312,472	317,024	0	-56,452	0
R0020	Basic own funds	1,336,921	-237,805	0	2,446	0
R0050	Eligible own funds to meet Solvency Capital Requirement	1,501,921	-237,805	0	2,446	0
R0090	Solvency Capital Requirement	1,111,642	79,225	0	-4,874	0
R0100	Eligible own funds to meet Minimum Capital Requirement	1,336,921	-237,805	0	2,446	0
R0110	Minimum Capital Requirement	293,746	3,971	0	-1,219	0

S.23.01.01
Own Funds

		Total	Tier 1 unrestricted	Tier 1 restricted	Tier 2	Tier 3
	Basic own funds before deduction for participations in other financial sector as foreseen in article 68 of Delegated Regulation 2015/35	C0010	C0020	C0030	C0040	C0050
R0010	Ordinary share capital (gross of own shares)	553,650	553,650		0	
R0030	Share premium account related to ordinary share capital	0	0		0	
R0040	Initial funds, members' contributions or the equivalent basic own-fund item for mutual and mutual-type undertakings	0	0		0	
R0050	Subordinated mutual member accounts	0		0	0	0
R0070	Surplus funds	0	0			
R0090	Preference shares	0		0	0	0
R0110	Share premium account related to preference shares	0		0	0	0
R0130	Reconciliation reserve	783,271	783,271			
R0140	Subordinated liabilities	0		0	0	0
R0160	An amount equal to the value of net deferred tax assets	0				0
R0180	Other own fund items approved by the supervisory authority as basic own funds not specified above	0	0	0	0	0
R0220	**Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds**	0				
R0230	**Deductions for participations in financial and credit institutions**	0				
R0290	**Total basic own funds after deductions**	1,336,921	1,336,921	0	0	0
	Ancillary own funds					
R0300	Unpaid and uncalled ordinary share capital callable on demand	165,000			165,000	
R0310	Unpaid and uncalled initial funds, members' contributions or the equivalent basic own fund item for mutual and mutual - type undertakings, callable on demand	0				
R0320	Unpaid and uncalled preference shares callable on demand	0				
R0330	A legally binding commitment to subscribe and pay for subordinated liabilities on demand	0				
R0340	Letters of credit and guarantees under Article 96(2) of the Directive 2009/138/EC	0				
R0350	Letters of credit and guarantees other than under Article 96(2) of the Directive 2009/138/EC	0				
R0360	Supplementary members calls under first subparagraph of Article 96(3) of the Directive 2009/138/EC	0				
R0370	Supplementary members calls - other than under first subparagraph of Article 96(3) of the Directive 2009/138/EC	0				
R0390	Other ancillary own funds	0				
R0400	**Total ancillary own funds**	165,000			165,000	0
	Available and eligible own funds					
R0500	Total available own funds to meet the SCR	1,501,921	1,336,921	0	165,000	0
R0510	Total available own funds to meet the MCR	1,336,921	1,336,921	0	0	
R0540	Total eligible own funds to meet the SCR	1,501,921	1,336,921	0	165,000	0
R0550	Total eligible own funds to meet the MCR	1,336,921	1,336,921	0	0	
R0580	**SCR**	1,111,642				
R0600	**MCR**	293,746				
R0620	**Ratio of Eligible own funds to SCR**	135.11%				
R0640	**Ratio of Eligible own funds to MCR**	455.13%				

	Reconcilliation reserve	C0060
R0700	Excess of assets over liabilities	1,336,921
R0710	Own shares (held directly and indirectly)	0
R0720	Foreseeable dividends, distributions and charges	
R0730	Other basic own fund items	553,650
R0740	Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	
R0760	**Reconciliation reserve**	783,271
	Expected profits	
R0770	Expected profits included in future premiums (EPIFP) - Life business	1,443,930
R0780	Expected profits included in future premiums (EPIFP) - Non- life business	
R0790	**Total Expected profits included in future premiums (EPIFP)**	1,443,930

S.25.02.21

Solvency Capital Requirement -
for undertakings using the standard formula and partial internal model

USP Key	USP Key	USP Key
For life underwriting risk: 1 - Increase in the amount of annuity benefits 9 - None	For health underwriting risk: 1 - Increase in the amount of annuity benefits 2 - Standard deviation for NSLT health premium risk 3 - Standard deviation for NSLT health gross premium risk 4 - Adjustment factor for non-proportional reinsurance 5 - Standard deviation for NSLT health reserve risk 9 - None	For non-life underwriting risk: 4 - Adjustment factor for non-proportional reinsurance 6 - Standard deviation for non-life premium risk 7 - Standard deviation for non-life gross premium risk 8 - Standard deviation for non-life reserve risk 9 - None

