Group and Solo Solvency & Financial Condition Report

31 December 2019

Unum Limited
Unum European Holding Company Limited

Contents

Summary

The Directors present their Solvency and Financial Condition Report ("SFCR") for the year ended 31 December 2019.

The SFCR has been prepared in accordance with Prudential Regulation Authority ("PRA") Rules and Solvency II ("SII") Regulations and provides key information relating to the performance (Section A), system of governance (Section B), risk profile (Section C), valuation for solvency purposes (Section D) and capital management (Section E) of the business.

Unum EEA Group ("the Group" or "Unum EEA") is an Employee Benefits Insurance Group; the ultimate EEA ("European Economic Area") insurance parent company is Unum European Holding Company Limited ("UEHCL"), the principal and only EEA regulated insurance company in the Group being Unum Limited ("UL," "the Company" or "Solo entity"). Unum Group Inc, located in Chattanooga, Tennessee, USA, owns all of the class A ordinary shares in UEHCL and is the ultimate worldwide insurance parent. Unum Group Inc. is the leading disability insurer in the US.

As there are no significant differences between the nature of the Group and UL businesses, and the governance and risk management systems are consistent, we have produced a combined SFCR covering both the Group and the Solo entity. As UL is the only regulated insurance company in the Unum EEA Group, the data relating to underwriting and investment performance (in Sections A2 and A3) are aligned for both the Company and the Group and presented together.

The Group operates primarily in the UK through UL which is the UK authorised insurer. UEHCL owns 72% of the share capital of UL (the remaining 28% is owned elsewhere within the wider Group, as shown in section A.1.1).

The principal activities of the Company continues to be the provision of Group Income Protection insurance, Group Life insurance, Group Critical Illness insurance and Dental insurance to UK employers to help them protect and ensure the health and wellbeing of their workforces.

UL's strategy is to become a broader employee benefits provider, whilst growing its business. The Company's focus is on helping employers remove the volatility in their business by managing the impact of staff absence, and on providing financial security for individuals through its product offerings. The Company believes the best place to offer income protection and employee benefits is through the workplace and it continually seeks to provide innovative solutions and product offerings to meet this need.

UL's strategic development programme will see it continuing to test new growth initiatives and build digital capability in order to quickly bring solutions to the market. By better understanding its customer and partner needs, UL will drive sustainable long-term growth. In 2020, UL is expected to benefit from recently expanded distribution channels, for example "Benni", an education and enrolment service providing access to a range of UL products, communication and enrolment services to individuals through their employers, and also Corporate Partnerships which include simpler products targeted at new buyers.

UL is focussed on driving growth in the UK Employee Benefits market, by:

- Continuing to educate employers and workplace benefits decision-makers about the critical role employee benefits play in supporting and caring for their workforce;
- Continuing to explore ways to provide education and support to employees looking to enrol in employee paid benefits through their employers;
- Investing in digital solutions to better support its broker partners and employers;
- Remaining focused on being a customer centric organisation; and

- Growing the Small and Medium Enterprises (SME) market and increasing participation of current clients whilst continuing to expand distribution.

UL is an established employee benefits provider and a partner of choice for distribution partners across all group risk products and adjacent areas. The Company will:

- Continue to grow the number of people protected by developing and implementing service led propositions that are relevant to and valued by its customers and partners like Help@hand;
- Continue to evolve the distribution team to meet the demands of its distribution partners and invest in alternative distribution channels; and
- Grow its business by exploring opportunities to increase sales through its strong distribution relationships and by increasing the number of employees who take up the valuable benefits driven by its expertise in worksite education and communication.

In 2019, the Company launched enhanced digital offerings to existing customers as well as new customers acquired through its corporate partnerships. These included the launch of Help@hand, an app-based service which provides employees with fast, simple and remote access to GPs, health and support and an enhanced Employee Assistance Programme mobile app offering wellness advice and content as well as in-store and online discounts at many well-known UK retailers.

Business and performance

Unum Limited

UL is the only regulated insurance company within the Unum EEA Group, and is the principal UK-managed insurance subsidiary of the publicly quoted US Unum Group.

