



SOLVENCY & FINANCIAL CONDITION REPORT

2017

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INTRODUCTION AND SUMMARY

The new co-ordinated EU regulated regime for Insurance Companies, Solvency II, came into effect on 1 January 2016. The new regime requires new reporting and public disclosures to be put in place by insurers, some of which will be required to be published on the Company's website. This is the second Solvency Financial Conditions Report (SFCR) for the HSF health plan based on the financial position as at 31 December 2017.

This report covers the Business and Performance of the Company, its System of Governance, Risk Profile, Valuation for Solvency Purposes and Capital Management. The ultimate Administration Body that has the responsibility for all of these matters is the Company's Board of Directors, with the help of various governance and control functions that it has in place to monitor and manage the business.

The Company's financial year runs to 31 December each year and it reports its results in GBP sterling.

HSF health plan has three main objectives:-

1. Provide policyholders with a wide range of health benefits that represents excellent value for money. In broad terms 95% of premiums received are paid out as claims and to cover management/administration costs - leaving a relatively low profit margin.
2. Generate long-term investment growth from its investment portfolio.
3. Pay most profits and investment surplus to its parent charity company, The Hospital Saturday Fund, by way of charitable Gift Aid payments. In turn the charity upholds the aims of The Hospital Saturday Fund's founders and its own objectives by donations to medical charities, hospitals, hospices, and individuals with medical needs or medical training needs.

The profits from 1 above are fairly consistent whilst those from 2 above are inevitably quite variable. In combination this results in overall profitability in most years as demonstrated by HSF health plan's financial performance over the past 20 years. Steady modest growth is sought/achieved through the considerable efforts of HSF health plan staff, management and board - success is not a given. This approach is particularly important giving the limited fund raising ability of HSF health plan, reflecting its position as a subsidiary of a registered charity.

HSF health plan has been in existence for over 140 years and is determined to continue its insurance and charitable activities far into the future. HSF health Plan behaves ethically and treats policyholders, staff, and suppliers fairly. The business seeks to operate pragmatically, responsively, and in a controlled manner. Being responsive to customer's means HSF health plan can adjust its product offerings to what is wanted. Being responsive to staff means improvements can be identified/made and problems/risks dealt with rather than be hidden.

HSF health plan's investment portfolio seeks long-term growth through diversification focussing mainly on equities. Some might classify this as a medium risk approach in the short term and a low risk approach when looking many years hence.

Performance

The Directors were very satisfied with the results in 2017 and all 2017 profits will be gift aided to The Hospital Saturday Fund in the 2018 financial year. The financial statements were approved and authorised for issue by the Board of Directors on 19 March 2018 and were signed on its behalf by the Chairman, Mr John Randel.

Report of the external independent auditor to the Directors of HSF health plan Limited ('the Company') 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 Solvency and Financial Condition Report

Opinion

Except as stated below, we have audited the following documents prepared by HSF health plan Limited as at 31 December 2017:

- The 'Valuation for solvency purposes' and 'Capital Management' sections of the Solvency and Financial Condition Report of HSF health plan Limited as at 31 December 2017, ('the Narrative Disclosures subject to audit'); and
- Company templates S02.01.02, S17.01.02, S23.01.01, S25.01.21, S28.01.01 ('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 Solvency and Financial Condition Report'.

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:

- The 'Business and performance', 'System of governance' and 'Risk profile' elements of the Solvency and Financial Condition Report;
- Company templates S05.01.02, S05.02.01, S19.01.21;
- Information calculated in accordance with the previous regime used in the calculation of the transitional measure 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 [where disclosed];
- the written acknowledgement by management of their responsibilities, including for the preparation of the solvency and financial condition report ('the Responsibility Statement').

In our opinion, the information subject to audit in the relevant elements of the Solvency and Financial Condition Report of HSF health plan Limited as at 31 December 2017 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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the relevant elements of the Solvency and Financial Condition Report section of our report. We are independent of HSF health plan Limited in accordance with the ethical requirements that are relevant to our audit of the Solvency and Financial Condition Report in the UK, including 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.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the SFCR is not appropriate; or
- the directors have not disclosed in the SFCR any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the SFCR is authorised for issue.

Emphasis of Matter – Basis of Accounting

We draw attention to the 'Valuation for solvency purposes' and/or 'Capital Management' and/or other relevant disclosures sections of the Solvency and Financial Condition Report, which describe the basis of accounting. The Solvency and Financial Condition Report 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 Solvency and Financial Condition Report is required to be published, and intended users include but are not limited to the Prudential Regulation Authority. As a result, the Solvency and Financial Condition Report may not be suitable for another purpose. Our opinion is not modified in respect of these matters.

Other Information

The Directors are responsible for the Other Information.

Our opinion on the relevant elements of the Solvency and Financial Condition Report 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 Solvency and Financial Condition Report, 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 Solvency and Financial Condition Report, 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 Solvency and Financial Condition Report 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 this regard.

Responsibilities of Directors for the Solvency and Financial Condition Report

The Directors are responsible for the preparation of the Solvency and Financial Condition Report in accordance with the financial reporting provisions of the PRA rules and Solvency II regulations.

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

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

It is our responsibility to form an independent opinion as to whether the relevant elements of the Solvency and Financial Condition Report 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 Solvency and Financial Condition Report 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 Solvency and Financial Condition Report.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditscopeukprivate.

Report on Other Legal and Regulatory Requirements.

In accordance with Rule 4.1 (3) of the External Audit Chapter of the PRA Rulebook for Solvency II firms we are required to consider whether the Other Information is materially inconsistent with our knowledge obtained in the audit of HSF health plan Limited 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 this regard.

haysmacintyre
Chartered Accountants
10 Queen Street Place
London
EC4R 1AG

9 April 2018

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

Solo standard formula

The relevant elements of the Solvency and Financial Condition Report that are not subject to audit comprise:

- The following elements of template S.17.01.02
 - Rows R0290 to R0310 – Amount of transitional measure on technical provisions
- Elements of the Narrative Disclosures subject to audit identified as 'unaudited'.