Row	Unique number of component	Component description	Calculation of the Solvency Capital Requirement	Amount modelled	USP	Simplifications
	C0010	C0020	C0030	C0070	C0090	C0120
1	10201I	Interest rates up	265,140	265,140	9	
2	10701I	Spread risk	78,261	78,261	9	
3	10801I	Concentration risk	0	0	9	
4	10901I	Currency risk	162,456	162,456	9	
5	19901I	Diversification within market risk	-144,319	-144,319	9	
6	20101I	Counterparty default risk (Type 1)	8,841	8,841	9	
7	20201I	Counterparty default risk (Type 2)	38,120	38,120	9	
8	29901I	Diversification within counterparty default risk	-2,219	-2,219	9	
9	30101I	Mortality appropriateness	319,172	319,172	9	
10	30102I	Mortality trend	616,383	616,383	9	
11	30201I	Longevity appropriateness	105,323	105,323	9	
12	30202I	Longevity trend	594,078	594,078	9	
13	30301I	CI appropriateness*	96,756	96,756	9	
14	30302I	CI trend*	152,835	152,835	9	
15	30401I	Persistency risk (mass lapse)	106,664	106,664	9	
16	30501I	Persistency risk (other lapse)	248,536	248,536	9	
17	30601I	Expense risk*	80,846	80,846	9	
18	30801I	Mortality shock	462,297	462,297	9	
19	39901I	Diversification within life underwriting risk	-1,710,779	-1,710,779	9	
20	40301I	CI appropriateness*	104,969	104,969	9	
21	40302I	CI trend*	163,415	163,415	9	
22	40303I	IP appropriateness	128,303	128,303	9	
23	40304I	IP trend	29,021	29,021	9	
24	40401I	Persistency risk (mass lapse)	96,113	96,113	9	
25	40501I	Persistency risk (other lapse)	21,913	21,913	9	
26	40601I	Expense risk*	22,080	22,080	9	
27	41501I	CI shock	9,223	9,223	9	

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Solvency Capital Requirement -
for undertakings using the standard formula and partial internal model

USP Key	USP Key	USP Key
For life underwriting risk: 1 - Increase in the amount of annuity benefits 9 - None	For health underwriting risk: 1 - Increase in the amount of annuity benefits 2 - Standard deviation for NSLT health premium risk 3 - Standard deviation for NSLT health gross premium risk 4 - Adjustment factor for non-proportional reinsurance 5 - Standard deviation for NSLT health reserve risk 9 - None	For non-life underwriting risk: 4 - Adjustment factor for non-proportional reinsurance 6 - Standard deviation for non-life premium risk 7 - Standard deviation for non-life gross premium risk 8 - Standard deviation for non-life reserve risk 9 - None

	Unique number of component	Component description	Calculation of the Solvency Capital Requirement	Amount modelled	USP	Simplifications
Row	C0010	C0020	C0030	C0070	C0090	C0120
28	49901I	Diversification within health underwriting risk	-315,036	-315,036	9	
29	70101I	Operational risk	41,016	41,016	9	
30	80301I	Loss-absorbing capacity of deferred tax	-305,365	-305,365	9	
31	80401I	New business adjustment	55,721	55,721	9	
32	80402I	Non-Linearity adjustment	-70,131	-70,131	9	
33	80403I	Profit-share adjustment	-1,082	-1,082	9	

S.25.02.21

Solvency Capital Requirement - for undertakings using the standard formula and partial internal model

	Calculation of Solvency Capital Requirement	C0100
R0110	Total undiversified components	1,458,547
R0060	Diversification	-346,905
R0160	Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC	
R0200	**Solvency capital requirement excluding capital add-on**	1,111,642
R0210	Capital add-ons already set	
R0220	**Solvency capital requirement**	1,111,642
	Other information on SCR	
R0300	Amount/estimate of the overall loss-absorbing capacity of technical provisions	
R0310	Amount/estimate of the overall loss-absorbing capacity ot deferred taxes	-305,365
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 Requirement for ring fenced funds	
R0430	Total amount of Notional Solvency Capital Requirement for matching adjustment portfolios	
R0440	Diversification effects due to RFF nSCR aggregation for article 304	