UK GAAP profit on ordinary activities before tax totalled £91.0 million for 2019 (2018: £15.1 million) reflecting a solid underlying business performance. The reported results reflect the significant movement in the fair value movements of bond securities and derivatives which reported a profit of £90.6 million in 2019, compared to a restated £91.1 million unrealised loss in 2018. The Company views these unrealised gains and losses on bond securities as timing differences which are largely expected to reverse as we generally hold investments to maturity.

The Company holds fixed rate and index-linked securities as assets to match insurance liabilities. Risk-free yields have fallen and credit spreads have tightened during 2019. The tightening of spreads could be attributed to several factors: global central bank easing, Brexit progress, and easing tension with US/China trade talks. The Company will continue to seek out investment opportunities which have the potential for greater returns on its existing bond securities. The Company's investment in Private Equity Partnerships represents 0.1% (2018: 0.1%) of the Company's total investments under management.

From a customer perspective, the Company protected 1.94 million lives at 31 December 2019, an increase of 7.2% on the prior year number of 1.81 million. In 2019 it paid £326.1 million (gross excluding expenses) in claims (2018: £314.7 million) and assisted 1,248 individuals in returning to work (2018:1,260), with the support of its vocational rehabilitation teams.

Unum EEA Group update

Unum EEA's 2019 gross written premiums were £482.8m (2018: £455.7m) with a UK GAAP profit before tax of £94.7m (2018: £19.4m).

System of Governance

The Boards of UL and Unum EEA provide governance and oversight either directly or through the delegation to its various Board committees. They bring independent judgement on all issues of strategy, performance, resources and standards of conduct. The Boards monitor corporate governance continuously through its activities, ensuring there are clear lines of accountability for management. They also monitor and input into the corporate strategy, key business decisions, the risk policies and performance.

The Board places its regulatory responsibilities at the heart of the way it operates and drives this approach though its culture, which is promoted from the Board downwards, with Executive and Senior Management expected to be role models in the organisation. This culture is supported and reinforced through its Enterprise Risk Management (ERM) framework and corporate governance model. In common with many other organisations, Unum EEA operates a "three lines of defence" approach to risk governance, overseen by the Board and its committees, as detailed in the following table:

	1st line of defence	2nd line of defence	3rd line of defence
WHO	▪ All Unum EEA employees and management ▪ Executive Committee ('ExCo') ▪ Divisional Risk Co-ordinators	▪ Risk Function ▪ Risk Committee ▪ Risk Capital and Solvency Committee ('RCSC') ▪ Compliance Function ▪ Regulatory and Compliance Committee ('RCC')	▪ Internal Audit ▪ Audit Committee
WHAT	▪ All Unum EEA employees are responsible for ensuring the risks in their business area are understood and managed. ▪ Unum EEA maintains and regularly reviews a Register of all its risks. ▪ It uses a Risk Event process to ensure timely escalation and mitigation of any risks that crystallise.	▪ The Risk Function is responsible for overseeing the processes that Unum EEA uses to manage risk. ▪ The Risk Committee provides executive challenge and oversight that Unum EEA is managing its risks effectively. ▪ The RCC provides oversight of the regulatory and legislative framework within which the Company operates. It monitors current and emerging regulatory, compliance, policy and legal matters and related risks.	▪ Unum EEA uses Internal Audit reviews to gain independent assurance as to the effectiveness of its risk and controls framework. ▪ These reviews are assessed at Unum EEA's Audit Committee.

There has been no material change in Unum EEA's system of governance over the reporting period.

During the year, as part of an orderly succession plan, a new independent Chair of the Board was appointed and new Independent Non-Executive Director appointed to the Board and as Risk Committee Chair.

Further detail about the system of governance is presented in Section B.

Risk Profile

Through its risk management and capital strategy Unum EEA aims to achieve the following:

- Competitive advantage by understanding the drivers of risk; pricing through capital efficiency; quicker and more informed decision making; flexibility and responsiveness;
- Honouring its commitments and promises to customers, in particular by ensuring that it manages its risk within the parameters of its risk appetite; and
- Embedding risk within the business through a sustained programme of managed cultural change, with the outcome that risk analysis and capital management are used in all key business decisions.

Unum EEA's risk appetite is summarised in the Company's Risk Appetite Statement which is reviewed and recommended to the Board for approval by the Risk Committee on an annual basis. The Risk Appetite Statement articulates the categories of risk and key tolerances that Unum EEA has consciously decided to accept in its day to day activities.