A - BUSINESS & PERFORMANCE

A.1 Business

HSF health plan Ltd is the wholly owned and sole trading subsidiary of The Hospital Saturday Fund, an independent charity registered (number 1123381) with the Charity Commission. The Hospital Saturday Fund is a Company Limited by Guarantee in England No 6039284. Both companies have their registered office at 24 Upper Ground London SE1 9PD.

In the UK HSF health plan Limited is a Company Limited by Guarantee in England No 30869 and is authorised by the Prudential Regulation Authority (PRA) and regulated by the Financial Conduct Authority (FCA) and the Prudential Regulation Authority. The firm's reference number for the FCA is 202182. The company, as a category 5 firm, has no named supervisor.

Contact details for the PRA and the FCA can be found on their respective websites:

www.bankofengland.co.uk/pru

www.fca.org.uk

In Ireland HSF health plan Limited is registered as Branch No 904935 by the Companies Registration Office and is registered with the Department of Health and Children and the Health Insurance Authority in Ireland, as per Section 14 of the Health Insurance Act 1994.

Contact details for the Health Insurance Authority in Ireland, can be found on their website:

<https://www.hia.ie/>

The HSF health plan Limited is engaged in only one class of business, a range of health cash plan schemes, all of which arises in the United Kingdom and Ireland. The original Hospital Saturday Fund was founded in 1873.

Advisers

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A.2 Underwriting Performance

The total premiums (less Insurance Premium Tax) for the year were £30,232,484 (2016: £27,421,378). Benefits payable (including Personal Accident premiums, helplines and Perk Box) for the year were £22,095,286 (2016: 21,924,525) and represented 73.1% (2016: 79.95%) of premium income.

There was a decrease in new business against prior year of 5.9%, though overall gross premium income increased by 10.5%. A total of 90 new companies launched HSF health plan schemes for their employees, which has increased from 64 in 2016. The number of policyholders at the year-end was 87,900.

A.3 Investment Performance

The Company holds a range of financial investments including both Sterling and Euro cash deposits and stock market investments. The Company's Directors are careful to manage the Company's exposure to any one counterparty and ensure the nature of the financial investments are appropriate to the Company's activities, objectives and the maintenance of the Company's PRA solvency requirement. The Company's investments decreased in value from £16,255,185 to £15,743,897 comprising net disposals of £1,245,257 (2016 net additions of: £127,342) and combined realised and unrealised gains of £1,134,148 (2016: £1,332,883). The companies' investment holdings have generated income of £414,847 (2016: £408,243) in interest and dividend payments. The fund management fees per annum range from 0.008% to 0.01% of funds under management.

A.4 Performance of Other Activities

In considering the major service suppliers to HSF health plan the following specific comments apply to certain suppliers:-

- The accident benefit coverage section of the health cash plan operated by HSF health plan is provided by Chubb European Group Ltd in their capacity as co-insurer of HSF health plan's policyholders. As a co-insurer Chubb assesses and pays the claims it receives. HSF health plan monitors the performance of Chubb to ensure that it is providing a good service to its policyholders, and may from time to time appoint an alternative accident insurer to provide these benefits. The accident cover is a minor component of the health cash plan offering.
- Medical Solutions UK supplies the various telephone helplines offered as part of the health cash plan. The most material of these is the GP Advice Line. Medical Solutions is not involved in claims. The telephone helplines are a peripheral part of the health cash plan offering.
- HSF health plan purchases fund management services from two external investment managers. These are currently UBS and Sarasin's with appointment reviews being conducted every five years, and performance reviews conducted quarterly. These fund management activities are not material to the provision of the health cash plan product to policyholders, but does impact the capital resources available and the level of charitable donations to HSF's parent company.
- HSF health plan also donated £2.7m (2016: £1.3m) to its parent charity the Hospital Saturday Fund.

A.5 Any Other Information – Mission Statement

HSF health plan Mission Statement

Our Mission is: To be recognised as the number one Health Cash Plan provider in the UK and Ireland by offering the best value range of schemes and ensuring a first class service for every policyholder

B - SYSTEM OF GOVERNANCE

B.1 General information on the system of governance

The usual board structure of HSF health plan Ltd is:-

- Three executive directors employed by HSF health plan including the Chief Executive and the Managing Director. These Executive Directors have day-to-day management responsibility for HSF health plan.
- Two independent Non-Executive Directors.
- Five Non-Executive Directors nominated by The Hospital Saturday Fund who are also Directors of The Hospital Saturday Fund. These Non-Executive Directors are chosen from the seven Directors/Trustees of The Hospital Saturday Fund. The Directors/Trustees of The Hospital Saturday Fund are in turn elected from amongst the members of the Association. The Chairman of the Board is chosen from these Directors.

The board has four subcommittees each comprising of four to six Directors of HSF health plan (always a majority of Non-Executive Directors) and attended by invitation by the chair of the committee, an HSF health plan senior manager with responsibilities in the committee's area of focus. These report to the main Board with a focus of interest as indicated by their names i.e.: -

- Sales and Marketing
- Finance
- Human Resources and Remuneration (to include Operations)
- Audit & Risk

In Solvency II terms the Board and Committees are the "administrative, management and supervisory body" (AMSB).

Board of Directors

The Executive Directors are:-

- Mr Paul Jackson (Chief Executive)
- Mr Paul Clare (Managing Director)
- Mrs Sharon Phelan (Director of Operations UK and Ireland)

The Non-Executive

- Mrs J L Dalton LLB (Hons)
- Mr M Davies
- Mr N Finlayson FCA DChA
- Mr J Greenwood
- Mr J Randel – Chairman
- Mrs L Richards-Cole ACII
- Mr D Thomas

Mr John Randel and Mrs Lynn Richards-Cole continue to serve as Chairman and Vice Chairman respectively from November 2017. Two of the independent Directors, Mr Neil Finlayson and Mrs Lynn Richards-Cole were appointed for a three year period of service which commenced on 1 October 2017. Neither of them serve as Directors/Trustees of the charity company.