	Approach to tax rate	C0109
R0590	Approach based on average tax rate	Yes

	Calculation of loss absorbing capacity of deferred taxes	**LAC DT**
		C0130
R0640	Amount/estimate of LAC DT	-305,365
R0650	Amount/estimate of LAC DT justified by reversion of deferred tax liabilities	-283,571
R0660	Amount/estimate of LAC DT justified by reference to probable future taxable economic profit	-76,963
R0670	Amount/estimate of AC DT justified by carry back, current year	0
R0680	Amount/estimate of LAC DT justified by carry back, future years	55,169
R0690	Amount/estimate of Maximum LAC DT	-323,303

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_{NL} Result	0

		Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance) written premiums in the last 12 months
		C0020	C0030
R0020	Medical expense insurance and proportional reinsurance	0	0
R0030	Income protection insurance and proportional reinsurance	0	0
R0040	Workers' compensation insurance and proportional reinsurance	0	0
R0050	Motor vehicle liability insurance and proportional reinsurance	0	0
R0060	Other motor insurance and proportional reinsurance	0	0
R0070	Marine, aviation and transport insurance and proportional reinsurance	0	0
R0080	Fire and other damage to property insurance and proportional reinsurance	0	0
R0090	General liability insurance and proportional reinsurance	0	0
R0100	Credit and suretyship insurance and proportional reinsurance	0	0
R0110	Legal expenses insurance and proportional reinsurance	0	0
R0120	Assistance and proportional reinsurance	0	0
R0130	Miscellaneous financial loss insurance and proportional reinsurance	0	0
R0140	Non-proportional health reinsurance	0	0
R0150	Non-proportional casualty reinsurance	0	0
R0160	Non-proportional marine, aviation and transport reinsurance	0	0
R0170	Non-proportional property reinsurance	0	0

	Linear formula component for life insurance and reinsurance obligations	C0040
R0200	MCR_{L} Result	293,746

		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	0	
R0220	Obligations with profit participation - future discretionary benefits	0	
R0230	Index-linked and unit-linked insurance obligations	0	
R0240	Other life (re)insurance and health (re)insurance obligations	0	
R0250	Total capital at risk for all life (re)insurance obligations		419,637,564

	Overall MCR calculation	C0070
R0300	Linear MCR	293,746
R0310	SCR	1,111,642
R0320	MCR cap	500,239
R0330	MCR floor	277,910
R0340	Combined MCR	293,746
R0350	Absolute floor of the MCR	3,042
R0400	**Minimum Capital Requirement**	293,746

S.02.01.02

Balance sheet

		Solvency II value
	Assets	C0010
R0030	Intangible assets	0
R0040	Deferred tax assets	55,169
R0050	Pension benefit surplus	0
R0060	Property, plant & equipment held for own use	601
R0070	Investments (other than assets held for index-linked and unit-linked contracts)	1,442,316
R0080	*Property (other than for own use)*	0
R0090	*Holdings in related undertakings, including participations*	0
R0100	*Equities*	0
R0110	*Equities - listed*	
R0120	*Equities - unlisted*	
R0130	*Bonds*	1,429,966
R0140	*Government Bonds*	724,975
R0150	*Corporate Bonds*	704,251
R0160	*Structured notes*	0
R0170	*Collateralised securities*	739
R0180	*Collective Investments Undertakings*	0
R0190	*Derivatives*	
R0200	*Deposits other than cash equivalents*	12,351
R0210	*Other investments*	0
R0220	Assets held for index-linked and unit-linked contracts	
R0230	Loans and mortgages	0
R0240	*Loans on policies*	0
R0250	*Loans and mortgages to individuals*	
R0260	*Other loans and mortgages*	
R0270	Reinsurance recoverables from:	-1,959,887
R0280	*Non-life and health similar to non-life*	0
R0290	*Non-life excluding health*	
R0300	*Health similar to non-life*	
R0310	*Life and health similar to life, excluding index-linked and unit-linked*	-1,959,887
R0320	*Health similar to life*	0
R0330	*Life excluding health and index-linked and unit-linked*	-1,959,887
R0340	*Life index-linked and unit-linked*	0
R0350	Deposits to cedants	6,286
R0360	Insurance and intermediaries receivables	412,809
R0370	Reinsurance receivables	97,709
R0380	Receivables (trade, not insurance)	6,085
R0390	Own shares (held directly)	0
R0400	Amounts due in respect of own fund items or initial fund called up but not yet paid in	0
R0410	Cash and cash equivalents	212,183
R0420	Any other assets, not elsewhere shown	12,442
R0500	**Total assets**	285,713