Unum EEA's high materiality risks remain as: Underwriting/Insurance Risk, Credit Risk and Operational Risk/Conduct Risk (further details are in Section C). UL and Unum EEA continue to monitor the potential impact to its risk profile from external factors, including COVID-19, Brexit, Climate change, as detailed in Section C.6.2.

Capital management

UL and Unum EEA calculate Solvency Capital Requirements (SCR) using a full internal model approved by the PRA in accordance with SII regulations.

The objective of the Group's capital management is to maintain sufficient own funds to cover the SCR with an appropriate surplus in the context of its risk appetite. The Group and Company carry out a regular review of the solvency ratio as part of the risk management and capital management system.

The following tables provide a high level summary of the solvency ratio and capital requirements for UL and Unum EEA Group respectively:

Figures in £000's

Unum Limited	31 December 2019	31 December 2018
Own Funds (all tier 1)	626,068	584,053
Solvency Capital Requirement (SCR)	472,209	427,227
Minimum Capital Requirement (MCR)	212,494	192,252
Solvency Ratio	**133%**	**137%**

Figures in £000's

Unum EEA Group	31 December 2019	31 December 2018
Own Funds (all tier 1)	609,736	566,911
Solvency Capital Requirement (SCR)	472,292	427,467
Minimum Capital Requirement (MCR)	212,494	192,252
Solvency Ratio	**129%**	**133%**

There have been no periods of non-compliance with the MCR or non-compliance with the SCR during the 2019 reporting period.

UL has approval from the PRA to utilise the Transitional Measure on Technical Provisions (“TMTP”) and the Volatility Adjustment (“VA”). The solvency ratio without allowance for the TMTP is 110% (UL) and 112% (Unum EEA), and without both the TMTP and VA is 104% (UL) and 108% (Unum EEA).

Per Article 77a of the SII Directive, UL does not apply a matching adjustment to the relevant risk-free interest rate term structure to calculate the best estimate of its insurance or reinsurance obligations, as UL has been deemed by the PRA not to meet the eligibility criteria for a matching adjustment.

During 2019, IFRS 16: Leases was adopted for the purposes of SII reporting, resulting in a £7.5m right of use asset and a £7.7m lease liability being recognised on the SII Balance Sheet (see sections D1.2 and D3.3 for further details).

There have been no other material changes to UL’s or Unum EEA’s valuation for solvency purposes and capital management over the reporting period.

During 2019, an interim dividend of £25.0 million was paid. A final 2019 dividend of £30.0 million was approved by the Board in February 2020 and paid in the first quarter of 2020.

Directors' Report

The Directors of UL and UEHCL are responsible for preparing the Group and Solo SFCR in accordance with the PRA rules and SII regulations.

Each of the Directors, whose names and functions are listed in the Directors' Report of the UK GAAP financial statements of Unum Limited, confirm that, to the best of their knowledge:

(a) Throughout the financial year in question, the Group and the Company have complied in all material respects with the requirements of the PRA rules and SII regulations as applicable; and
(b) It is reasonable to believe that, at the date of the publication of the SFCR, the Group and the Company continues to comply, and will continue to comply in the future in all material respects.

On behalf of the Boards

Jonathan Fletcher
Chief Financial Officer

April 2020

Report of the independent external auditor to the Directors of Unum European Holding Company Limited pursuant to Rule 4.1(2) of the External Audit Part of the PRA Rulebook applicable to Solvency II firms

Report on the Audit of the relevant elements of the Group Solvency and Financial Condition Report

Opinion

Except as stated below, we have audited the following documents prepared by the Unum EEA Group ('The Group'), comprising Unum European Holding Company Limited (UEHCL) and the authorised insurance entity Unum Limited ('The Company') as at 31 December 2019:

- The 'Valuation for solvency purposes' and 'Capital Management' sections of the Group Solvency and Financial Condition Report as at 31 December 2019 ('the Narrative Disclosures subject to audit');
- Group templates of Unum European Holding Company Limited S.02.01.02, S.22.01.22, S.23.01.22, S.32.01.22 ('the Group Templates subject to audit'); and
- Company templates of Unum Limited S.02.01.02, S.12.01.02, S.17.01.02, S.22.01.21, S.23.01.01, S.28.02.01 ('the Company Templates subject to audit').