The Board is made up of individuals from a range of backgrounds in general insurance, finance, legal, private sector and charity sectors. This diverse range of experience is invaluable to the Company and ensures that a strong governance structure is maintained, underpinning the business being managed efficiently.

Material Transactions with Parent

HSF health plan is structured to donate all profits made each year to its parent charity, the Hospital Saturday Fund. HSF health plan donated £2.7m (2016: £1.3m).

Committee Membership at 31 December 2017

Finance	Human Resources	Sales and Marketing	Audit and Risk
Mr N Finlayson – Chairman	Mrs J Dalton – Chairman	Mr M Davies - Chairman	Mrs L Richards-Cole - Chairman
Mr J Greenwood	Mr J Randel	Mrs L Richards Cole	Mr J Randel
Mr J Randel	Mr D Thomas	Mr J Randel	Mr M Davies
Mr P Clare (in attendance)	Mr P Clare	Mr P Clare	Mr P Clare (in attendance)
Mr P W Jackson (in attendance)	Mr P W Jackson		Mrs S Phelan (In attendance)
Mr P Clare (in attendance)	Mrs S Phelan		Mrs P Jones Compliance Manager (in attendance)

Remuneration

The Human Resources & Remuneration Committee is responsible for carrying out duties delegated to them by the Board to ensure the firm recruits and retains employees whose values are aligned to our culture and core purpose.

The Committee undertakes an oversight role and give guidance to the appropriate Executive Directors and senior managers to ensure that the following areas:

- Annual review of staff salaries, bonus payments, allowances and benefits
- Being non-discriminatory – all remuneration policies and practices are free from unfair discrimination based on race, gender, age, religion, marital status and ethnic or social origin.
- Terms and Conditions of Employment are reviewed when appropriate
- Health and Safety practices and regular monitoring and training;
- Induction, ongoing training and appraisals.
- Holding individual performance appraisals to identify talent at all levels in the business and enable fair and competitive pay;
- Holding interim reviews as appropriate, and instruct the Managing Director to take the necessary action.

are maintained in a satisfactory manner to ensure that the company is acting within legal and good practice regulations and guidelines:

The Human Resources & Remuneration Committee is also responsible for:

- Recommending to the Board a level of remuneration for the Chairman of the Board and Non-Executive Directors.
- Ensuring that the Service Agreement for Non-Executive Directors continues to reflect the role adequately.

B.2 Fit and proper requirements

Directors are appointed under the “fit and proper” process adopted by the Company and in addition under the Senior Insurance Management Regime function holders are pre- approved by the PRA/FCA. The process within HSF health plan which is used to determine honesty, integrity, reputation, competence/capability and financial soundness, involves a personal declaration, credit checks, criminal record checks as well as the assessment as to whether individuals have the knowledge, skills and experience to undertake a particular role. This is reflected in the Scope of Responsibilities. “Fit and proper” is reviewed annually and there is a continuing obligation to advise the Chairman if, at any stage, individuals cannot fulfil these requirements.

B.3 Risk management system including the own risk and solvency assessment

The main activity of the Company is operator of a medical cash plan and with this business activity, comes the need to take risk. We monitor the profitability of schemes and the claims data regularly, taking action when required and deemed necessary. The scheme premiums are rated on detailed analysis of historic claims data. Under the insurers regulatory regime, we also consider and diligently monitor a wide range of other risk including market, liquidity, interest rate, insurance, operational, concentration among others, this is done by regular consideration of the ORSA (Own Risk and Solvency Assessment).

The framework adopted by HSF health plan to complete the ORSA process pulls together the work which is done on risk within the business and ensures that appropriate monitoring takes place, that appropriate reviews are conducted in line with the regulatory guidelines and the appropriate amendments made to any necessary documentation. The

ORSA is reviewed and approved by the Board on an annual basis. HSF health plan has adopted the Standard Formula as the basis for calculating its solvency capital requirement.

For the Senior Insurance Managers Regime functions of Risk Management, Internal Audit and the Actuarial Function, the company adopts an approach, which reflects the nature, scale and complexity of the business and delivers the desired outcomes.

The key purpose of preparing an ORSA is for HSF health plan to make its own assessment of the capital required to be solvent and stay in business over the next year and beyond. The minimum benchmark is the active survival of the business for at least one year with a probability of at least 99.5%. This sits alongside the statutory capital calculated in accordance with the balance sheet and standard capital requirements parameters set by the regulatory authorities for their "standard model". The required capital for HSF health plan is then the higher of the amount that HSF health plan determines or the statutory amount calculated within the "standard model". Therefore a key underlying purpose of the ORSA is to identify capital shortfalls arising from mechanically applying the statutory solvency calculations. Conversely if HSF health plan determines that less capital than the statutory amount is more appropriate then the statutory amount will prevail i.e. under Solvency II the capital required is set at the higher of the statutory and own assessment amounts.

The indicated confidence level of a 99.5% probability of remaining solvent after one year is deemed a suitable balance for HSF health plan between taking excessive risks or holding excessive capital. This period reflects HSF health plan's three year business planning cycle with updated three year plans being prepared every year i.e. in effect a one year plan with a three year horizon. Maintaining capital well in excess of the amount determined on this basis provides significant investment freedom for HSF health plan's investment portfolio to secure real long-term growth and permit profits to be generated both from the trading activities and the investment portfolio.