S.02.01.02

Balance sheet

		Solvency II value
	Liabilities	C0010
R0510	Technical provisions - non-life	0
R0520	*Technical provisions - non-life (excluding health)*	0
R0530	*TP calculated as a whole*	
R0540	*Best Estimate*	
R0550	*Risk margin*	
R0560	*Technical provisions - health (similar to non-life)*	0
R0570	*TP calculated as a whole*	
R0580	*Best Estimate*	
R0590	*Risk margin*	
R0600	Technical provisions - life (excluding index-linked and unit-linked)	-2,312,472
R0610	*Technical provisions - health (similar to life)*	289,047
R0620	*TP calculated as a whole*	0
R0630	*Best Estimate*	93,181
R0640	*Risk margin*	195,865
R0650	*Technical provisions - life (excluding health and index-linked and unit-linked)*	-2,601,518
R0660	*TP calculated as a whole*	0
R0670	*Best Estimate*	-3,268,220
R0680	*Risk margin*	666,702
R0690	Technical provisions - index-linked and unit-linked	0
R0700	*TP calculated as a whole*	
R0710	*Best Estimate*	
R0720	*Risk margin*	
R0740	Contingent liabilities	0
R0750	Provisions other than technical provisions	322,991
R0760	Pension benefit obligations	0
R0770	Deposits from reinsurers	247,863
R0780	Deferred tax liabilities	301,510
R0790	Derivatives	0
R0800	Debts owed to credit institutions	96,374
R0810	Financial liabilities other than debts owed to credit institutions	0
R0820	Insurance & intermediaries payables	225,292
R0830	Reinsurance payables	40,530
R0840	Payables (trade, not insurance)	13,099
R0850	Subordinated liabilities	0
R0860	*Subordinated liabilities not in BOF*	
R0870	*Subordinated liabilities in BOF*	0
R0880	Any other liabilities, not elsewhere shown	12,535
R0900	**Total liabilities**	-1,052,278
R1000	**Excess of assets over liabilities**	1,337,991

S.05.01.02

Premiums, claims and expenses by line of business

Life

		Line of Business for: life insurance obligations						Life reinsurance obligations		
		Health insurance	Insurance with profit participation	Index-linked and unit-linked insurance	Other life insurance	Annuities stemming from non-life insurance contracts and relating to health insurance obligations	Annuities stemming from non-life insurance contracts and relating to insurance obligations other than health insurance obligations	Health reinsurance	Life reinsurance	Total
		C0210	C0220	C0230	C0240	C0250	C0260	C0270	C0280	C0300
	Premiums written									
R1410	Gross							311,081	714,114	1,025,195
R1420	Reinsurers' share							0	126,028	126,028
R1500	Net							311,081	588,086	899,167
	Premiums earned									
R1510	Gross							311,081	714,315	1,025,396
R1520	Reinsurers' share							0	127,656	127,656
R1600	Net							311,081	586,659	897,740
	Claims incurred									
R1610	Gross							166,924	383,221	550,145
R1620	Reinsurers' share							0	3,206	3,206
R1700	Net							166,924	380,015	546,939
	Changes in other technical provisions									
R1710	Gross							128,510	-14,318	114,192
R1720	Reinsurers' share							0	-73,291	-73,291
R1800	Net							128,510	58,973	187,483
R1900	Expenses incurred							104,128	231,371	335,499
R2500	Other expenses									
R2600	Total expenses									335,499