The Narrative Disclosures subject to audit and the Group and Company Templates subject to audit are collectively referred to as the 'relevant elements of the Group and Company 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:

- Information contained within the relevant elements of the Group Solvency and Financial Condition Report set out about above which are, or derive from, the Solvency Capital Requirement, as identified in the Appendix to this report;
- The 'Business and performance', 'System of governance' and 'Risk profile' sections of the Group Solvency and Financial Condition Report;
- Group templates of Unum European Holding Company Limited S.05.01.02, S.05.02.01, S.25.03.22;
- Company templates of Unum Limited S.05.01.02, S.05.02.01, S.19.01.21, S.25.03.21;
- Information calculated in accordance with the previous solvency 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; and
- The written acknowledgement by the Directors of their responsibilities, including for the preparation of the Group Solvency and Financial Condition Report ('the Responsibility Statement').

To the extent the information subject to audit in the relevant elements of the Group Solvency and Financial Condition Report 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 Group Solvency and Financial Condition Report of the Unum EEA Group as at 31 December 2019 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 Group 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 Group Solvency and Financial Condition Report is not appropriate; or
- the Directors have not disclosed in the Group Solvency and Financial Condition Report any identified material uncertainties that may cast significant doubt about the Group'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 Group Solvency and Financial Condition Report is authorised for issue.

Emphasis of Matter – Basis of Accounting & Restriction on Use
We draw attention to the 'Valuation for solvency purposes', 'Capital Management' and other relevant disclosures sections of the Group Solvency and Financial Condition Report, which describe the basis of accounting. The Group 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. As a result, the Group Solvency and Financial Condition Report may not be suitable for another purpose. The Group Solvency and Financial Condition Report is required to be published, and intended users include but are not limited to the Prudential Regulation Authority.

This report is made solely to the Directors of the Company in accordance with Rule 2.1 of the External Audit Part of the PRA Rulebook for Solvency II firms. Our work has been undertaken so that we might report to the Directors those matters that we have agreed to state to them in this report and for no other purpose.

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 Group 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 Group 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 Group 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 the Other Information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Directors for the Group Solvency and Financial Condition Report
The Directors are responsible for the preparation of the Group Solvency and Financial Condition Report in accordance with the financial reporting provisions of the PRA rules and Solvency II Regulations 2015 on which they are based, which have been modified by the modifications, and supplemented by the approvals and determinations made by the PRA under section 138A of the Financial Services and Markets Act 2000, the PRA Rules and the Solvency II Regulations 2015 as disclosed in Section D.2 of the Group Solvency and Financial Condition Report.

The Directors are also responsible for such internal control as they determine is necessary to enable the preparation of a Group 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 Group Solvency and Financial Condition Report
It is our responsibility to form an independent opinion as to whether the relevant elements of the Group Solvency and Financial Condition Report are prepared, in all material respects, with the 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 Group 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 Group 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: https://www.frc.org.uk/Our-Work/Audit-and-Actuarial-Regulation/Audit-and-assurance/Standards-and-guidance/Standards-and-guidance-for-auditors/Auditors-responsibilities-for-audit/Description-of-auditors-responsibilities-for-audit.aspx. The same responsibilities apply to the audit of the Group Solvency and Financial Condition Report.

Other Matter
The Group has authority to calculate its Group and Company Solvency Capital Requirements using an 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 Part 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 the Unum European Holding Company Limited and Unum 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.

Ernst & Young LLP
London
April 2020

The maintenance and integrity of the Unum Limited/Unum European Holding Company Limited website is the responsibility of the Directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the Solvency and Financial Condition Report since it was initially presented on the website.