B.4 Internal control system

In order to ensure the effectiveness of the firm's system of governance, HSF health plan has adopted the 'Three Lines of Defence' mode. The first line of defence is provided by front line staff and operational management. The systems, internal controls, the control environment and culture developed and implemented by these business units is crucial in anticipating and managing operational risks. The second line of defence is provided by the risk management and compliance functions. These functions provide the oversight and the tools, systems and advice necessary to support the first line in identifying, managing and monitoring risks. The third line of defence is provided by the Audit and Risk Committee together with the Internal Audit Function. This function provides a level of independent assurance that the risk management and internal control framework is working as designed.

B.5 Internal audit function

The Internal Audit function is managed by the Compliance Manager. The function reports through normal line management to the Managing Director and has full and ready access to the Chief Executive. They also report directly to the Audit Committee regarding internal audit matters only, and have access to Non-executive Directors. When performing an audit and when evaluating and reporting the audit results, the internal audit function is not subject to influence from the Board that can impair its independence and impartiality.

B.6 Actuarial function

The actuarial function manager (i.e. Head of Finance) will like all staff in a small company such as HSF health plan have many other roles and duties, particularly preparation of accounting information. The Company is aware of the potential conflicts, as well as the advantages, from this overlap of duties. Support and oversight is provided by the Chief Executive and Managing Director. Many of the function's outputs will be checked or prepared first by others including the external auditors, the Chief Executive, the Managing Director or other Finance department personnel.

HSF health plan does not require the services of a qualified actuary given the straightforward nature of the product offering to policyholders, and risks inherent in the business. Claims expectation is derived solely from the claims experience of HSF health plan as no appropriate/relevant industry claims data is available.

As a matter of practice and policy no prior underwriting of individual risks is conducted and terms offered are usually the same for policyholders who fulfil the criteria for joining/remaining in their particular scheme. Health condition

exclusions or temporary restrictions are usually applied based on the health declaration supplied by the policyholder on joining. Premiums do not vary with age, or sex, or health.

In setting out the terms offered to policyholders HSF health plan's objectives for these are designed to:-

- Reflect the provident ethos of the organisation by generating a small surplus of premiums over claims and management costs to provide:-
 - funds to assist the capital development of the business
 - funds to allow for future benefit improvements/development
 - funds to allow charitable donations to be made to the parent charity organisation
- Provide a consistent benefit structure for the various country/distribution channel product ranges with a progressive increase in benefits for an increase in premiums regardless of age or sex or dependency situation. The level charging structures thus created naturally incorporate cross subsidies between various membership categories e.g. young and old, high-paying and low-paying, etc.
- Provide long-term good value for money.

B.7 Outsourcing

The general stance of HSF health plan is not to outsource any activities, and does not therefore require an outsourcing policy. HSF health plan does however buy in skills that it does not possess. In terms of the critical/important functions/activities from a Solvency II perspective the following applies:-

- The design and pricing of insurance products - undertaken solely by HSF health plan personnel.
- The investment of assets or portfolio management - HSF health plan determines its own investment strategy, and the broad market sectors and investment ranges for fund management service providers. HSF health plan owns and manages its own head office property and its bank deposits. Other assets are managed within HSF health plan's investment policy by two external fund managers, currently Sarasin and UBS, who have freedom to select individual stocks and shares and the timing of their purchase/sale within an agreed framework.
- The claims handling process is undertaken solely by HSF health plan personnel.
- The provision of regular or constant compliance, internal audit, accounting, risk management or actuarial support is undertaken by HSF health plan personnel. However, on occasions external guidance or commissioned tasks may be requested.
- The provision of data storage - undertaken for electronic data solely by HSF health plan personnel using Company owned equipment. Paper file storage is partly undertaken in-house but with the bulk being held by an external box management company, currently Recall
- The provision of on going day-to-day systems maintenance or support is undertaken solely by HSF health plan personnel. On the rare occasions external support may be sought.

B.8 Any other information - Employees

HSF health plan has approximately 70 employees to include all staff, as well as the Board of Directors. The company remains fully committed to its on-going staff training and development program. During the year the company experienced a number of successful personal development achievements by members of staff across several departments. In June 2016, the company was successful in attaining re-accreditation against the Investors in People Gold standard with an improved assessment score. The company will be re-assessed against a revised standard in June 2019.

C- RISK PROFILE

C.1 Underwriting risk

Underwriting Risk - standard terms apply to the great majority of business controlled by monthly monitoring of profitability and the product re-pricing facility. About 10% of existing business lapses each year so much of new business (over 90% is direct) is about replacing this. In practice numbers of policyholders are static/slightly reducing with premiums slightly growing as new joiners usually pay more than leavers assisted by the occasional price increase.

C.2 Market risk

HSF business plans involve very modest business growth. Materially different levels of new business would require very different direct sales resources, and intermediary sales are very low margin/IT resource intensive (brokers often request their own benefit structures).

C.3 Credit risk

There is minimal risk other than temporary exposures whilst sponsoring company's forward premiums deducted from policyholder earnings.

C.4 Liquidity risk

Liquidity Risk - assets are immediately tradable apart from up to 25% held in property and hedge funds.

C.5 Operational risk

The Audit and Risk Committee monitor the Company's risk exposure in all areas including investment, operational, financial, human resources, sale and business continuity, with the Committees also monitoring their own areas of risk as well. It advises the Board on risk management and policy, while it also keeps under review the effectiveness of these areas. The Chief Risk Officer is the Executive Director accountable for enabling the efficient and effective governance of significant risks, and related opportunities, this role is the responsibility of the Managing Director. The Chief Risk Officer reports to the Audit & Risk Committee quarterly to assist the committee with actively monitoring the risks and ensure the controls and appropriate monitoring systems are in place, the Chief Risk Officer is also accountable to the Board of Directors.

The Company have produced various risk registers for the different parts of the business and these are kept under constant review by the various Committees and Board to manage and mitigate risks. The Audit & Risk Committee meet regularly to review and monitor these and reports to the Board. The Board are satisfied with the risk management policies and procedures in place.