S.05.02.01

Premiums, claims and expenses by country

Life

		C0150	C0160	C0170	C0180	C0190	C0200	C0210
		Home Country	Top 5 countries (by amount of gross premiums written) - life obligations			Top 5 countries (by amount of gross premiums written) - life obligations		Total Top 5 and home country
R1400			AU	KR	IE	JP		
		C0220	C0230	C0240	C0250	C0260	C0270	C0280
	Premiums written							
R1410	Gross	515,958	203,907	66,891	32,904	37,789		857,449
R1420	Reinsurers' share	60,635	508	334				61,477
R1500	Net	455,323	203,400	66,557	32,904	37,789		795,972
	Premiums earned							
R1510	Gross	515,984	203,907	66,891	32,904	37,789		857,475
R1520	Reinsurers' share	60,610	508	334				61,452
R1600	Net	455,374	203,400	66,557	32,904	37,789		796,023
	Claims incurred							
R1610	Gross	262,501	58,612	51,289	14,816	9,363		396,581
R1620	Reinsurers' share	-182	1	1,157				976
R1700	Net	262,683	58,611	50,132	14,816	9,363		395,605
	Changes in other technical provisions							
R1710	Gross	-237,351	153,379	28,241	19,696	-35,729		-71,765
R1720	Reinsurers' share	-273,355	374	-5,792				-278,773
R1800	Net	36,005	153,005	34,033	19,696	-35,729		207,009
R1900	**Expenses incurred**	205,237	89,542	3,875	8,344	21,390		328,388
R2500	**Other expenses**							
R2600	**Total expenses**							328,388

S.22.01.22

Impact of long term guarantees measures and transitionals

		Amount with Long Term Guarantee measures and transitionals	Impact of transitional on technical provisions	Impact of transitional on interest rate	Impact of volatility adjustment set to zero	Impact of matching adjustment set to zero
		C0010	C0030	C0050	C0070	C0090
R0010	Technical provisions	-2,312,472	317,024	0	-56,452	0
R0020	Basic own funds	1,337,991	-237,932	0	2,446	0
R0050	Eligible own funds to meet Solvency Capital Requirement	1,502,991	-237,932	0	2,446	0
R0090	Solvency Capital Requirement	1,111,642	79,225	0	-4,874	0

S.23.01.22

Own Funds

		Total	Tier 1 unrestricted	Tier 1 restricted	Tier 2	Tier 3
	Basic own funds before deduction for participations in other financial sector	C0010	C0020	C0030	C0040	C0050
R0010	Ordinary share capital (gross of own shares)	332,974	332,974		0	
R0020	*Non-available called but not paid in ordinary share capital at group level*	0				
R0030	Share premium account related to ordinary share capital	0	0		0	
R0040	Initial funds, members' contributions or the equivalent basic own-fund item for mutual and mutual-type undertakings	0	0		0	
R0050	Subordinated mutual member accounts	0		0	0	0
R0060	*Non-available subordinated mutual member accounts at group level*	0				
R0070	Surplus funds	0	0			
R0080	*Non-available surplus funds at group level*	0	0			
R0090	Preference shares	0		0	0	0
R0100	*Non-available preference shares at group level*	0				
R0110	Share premium account related to preference shares	0		0	0	0
R0120	*Non-available share premium account related to preference shares at group level*	0				
R0130	Reconciliation reserve	1,005,017	1,005,017			
R0140	Subordinated liabilities	0		0	0	0
R0150	*Non-available subordinated liabilities at group level*	0				
R0160	An amount equal to the value of net deferred tax assets	0				0
R0170	*The amount equal to the value of net deferred tax assets not available at the group level*	0				0
R0180	Other items approved by supervisory authority as basic own funds not specified above	0	0	0	0	0
R0190	*Non available own funds related to other own funds items approved by supervisory authority*	0				
R0200	Minority interests (if not reported as part of a specific own fund item)	0				
R0210	*Non-available minority interests at group level*	0				
R0220	**Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds**					
R0230	**Deductions for participations in other financial undertakings, including non-regulated undertakings carrying out financial activities**	0				
R0240	*whereof deducted according to art 228 of the Directive 2009/138/EC*	0				
R0250	Deductions for participations where there is non-availability of information (Article 229)	0				
R0260	Deduction for participations included by using D&A when a combination of methods is used	0				
R0270	**Total of non-available own fund items**	0	0	0	0	0
R0280	**Total deductions**	0	0	0	0	0
R0290	**Total basic own funds after deductions**	1,337,991	1,337,991	0	0	0
	Ancillary own funds					
R0300	Unpaid and uncalled ordinary share capital callable on demand	165,000			165,000	
R0310	Unpaid and uncalled initial funds, members' contributions or the equivalent basic own fund item for mutual and mutual - type undertakings, callable on demand	0				
R0320	Unpaid and uncalled preference shares callable on demand	0				
R0330	A legally binding commitment to subscribe and pay for subordinated liabilities on demand	0				
R0340	Letters of credit and guarantees under Article 96(2) of the Directive 2009/138/EC	0				
R0350	Letters of credit and guarantees other than under Article 96(2) of the Directive 2009/138/EC	0				
R0360	Supplementary members calls under first subparagraph of Article 96(3) of the Directive 2009/138/EC	0				
R0370	Supplementary members calls - other than under first subparagraph of Article 96(3) of the Directive 2009/138/EC	0				
R0380	Non available ancillary own funds at group level	0				
R0390	Other ancillary own funds	0				
R0400	**Total ancillary own funds**	165,000			165,000	0
	Own funds of other financial sectors					
R0410	Credit Institutions, investment firms, financial institutions, alternative investment fund managers, UCITS management companies	0				
R0420	Institutions for occupational retirement provision	0				
R0430	Non regulated entities carrying out financial activities	0				
R0440	**Total own funds of other financial sectors**	0	0	0	0	0