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

Unum European Holding Company Limited

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

- The following elements of Group template 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 Group template S.22.01.22
  - Column C0030 – Impact of transitional on technical provisions
  - Row R0010 – Technical provisions
  - Row R0090 – Solvency Capital Requirement
- The following elements of Group template S.23.01.22
  - 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 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

Unum Limited

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

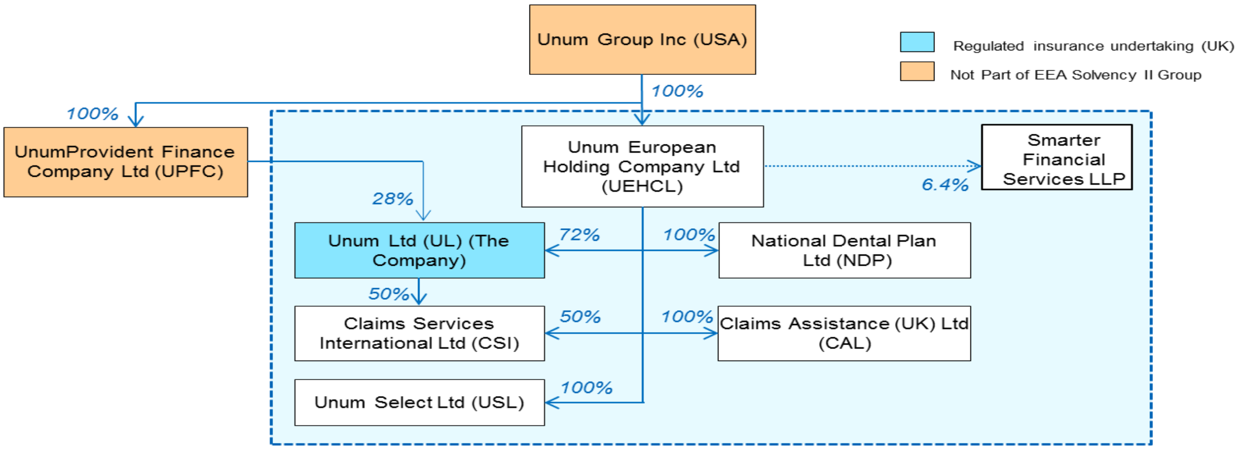
- The following elements of template S.02.01.02:
  - Row R0550: Technical provisions – non-life (excluding health) – risk margin
  - Row R0590: Technical provisions – health (similar to non-life) – risk margin
  - Row R0640: Technical provisions – health (similar to life) – risk margin
  - Row R0680: 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 template 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 template S.17.01.02
  - Row R0280: Technical provisions calculated as a sum of BE and RM – Risk margin
  - Rows R0290 to R0310 – Amount of transitional measure on technical provisions
- The following elements of template S.22.01.21
  - Column C0030 – Impact of transitional measure on technical provisions
  - Row R0010 – Technical provisions
  - Row R0090 – Solvency Capital Requirement
- The following elements of template S.23.01.01
  - Row R0580: SCR
  - Row R0740: Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds
- The following elements of template S.28.02.01
  - Row R0310: SCR

A Business and Performance

A.1 Business

A.1.1 Unum EEA Group

A simplified SII Group Structure for the Unum EEA Group is presented below:



Unum EEA Group comprises the following entities as at 31 December 2019:

Name	Principal activity and material lines of business	Country of incorporation and material geographic area of operations	Class of shares held	Percentage holdings	Parent Company	Classification for purposes of SII consolidation
Unum European Holding Company Limited (UEHCL)	Provision of management services to other companies of which Unum Group is parent	England and Wales	Ordinary	100%	Unum Group Inc.	Full consolidation
Unum Limited (UL)	Group Income Protection, Group Life insurance, Group critical illness insurance and Dental insurance	England and Wales	Ordinary	72% 28%	UEHCL UPFC	Full consolidation/ Only regulated insurance company within the Unum EEA Group
Claims Services International Limited (CSI)	Provision of claims management services	England and Wales	Ordinary	50% 50%	UEHCL UL	Full consolidation
Unum Select Limited (USL)	Provision of education and enrolment services	England and Wales	Ordinary	100%	UEHCL	Full consolidation
National Dental Plan Limited (NDP)	Marketing and management services in relation to health insurance products	England and Wales	Ordinary	100%	UEHCL	Full consolidation
Claims Assistance (UK) Limited	Claims administration services	England and Wales	Ordinary	100%	UEHCL	Full consolidation
Smarter Financial Services LLP	Investment services	England and Wales	Ordinary	6.4%	UEHCL has a 6.4% share in the partnership	Disclosed on UEHCL's Balance Sheet as 'other investments'

UEHCL and UL have no other material related undertakings or significant branches outside of the Group structure described above. There are no qualifying holdings of over 10% in Unum Group Inc. which would require disclosure.