C.6 Other material risk

Regulatory Risk - all sales are on a non-advisory basis with firm training and monitoring to prevent policyholder advice. HSF undertakes audits, complaint monitoring, and sales staff training/monitoring to detect indications that advice might be given to policyholders

Investment Risk - broad investment ranges and categories are agreed with the external fund managers, UBS and Sarasin, to achieve a well-diversified balanced portfolio. Real assets (equities plus to a lesser extent property and hedge funds) form 50 to 80% of the holdings with cash and fixed interest making the remainder. Overall HSF applies the prudent person principle in ensuring its investments will be more than sufficient to cover its statutory capital requirements.

C.7 Any other information

HSF health plan adopts a medium to low strategic risk appetite when determining the acceptability and management approach to risk. Due allowance is made for HSF's financial strength, the cost/value of controls, and the extent to which the risk can be accepted or mitigated.

HSF health plan seeks to manage its business in a sensible, considered, and common sense manner whilst taking sufficient risks to develop the business and compete/survive successfully against other organisations. So taking risks

is necessary, but taking unnecessary or ill-judged risks in areas HSF health plan do not fully understand is not. HSF health plan will act with prudence in its business activities and approach – and even more so on matters more removed from its core health cash plan insurance product.

HSF health plan will make considered judgments, acting decisively, seeking to carefully analyse potential new initiatives in order to consider possible outcomes in relation to specified criteria. HSF health plan may seek external guidance (upon which HSF health plan will still need to make a validity judgment) where appropriate.

The business is operated in an open and ethical manner with the Board monitoring expenditure and actual/potential variances. "Treating Customers Fairly" is embedded firmly in the firms' ethos and good treatment of customers and low level of complaints is of primary importance.

Not all HSF health plan's risk exposures are included in the standard formula capital calculation. For example risk exposures associated with reputation, strategic or regulatory are mitigated through a combination of reliance on internal controls, monitoring of the risk management framework and future management actions. There is no exposure to pension scheme liabilities.

D - VALUATION FOR SOLVENCY PURPOSES

D.1 Assets

Land and buildings

The Company owns a freehold property at 24 Upper Ground, London SE1 9PD which is used for the Company's own activities. The property was previously valued in 2016 at £2,500,000 and on 23 February 2018, a full revaluation was performed and the property was valued at £2,500,000 on an open market basis by Dunsin Surveyors, Chartered Surveyors. The carrying value of the property as at 31 December 2017 if it were carried under the cost method is £509,950. At the date of the revaluation, the directors believed the property had a useful economic life of at least 50 years.

Investments

The investment of assets, or portfolio management, are managed within HSF health plan's investment policy by two external fund managers, currently Sarasin and UBS, who have freedom to select individual stocks and shares and the timing of their purchase/sale within an agreed framework.

Market value at 1 January 2017	16,255,185
Additions	3,012,512
Disposals	(4,257,769)
Unrealised gain on investments	733,969
Market value at 31 December 2017	15,743,897

Insurance and intermediaries receivables

Insurance and intermediaries receivable balances represent premiums owed from policyholders. As at 31 December 2017 the Company had a total of £2,946k of outstanding premiums. Outstanding premiums are valued at fair value and due to the short-term nature of the receivable; no adjustments to valuation are required. The value of insurance and intermediaries receivables in the Company's financial statements is the same as for Solvency II.

Cash and cash equivalents

As at the reporting date, the Company had £2,243K held as cash in UK and Irish bank accounts. The UK bank accounts are all held in pounds sterling; no estimation methods, adjustments for future value or valuation judgements are required for these balances. The monies held in Irish bank account are denominated in Euro ("EU"), translated into pounds sterling at the period end for reporting purposes.

Cash and cash equivalents are valued at fair value by the relevant financial institution, and the Company receives monthly statements at the period end to confirm the balances held. There are no significant estimates or judgements used in valuing cash holdings due to the nature of the asset.

Tangible Fixed Assets

	Furniture and Equipment £
Cost	
At 1 January 2017	2,004,831
Additions	180,054
Disposals	(773,654)
At 31 December 2017	1,411,231
Depreciation	
At 1 January 2017	1,361,145
Charge for year	256,246
Disposals	(773,654)
At 31 December 2017	843,737
Net book value	
At 31 December 2017	567,494
At 31 December 2017	643,686

The valuation used for assets within the Reports and Financial Statements we feel is in line with the defined fair value for Solvency purposes and therefore there has been no revaluation of assets for Solvency II.

D.2 Technical provisions

At 31 December 2017, HSF health plan held a technical provision valued for Solvency II purposes of £3,656k.

The Technical provision represents at the balance sheet date the current cost of insurance liabilities and includes the following components:

- Claims provisions being claims incurred at the balance sheet date
- Premium provision being claims expected to be incurred after the balance sheet date
- Risk Margin representing the amount a third party would require in addition to the best estimates to assume the liability, calculated on a cost of capital basis.

HSF health plan technical provision is calculated using a claims paid analysis and including all policies in force and on risk at the reporting date.

The risk margin is calculated using the cost-of-capital approach prescribed by Solvency II.

The primary uncertainties relate to how future actual experience will differ from the assumptions used to calculate the technical provisions. The key assumptions are in respect of the claims experience. In order to best understand the uncertainties a robust process for setting assumption is adhered to.

The table below is set out to display the split between technical provision and risk margin.

Description	Technical Provisions per Solvency II
Technical Provisions	£3,396k
Risk Margin	£260k
Total	£3,656k

The main difference between the Solvency II and UK GAAP for the Technical Provisions is the inclusion of the Risk Margin value of £260k for Solvency II.

D.3 Other liabilities

The other liabilities included within the Solvency II valuation are Payables (trade, not insurance) of £847K and Deferred Tax Liabilities of £177k. There are no adjustments or judgements made for valuation purposes. The valuation for Solvency II is the same as UK GAAP valuation for both other liabilities detailed above.