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Own Funds

		Total	Tier 1 unrestricted	Tier 1 restricted	Tier 2	Tier 3
	Basic own funds before deduction for participations in other financial sector	C0010	C0020	C0030	C0040	C0050
	Own funds when using the D&A, exclusively or in combination of method 1					
R0450	Own funds aggregated when using the D&A and combination of method	0				
R0460	Own funds aggregated when using the D&A and combination of method net of IGT	0				
R0520	Total available own funds to meet the consolidated group SCR (excluding own funds from other financial sector and from the undertakings included via D&A)	1,502,991	1,337,991	0	165,000	0
R0530	Total available own funds to meet the minimum consolidated group SCR	1,337,991	1,337,991	0	0	
R0560	Total eligible own funds to meet the consolidated group SCR (excluding own funds from other financial sector and from the undertakings included via D&A)	1,502,991	1,337,991	0	165,000	0
R0570	Total eligible own funds to meet the minimum consolidated group SCR (group)	1,337,991	1,337,991	0	0	
R0610	**Minimum consolidated Group SCR**	0				
R0650	**Ratio of Eligible own funds to Minimum Consolidated Group SCR**	0.00%				
R0660	**Total eligible own funds to meet the group SCR (including own funds from other financial sector and from the undertakings included via D&A)**	1,502,991	1,337,991	0	165,000	0
R0680	**Group SCR**	1,111,642				
R0690	**Ratio of Eligible own funds to group SCR including other financial sectors and the undertakings included via D&A**	135.20%				

	Reconcilliation reserve	C0060
R0700	Excess of assets over liabilities	1,337,991
R0710	Own shares (held directly and indirectly)	
R0720	Forseeable dividends, distributions and charges	
R0730	Other basic own fund items	332,974
R0740	Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	
R0750	Other non available own funds	
R0760	**Reconciliation reserve**	1,005,017
	Expected profits	
R0770	Expected profits included in future premiums (EPIFP) - Life business	1,443,930
R0780	Expected profits included in future premiums (EPIFP) - Non- life business	
R0790	**Total Expected profits included in future premiums (EPIFP)**	1,443,930

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Solvency Capital Requirement - for groups using the standard formula and partial internal model

USP Key

For life underwriting risk:
1 - Increase in the amount of annuity benefits
9 - None

USP Key

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

USP Key

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

	Unique number of component	Component description	Calculation of the Solvency Capital Requirement	Amount modelled	USP	Simplifications
Row	C0010	C0020	C0030	C0070	C0090	C0120
1	10201I	Interest rates up	265,140	265,140	9	
2	10701I	Spread risk	78,261	78,261	9	
3	10801I	Concentration risk	0	0	9	
4	10901I	Currency risk	162,456	162,456	9	
5	19901I	Diversification within market risk	-144,319	-144,319	9	
6	20101I	Counterparty default risk (Type 1)	8,841	8,841	9	
7	20201I	Counterparty default risk (Type 2)	38,120	38,120	9	
8	29901I	Diversification within counterparty default risk	-2,219	-2,219	9	
9	30101I	Mortality appropriateness	319,172	319,172	9	
10	30102I	Mortality trend	616,383	616,383	9	
11	30201I	Longevity appropriateness	105,323	105,323	9	
12	30202I	Longevity trend	594,078	594,078	9	
13	30301I	CI appropriateness*	96,756	96,756	9	
14	30302I	CI trend*	152,835	152,835	9	
15	30401I	Persistency risk (mass lapse)	106,664	106,664	9	
16	30501I	Persistency risk (other lapse)	248,536	248,536	9	
17	30601I	Expense risk*	80,846	80,846	9	
18	30801I	Mortality shock	462,297	462,297	9	
19	39901I	Diversification within life underwriting risk	-1,710,779	-1,710,779	9	
20	40301I	CI appropriateness*	104,969	104,969	9	
21	40302I	CI trend*	163,415	163,415	9	
22	40303I	IP appropriateness	128,303	128,303	9	
23	40304I	IP trend	29,021	29,021	9	
24	40401I	Persistency risk (mass lapse)	96,113	96,113	9	
25	40501I	Persistency risk (other lapse)	21,913	21,913	9	
26	40601I	Expense risk*	22,080	22,080	9	