UL is the only regulated insurance company within the Unum EEA Group. As a result, the underwriting and investment performance data of UL and Unum EEA Group are aligned and presented together in the tables in sections A2 and A3.

A1.2 Regulation

UL and UEHCL is authorised by the PRA and regulated by the PRA and the Financial Conduct Authority (FCA). The addresses are:

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

Financial Conduct Authority
12 Endeavour Square
London
E20 1JN

The registered external auditor of the Unum EEA Group is:

Ernst & Young LLP
25 Churchill Place
Canary Wharf
London
E14 5EY

A1.3 Any significant business or other events that have occurred over the reporting period that have had a material impact on the undertaking

There have been no significant business or other events that have had a material impact on the Unum EEA or UL in the reporting period.

A1.4 Future outlook

There are a number of operational initiatives that UL and Unum EEA will be focusing on in 2020 in order to support its growth agenda, particularly the improvement of customer experience, enhancing its digital capabilities, widening its distribution and investing in employee engagement.

While UL and Unum EEA remains confident in its long term strategy and to delivery of its longer term growth aspirations, the Company continues to closely monitor and respond to the changes in its external environment from COVID-19, Brexit and Climate change, as noted below.

There is considerable uncertainty around the impacts of COVID-19 due to the fast developing nature of this event. We continue to monitor it closely to assess the impact it could have on both our customers, our employees, and our business plans. COVID-19 is likely to cause some short-term disruption to the business, reduce our growth expectations in the near-term, cause fluctuations in the level of claims payments and volatility in investment returns. However, we believe we are well positioned to capitalise on future growth opportunities as the operating environment improves. Our protection products and services remain relevant and valuable to customers and the active management by the UK and global governments to contain the impact is expected to mitigate the impact of the pandemic on our business, customers and employees.

Unum is doing its part to support customers and employees affected by COVID-19, and by reducing the risk of further infection. In March 2020, in response to the government guidelines we moved all but essential employees to work from home. We have resilient business continuity processes and systems and the business is continuing to provide all products and services to our customers and distribution partners.

Unum customers have access to a number of health and wellbeing services to help through difficult times including a range of tools and guidance to help maintain good mental health. For Group Income Protection, Group Critical Illness, and Group Life policyholders Unum LifeWorks, our Employee Assistance Programme, provides confidential, practical support on a range of everyday issues including work, family, relationships, money and health. Group Income Protection policyholders have access to Help@hand which provides access to four healthcare services, including a remote GP and mental health support, available through one dedicated app.

The safety of our people, partners and customers is our priority, while ensuring we continue to provide the best possible service*.*

We continue to monitor COVID-19 closely to assess the potential impact and will respond to the changing external environment to ensure that the business is in a position to continue to provide key products and services to our customers and partners and protect the UL and Unum EEA's financial position during this outbreak. Based on what we know to date and the forecasts that we have seen, we believe the impacts for UL and Unum EEA can be managed effectively.

Brexit

UL and Unum EEA do not foresee any direct challenges to their business models and operations from the broader economic uncertainties surrounding Brexit, due to UL's predominantly UK customer base. However, there is the potential for slower economic growth, volatility in the markets and lower interest rates for longer periods. There is also the potential for some minor disruption from suppliers. These risks are managed within UL's Risk and Capital Management Framework (Section C6) and mitigated by its capital position (Section E).

UL and Unum EEA's products and operating activities result in it having low risk exposure to climate change when compared to other business models. While the Company and the Group remains confident in its strategy and focussed on delivery of its growth aspirations, it continues to closely monitor and respond to the changes in its external environment. The strategy design and execution processes include consideration of climate change risk that is proportionate to the nature, scale and complexity of its business (See Sections B.8.2 and C6 for further details).

A.2 Underwriting performance: Unum Limited and Unum EEA Group

As UL is the only regulated insurance company within the EEA Group, the underwriting performance data is aligned for both the Group and Solo entity, and presented in the same tables below, with any differences noted. UL is 72% owned by the EEA Group and therefore there is a 28% minority interest in the underwriting figures disclosed.