D.4 Alternative methods for valuation

The valuation used by HSF health plan Ltd for assets within the Reports and Financial Statements we feel is in line with the defined fair value for Solvency purposes and therefore there has been no revaluation of assets for Solvency calculations.

E- CAPITAL MANAGEMENT

E.1 Own funds

The own funds management objective is to at all times maintain sufficient own funds to cover both the SCR and MCR with an appropriate excess. Regular reviews are carried out by the responsible committee at least quarterly of the eligible own funds over SCR and MCR ratios with the ultimate responsibility for this resting with HSF health plans Board of Directors. HSF health plans own funds are all tier 1 unrestricted and available to cover SCR and MCR.

HSF health plan's eligible own funds as of 31 December 2017 £19,509k.

E.2 Solvency Capital Requirements and Minimum Capital Requirement

The Solvency Capital Requirement and Minimum Capital Requirement for the Company are set out in templates 28.01.01. HSF health plan Ltd applies the Standard Formula as the basis for calculating capital requirements having assessed and reviewed the underlying assumptions as appropriate for the firm.

	31 December 2017
Market Risk	£5,697K
Counterparty Default Risk	£569K
Health Underwriting Risk	£5,520K
Diversification	£(2,722K)
Operational Risk	£1,814K
SCR	£10,878K
MCR	£2,720k

The MCR is pre-determined within the Solvency II legislation and corresponds to an amount of eligible basic own funds below which policyholders and beneficiaries are exposed to an unacceptable level of risk if insurance undertakings were allowed to continue their operations. The MCR is calibrated to the Value-at-Risk of the basic own funds of an insurance undertaking subject to a confidence level of 85% over a one year period. The MCR has been calculated as 25% of the SCR in accordance with article 248(1) of the Delegated Regulations 2015/35.

E.3 Use of the duration-based equity risk sub-module in the calculation of the Solvency Capital Requirement

No duration-based equity risk sub-module is included in the Solvency Capital Requirement.

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

HSF health plan has fully embedded the Solvency II calculation process and is engaged with the Solvency II standard model assumptions. HSF health plan considers the standard model provides a prudent calculation of HSF health plan's capital requirements and no additional capital loadings are necessary. As a package of risk capital calculations HSF considers the Standard Model provides a sound framework to use when applying its own assessment to the risks to be valued. HSF health plan agrees that the 0.5% per annum risk of failure is an appropriate benchmark when balancing the firm failure risk against its capital resources - as is inherent in the Standard Formula.

HSF health plan monitors the ongoing appropriateness of the standard formula for HSF health plan's ORSA framework as part of its considerations each time an ORSA is being prepared. Business assumptions are challenged and agreed by relevant parties with controls put in place such as agreeing all inputs and stress tests to be conducted before the calculation takes place.

E.5 Non-Compliance with the Minimum Capital Requirements and non-compliance with the Solvency Capital Requirement

HSF health plan Ltd has continually complied with both the Minimum Capital Requirement and Solvency Capital Requirement throughout the reporting period.

TEMPLATES

General information

Undertaking name	HSF Health Plan Ltd
Undertaking identification code	213800YV3JV2KPMNCU43
Type of code of undertaking	LEI
Type of undertaking	Non-life undertakings
Country of authorisation	GB
Language of reporting	en
Reporting reference date	31 December 2017
Currency used for reporting	GBP
Accounting standards	Local GAAP
Method of Calculation of the SCR	Standard formula
Matching adjustment	No use of matching adjustment
Volatility adjustment	No use of volatility adjustment
Transitional measure on the risk-free interest rate	No use of transitional measure on the risk-free interest rate
Transitional measure on technical provisions	No use of transitional measure on technical provisions

List of reported templates

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

S.02.01.02

Balance sheet

		Solvency II value
		C.0010
Assets		
R0030	Intangible assets	
R0040	Deferred tax assets	
R0050	Pension benefit surplus	
R0060	Property, plant & equipment held for own use	3,067
R0070	Investments (other than assets held for index-linked and unit-linked contracts)	15,654
R0080	<i>Property (other than for own use)</i>	457
R0090	<i>Holdings in related undertakings, including participations</i>	0
R0100	Equities	11,562
R0110	<i>Equities - listed</i>	8,590
R0120	<i>Equities - unlisted</i>	2,972
R0130	Bonds	3,234
R0140	<i>Government Bonds</i>	894
R0150	<i>Corporate Bonds</i>	2,340
R0160	<i>Structured notes</i>	0
R0170	<i>Collateralised securities</i>	0
R0180	<i>Collective Investments Undertakings</i>	0
R0190	<i>Derivatives</i>	
R0200	<i>Deposits other than cash equivalents</i>	0
R0210	<i>Other investments</i>	-401
R0220	Assets held for index-linked and unit-linked contracts	
R0230	Loans and mortgages	0
R0240	<i>Loans on policies</i>	0
R0250	<i>Loans and mortgages to individuals</i>	
R0260	<i>Other loans and mortgages</i>	
R0270	Reinsurance recoverables from:	0
R0280	<i>Non-life and health similar to non-life</i>	0
R0290	<i>Non-life excluding health</i>	0
R0300	<i>Health similar to non-life</i>	0
R0310	<i>Life and health similar to life, excluding index-linked and unit-linked</i>	0
R0320	<i>Health similar to life</i>	
R0330	<i>Life excluding health and index-linked and unit-linked</i>	
R0340	<i>Life index-linked and unit-linked</i>	
R0350	Deposits to cedants	0
R0360	Insurance and intermediaries receivables	2,946
R0370	Reinsurance receivables	
R0380	Receivables (trade, not insurance)	
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	2,243
R0420	Any other assets, not elsewhere shown	278
R0500	Total assets	24,189