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USP Key

For life underwriting risk:
1 - Increase in the amount of annuity benefits
9 - None

USP Key

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

USP Key

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

Solvency Capital Requirement - for groups using the standard formula and partial internal model

	Unique number of component	Component description	Calculation of the Solvency Capital Requirement	Amount modelled	USP	Simplifications
Row	C0010	C0020	C0030	C0070	C0090	C0120
27	415011	CI shock	9,223	9,223	9	
28	499011	Diversification within health underwriting risk	-315,036	-315,036	9	
29	701011	Operational risk	41,016	41,016	9	
30	803011	Loss-absorbing capacity of deferred tax	-305,365	-305,365	9	
31	804011	New business adjustment	55,721	55,721	9	
32	804021	Non-Linearity adjustment	-70,131	-70,131	9	
33	804031	Profit-share adjustment	-1,082	-1,082	9	

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Solvency Capital Requirement - for groups using the standard formula and partial internal model

		C0100
	Calculation of Solvency Capital Requirement	
R0110	Total undiversified components	1,458,547
R0060	Diversification	-346,905
R0160	Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC	
R0200	**Solvency capital requirement excluding capital add-on**	1,111,642
R0210	Capital add-ons already set	
R0220	**Solvency capital requirement for undertakings under consolidated method**	1,111,642
	Other information on SCR	
R0300	Amount/estimate of the overall loss-absorbing capacity of technical provisions	
R0310	Amount/estimate of the overall loss-absorbing capacity ot deferred taxes	-305,365
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 Requirement for ring fenced funds	
R0430	Total amount of Notional Solvency Capital Requirement for matching adjustment portfolios	
R0440	Diversification effects due to RFF nSCR aggregation for article 304	
R0470	Minimum consolidated group solvency capital requirement	293,746
	Information on other entities	
R0500	Capital requirement for other financial sectors (Non-insurance capital requirements)	0
R0510	*Credit institutions, investment firms and financial institutions, alternative investment funds managers, UCITS management companies*	
R0520	*Institutions for occupational retirement provisions*	
R0530	*Capital requirement for non- regulated entities carrying out financial activities*	
R0540	Capital requirement for non-controlled participation requirements	
R0550	Capital requirement for residual undertakings	
	Overall SCR	
R0560	SCR for undertakings included via D and A	
R0570	**Solvency capital requirement**	1,111,642

S.32.01.22

Undertakings in the scope of the group

Row	Country	Identification code of the undertaking	Type of code of the ID of the undertaking	Legal Name of the undertaking	Type of undertaking	Legal form	Category (mutual/ non mutual)	Supervisory Authority
	C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080
1	GB	213800DH9UA1JBHDW393	LEI	Pacific Life Re Holdings Limited	Insurance holding company as defined in Article 212(1) (f) of Directive 2009/138/EC		Non-mutual	
2	GB	213800XO32ELOEAR5241	LEI	Pacific Life Re Limited	Reinsurance undertaking	Limited by shares	Non-mutual	PRA

S.32.01.22

Undertakings in the scope of the group

					Criteria of influence						Inclusion in the scope of Group supervision		Group solvency calculation
	Country	Identification code of the undertaking	Type of code of the ID of the undertaking	Legal Name of the undertaking	% capital share	% used for the establishment of consolidated accounts	% voting rights	Other criteria	Level of influence	Proportional share used for group solvency calculation	YES/NO	Date of decision if art. 214 is applied	Method used and under method 1, treatment of the undertaking
Row	C0010	C0020	C0030	C0040	C0180	C0190	C0200	C0210	C0220	C0230	C0240	C0250	C0260
1	GB	213800DH9UA1JBHDW393	LEI	Pacific Life Re Holdings Limited							Included in the scope		Method 1: Full consolidation
2	GB	213800XO32ELOEAR5241	LEI	Pacific Life Re Limited	100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Full consolidation