Year ended 31 December 2019	Life insurance		Life Reinsurance	Non-life Insurance	Total £000
	Health Insurance £000	Other Life Insurance £000	Health Reinsurance £000	Medical expense insurance £000	
Gross Written Premiums	321,816	133,594	2,662	24,739	**482,811**
Net Written Premiums	319,562	92,212	2,539	24,739	**439,052**
Net Earned Premiums	319,566	91,062	2,545	25,255	**438,428**
Net Claims Incurred	253,960	70,178	16,184	18,457	**358,779**
Net Change in Technical Provision	27,062	17,877	(1,954)	-	**42,985**
Expenses	91,182	26,624	1,242	4,002	**123,051**
Underwriting performance	**(52,639)**	**(23,617)**	**(12,927)**	**2,796**	**(86,387)**

Year ended 31 December 2018	Life insurance		Life Reinsurance	Non-life Insurance	Total £000
	Health Insurance £000	Other Life Insurance £000	Health Reinsurance £000	Medical expense insurance £000	
Gross Written Premiums	309,666	120,013	2,882	23,159	**455,720**
Net Written Premiums	308,405	84,409	2,748	23,159	**418,721**
Net Earned Premiums	305,703	83,358	2,757	22,544	**414,362**
Net Claims Incurred	211,479	46,577	6,620	16,522	**281,198**
Net Change in Technical Provision	5,839	(10,368)	(1,539)	-	**(6,068)**
Expenses	87,499	26,315	345	3,842	**118,001**
Underwriting performance	**886**	**20,834**	**(2,669)**	**2,180**	**21,231**

**Prepared in accordance with UK GAAP with the exception of claims management expenses which under SII are classified as expenses.*

Underwriting performance presented in the tables above does not include investment income received and the market value movements in the assets held to match our liabilities. Including these items, UL made a profit on ordinary activities before tax of £91m (2018: £15.1m).

UL currently carries out all of its business from offices situated within the United Kingdom. The impact of transactions with non-UK policyholders on gross premiums written, net assets and profit before taxation is not material. UL has no material exposure to insurance risks outside of the United Kingdom. No geographical analysis has therefore been produced.

Gross premiums written in 2019 totalled £482.8 million, a 5.9% increase on the prior year figure of £455.7 million. This growth in premium was achieved through increases in sales to both new and existing customers and was further enhanced by our disciplined approach to underwriting and pricing and strong customer retention, evidenced in the Company’s improving persistency measure.

Premium persistency was strong across all product lines through 2019 finishing the year at 89.7%, compared to a prior year position of 88.6%. Net earned premiums for the Company totalled £438.4million in 2019 compared to £414.4million in 2018, an increase of 5.8%, driven by increases in Dental and Group Critical Illness (GCI) products particularly.

Net reported underwriting performance was impacted by the effect of the economic environment on market yields and claims reserving. Charges in the year for claims incurred and changes in other technical provisions totalled £401.8 million (2018: £275.1 million). The effect of changing discount rates on our technical provisions is included in the benefits charge and was the largest contributor to the unfavourable year on year performance. Interest rates applied for the purposes of discounting reserves saw a marked decrease in 2019 as yields on matching assets decreased, in contrast to yields in 2018 which were relatively stable.

A.3 Investment performance: Unum Limited and Unum EEA Group

As UL is the only regulated insurance company within the EEA Group, unless specified, the investment performance data is aligned for both the Group and Solo entity, and presented in the same tables below. UL is 72% owned by the EEA Group and therefore there is a 28% minority interest in the investment performance figures disclosed.

The other Group entities do not partake in investment activities and solely hold additional cash balances. UEHCL does not have any investments other than investments in subsidiaries and its investment in Smarter Investments LLP, which are detailed in the table in Section A.1.1.

A.3.1 Income and expenses by asset class: Unum Limited and Unum EEA Group

The interest and gains on assets are included below for each asset class disclosed on the Statement of Financial Position in UL's financial statements.

There are no material expenses in relation to loans and receivables and cash and cash equivalents. The only fees incurred are on investments in financial assets at fair value through profit and loss.

There are no gains or losses recognised directly in equity. There are no investments in securitisations.