5.02.01.02

Balance sheet

		Solvency II value
		C0010
Liabilities		
R0510	Technical provisions - non-life	3,656
R0520	<i>Technical provisions - non-life (excluding health)</i>	0
R0530	<i>TP calculated as a whole</i>	0
R0540	<i>Best Estimate</i>	0
R0550	<i>Risk margin</i>	0
R0560	<i>Technical provisions - health (similar to non-life)</i>	3,656
R0570	<i>TP calculated as a whole</i>	3,396
R0580	<i>Best Estimate</i>	0
R0590	<i>Risk margin</i>	260
R0600	Technical provisions - life (excluding index-linked and unit-linked)	0
R0610	<i>Technical provisions - health (similar to life)</i>	0
R0620	<i>TP calculated as a whole</i>	
R0630	<i>Best Estimate</i>	
R0640	<i>Risk margin</i>	
R0650	<i>Technical provisions - life (excluding health and index-linked and unit-linked)</i>	0
R0660	<i>TP calculated as a whole</i>	
R0670	<i>Best Estimate</i>	
R0680	<i>Risk margin</i>	
R0690	Technical provisions - index-linked and unit-linked	0
R0700	<i>TP calculated as a whole</i>	
R0710	<i>Best Estimate</i>	
R0720	<i>Risk margin</i>	
R0740	Contingent liabilities	
R0750	Provisions other than technical provisions	
R0760	Pension benefit obligations	
R0770	Deposits from reinsurers	
R0780	Deferred tax liabilities	177
R0790	Derivatives	
R0800	Debts owed to credit institutions	
R0810	Financial liabilities other than debts owed to credit institutions	
R0820	Insurance & intermediaries payables	
R0830	Reinsurance payables	
R0840	Payables (trade, not insurance)	847
R0850	Subordinated liabilities	0
R0860	<i>Subordinated liabilities not in BOF</i>	
R0870	<i>Subordinated liabilities in BOF</i>	0
R0880	Any other liabilities, not elsewhere shown	
R0900	Total liabilities	4,680
R1000	Excess of assets over liabilities	19,509

5.05.01.02

Premiums, claims and expenses by line of business

Non-life

	Line of Business for non-life insurance and reinsurance obligations (direct business and accepted proportional reinsurance)													Line of Business for accepted non-proportional reinsurance				Total
	Medical expense insurance	Income protection insurance	Workers' compensation insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance	Legal expenses insurance	Assurance	Misc. financial loss	Health	Validity	Marine, aviation and transport	Property		
Premiums written:																		
R0110 Gross - Direct Business	30,317																30,317	
R0120 Gross - Proportional reinsurance accepted																	0	
R0130 Gross - Non-proportional reinsurance accepted																	0	
R0140 Reinsurers' share																	0	
R0150 Net	30,317																30,317	
Premiums earned:																		
R0210 Gross - Direct Business	30,232																30,232	
R0220 Gross - Proportional reinsurance accepted																	0	
R0230 Gross - Non-proportional reinsurance accepted																	0	
R0240 Reinsurers' share																	0	
R0250 Net	30,232																30,232	
Claims incurred:																		
R0310 Gross - Direct Business	20,604																20,604	
R0320 Gross - Proportional reinsurance accepted																	0	
R0330 Gross - Non-proportional reinsurance accepted																	0	
R0340 Reinsurers' share																	0	
R0350 Net	20,604																20,604	
Changes in other technical provisions:																		
R0410 Gross - Direct Business	84																-84	
R0420 Gross - Proportional reinsurance accepted																	0	
R0430 Gross - Non-proportional reinsurance accepted																	0	
R0440 Reinsurers' share																	0	
R0450 Net	-84																-84	
Expenses incurred:																		
R0550	7,011																7,011	
R1200 Other expenses																		
R1300 Total expenses																	7,011	

5.05.02.01

Premiums, claims and expenses by country

Non-life

	C(210)		C(020)		C(030)		C(040)		C(050)		C(060)		C(070)	
	Home Country	Top 5 countries (by amount of gross premiums written) - non-life obligations						Top 5 countries (by amount of gross premiums written) - non-life obligations						Total Top 5 and home country
		IE												
	C(080)	C(090)	C(100)	C(110)	C(120)	C(130)	C(140)							
Premiums written:														
R0110 Gross - Direct Business	13,751	16,566												30,317
R0120 Gross - Proportional reinsurance accepted														0
R0130 Gross - Non-proportional reinsurance accepted														0
R0140 Reinsurers' share														0
R0150 Net	13,751	16,566	0	0	0	0	0	0	0	0	0	0	0	30,317
Premiums earned:														
R0210 Gross - Direct Business	13,752	16,481												30,232
R0220 Gross - Proportional reinsurance accepted														0
R0230 Gross - Non-proportional reinsurance accepted														0
R0240 Reinsurers' share														0
R0250 Net	13,752	16,481	0	0	0	0	0	0	0	0	0	0	0	30,232
Claims incurred:														
R0310 Gross - Direct Business	9,985	10,619												20,604
R0320 Gross - Proportional reinsurance accepted														0
R0330 Gross - Non-proportional reinsurance accepted														0
R0340 Reinsurers' share														0
R0350 Net	9,985	10,619	0	0	0	0	0	0	0	0	0	0	0	20,604
Changes in other technical provisions:														
R0410 Gross - Direct Business	1	-86												-84
R0420 Gross - Proportional reinsurance accepted														0
R0430 Gross - Non-proportional reinsurance accepted														0
R0440 Reinsurers' share														0
R0450 Net	1	-86	0	0	0	0	0	0	0	0	0	0	0	-84
Expenses incurred:														
R0550	3,974	3,037												7,011
R1200 Other expenses														
R1300 Total expenses														7,011

	Direct business and accepted proportional reinsurance												Accepted non-proportional reinsurance				Total from Life Allocation
	Medical expense insurance	Marine protection insurance	Workers compensation insurance	Motor vehicle liability insurance	Other miscellaneous insurance	Marine aviation and passenger insurance	Fire and other damage or property insurance	General liability insurance	Credit and suretyship insurance	Legal expenses insurance	Assurance	Miscellaneous financial loss	High proportion excess reinsurance	Non-proportional liability reinsurance	Non-proportional marine, aviation and transport reinsurance	Non-proportional general reinsurance	
19.01.10 Technical provisions (calculated as a whole)	2,394																2,394
19.01.11 Total recoverables from reinsurers (SPV and third parties) after the adjustment for expected losses due to counterparty default (calculated as a whole)																	
19.01.12 Technical provisions calculated as a sum of best estimate best estimate																	
19.01.13 Provisions provisions																	
19.01.14 Gross Total recoverables from reinsurers (SPV and third parties) after the adjustment for expected losses due to counterparty default																	
19.01.15 Net Best Estimate of Provisions Provisions																	
19.01.16 Claims provisions																	
19.01.17 Gross Total recoverables from reinsurers (SPV and third parties) after the adjustment for expected losses due to counterparty default																	
19.01.18 Net Best Estimate of Claims Provisions																	
19.01.19 Total best estimate gross																	
19.01.20 Total best estimate net																	
19.01.21 Risk margin	260																260
19.01.22 Amount of the (U)prudent on Technical Provisions																	
19.01.23 Technical provisions (calculated as a whole)																	
19.01.24 Best estimate																	
19.01.25 Risk margin																	
19.01.26 Technical provisions - total	1,624																1,624
19.01.27 Recoverable from reinsurers (SPV and third parties) after the adjustment for expected losses due to counterparty default - total																	
19.01.28 Technical provisions minus recoverables from reinsurers (SPV and third parties) - total	1,624																1,624

5.19.01.21
 Non-Life insurance claims

Total Non-life business

2020 Accident year / underwriting year

Year	Development year										C0170 In Current year	C0150 Sum of years (cumulative)	
	C0010 0	C0020 1	C0030 2	C0040 3	C0050 4	C0060 5	C0070 6	C0080 7	C0090 8	C0100 9			C0110 10 & +
Prior											64,441	64,441	64,441
R0160 2008	0	0	0	0	0	0	0	0	0	18,452		18,452	18,452
R0170 2009	0	0	0	0	0	0	0	0	19,734			19,734	19,734
R0180 2010	0	0	0	0	0	0	0	19,572				19,572	19,672
R0190 2011	0	0	0	0	0	0	17,276					17,276	17,276
R0200 2012	0	0	0	0	0	16,966						16,966	16,966
R0210 2013	0	0	0	0	18,134							18,134	18,134
R0220 2014	0	0	0	18,098								18,098	18,098
R0230 2015	0	0	17,562									17,562	17,562
R0240 2016	127	20,434										20,434	20,561
R0250 2017	20,604											20,604	20,604
R0260											Total	251,372	251,499

Year	Development year										C0160 Year end (discounted data)	
	C0200 0	C0210 1	C0220 2	C0230 3	C0240 4	C0250 5	C0260 6	C0270 7	C0280 8	C0290 9		C0300 10 & +
Prior											2,511	0
R0160 2008	0	0	0	0	0	0	0	0	0	1,056		0
R0170 2009	0	0	0	0	0	0	0	0	1,709			0
R0180 2010	0	0	0	0	0	0	1,726					0
R0190 2011	0	0	0	0	0	0	1,807					0
R0200 2012	0	0	0	0	0	1,877						0
R0210 2013	0	0	0	0	2,090							0
R0220 2014	0	0	0	2,275								0
R0230 2015	0	0	2,255									0
R0240 2016	0	2,620										0
R0250 2017	2,493											0
R0260											Total	0

5.28.01.01

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	1,584	
		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	3,39%	30,317
R0030	Income protection insurance and proportional reinsurance	0	
R0040	Workers' compensation insurance and proportional reinsurance	0	
R0050	Motor vehicle liability insurance and proportional reinsurance	0	
R0060	Other motor insurance and proportional reinsurance	0	
R0070	Marine, aviation and transport insurance and proportional reinsurance	0	
R0080	Fire and other damage to property insurance and proportional reinsurance	0	
R0090	General liability insurance and proportional reinsurance	0	
R0100	Credit and suretyship insurance and proportional reinsurance	0	
R0110	Legal expenses insurance and proportional reinsurance	0	
R0120	Assistance and proportional reinsurance	0	
R0130	Miscellaneous financial loss insurance and proportional reinsurance	0	
R0140	Non-proportional health reinsurance	0	
R0150	Non-proportional casualty reinsurance	0	
R0160	Non-proportional marine, aviation and transport reinsurance	0	
R0170	Non-proportional property reinsurance	0	
	Linear formula component for life insurance and reinsurance obligations	C0040	
R0200	MCR _L Result	0	
		Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance/SPV) total capital at risk
		C0050	C0060
R0210	Obligations with profit participation - guaranteed benefits		
R0220	Obligations with profit participation - future discretionary benefits		
R0230	Index-linked and unit-linked insurance obligations		
R0240	Other life (re)insurance and health (re)insurance obligations		
R0250	Total capital at risk for all life (re)insurance obligations		
	Overall MCR calculation	C0070	
R0300	Linear MCR	1,584	
R0310	SCR	10,878	
R0320	MCR cap	4,895	
R0330	MCR floor	2,720	
R0340	Combined MCR	2,720	
R0350	Absolute floor of the MCR	2,196	
R0400	Minimum Capital Requirement	2,720	

Validations

HSF health plan

**Approval by the Board of Directors of the Solvency and Financial Condition Report
Financial period ended 31 December 2017**

We certify that:

- 1. the Solvency and Financial Condition Report ("SFCR") has been properly prepared in all material respects in accordance with the PRA rules and Solvency II Regulations; and**
- 2. we are satisfied that:**
 - (a) throughout the financial year in question, the insurer has complied in all material respects with the requirements of the PRA rules and Solvency II 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 (AMSB) of the SFCR and reporting templates



**Paul Jackson
Chief Executive Officer
HSF health plan**