Investment Income - Year ended 31 December 2019	Government bonds	Corporate bonds	Collective investment undertakings	Collateralised securities	Derivatives	Cash	Property	Total £000
Interest income from financial assets at fair value through profit or loss	4,849	76,454	116	1,168	11,241	-	-	**93,828**
Interest income from financial assets not at fair value through profit or loss	-	-	-	-	-	196	-	**196**
Gains/ (losses) on the realisation of investments	-	7,320	-	(30)	(15,543)	-	-	**(8,252)**
Movement in unrealised gains on investments	5,052	90,495	2	644	(10,433)	-	-	**85,760**
Rent-UL only	-	-	-	-	-	-	1,155	**1,155**

**Prepared in accordance with UK GAAP*
***Rent is intercompany and relates to UL only as it is eliminated on consolidation at Unum EEA Group level.*

Investment Income - Year ended 31 December 2018	Government bonds	Corporate bonds	Collective investment undertakings	Collateralised securities	Derivatives (restated)*	Cash	Property	Total (restated)* £000
Interest income from financial assets at fair value through profit or loss	4,655	79,614	-	1,031	(12,084)	-	-	73,216
Interest income from financial assets not at fair value through profit or loss	-	-	-	-	-	78	-	78
Gains on the realisation of investments	-	1,950	-	(12)	8,472	-	-	10,410
Movement in unrealised losses on investments	468	(98,806)	0	(1,029)	11,450	-	-	(87,917)
Rent- UL only	-	-	-	-	-	-	1,155	1,155

** The disclosure of fair value movements on Total Return Swaps derivatives, where the counterparty is a related party, has changed to align with similar natured items for presentational purposes in the income statement. The impact is a £12,002,000 increase in interest income on derivatives and an equal and oppposite reduction in the unrealised losses on derivatives.*
***Prepared in accordance with UK GAAP*
****Rent is intercompany and relates to UL only as it is eliminated on consolidation at Unum EEA Group level.*

The investment management charges highlighted in the table below are included in the expenses within the underwriting performance table in section A.2 in alignment with form S.05.01.

Investment Expenses	31 December 2019 £000	31 December 2018 £000
Investment management expenses	2,974	2,830

**Prepared in accordance with UK GAAP*

UL holds fixed and index-linked bonds as assets both to match liabilities and as surplus funds. During 2019 £85.8m of unrealised gains on investments were reported compared to £87.9m of unrealised losses (restated) in 2018. The Company views these unrealised gains and losses on bond securities as timing differences which are largely expected to reverse as we generally hold investments to maturity. There was no impact of amortisation and impairment on investment performance.

A.4 Performance of other activities: Unum Limited and Unum EEA Group

There are no other material items of income or expenditure for UL or the EEA Group.

A.5 Any other information: Unum Limited and Unum EEA Group

COVID-19 is considered to be a non adjusting post balance sheet event and as such no adjustments have been made to the valuation of assets and liabilities as at 31 December 2019.

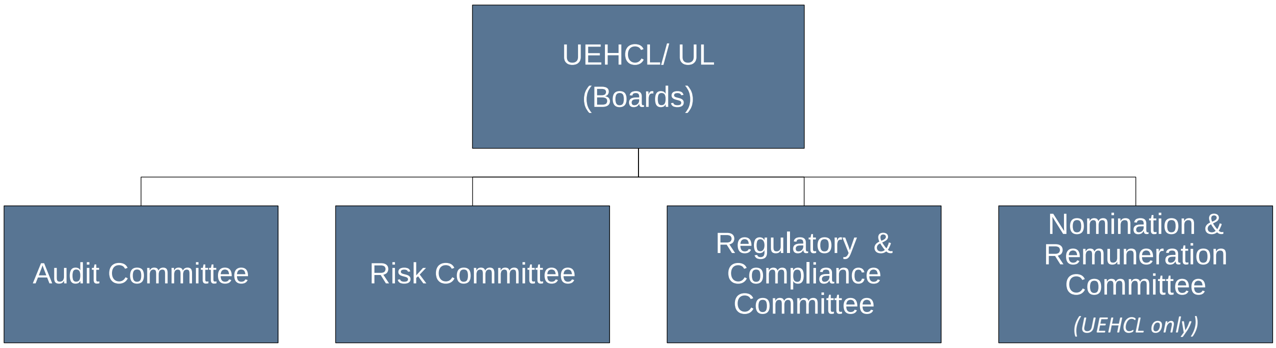
As at 31 March 2020, the Company and Group's solvency ratio had reduced from 31 December 2019 due to lower risk-free yields and wider corporate bond credit spreads. The solvency position remained within the target operating zone, as specified by our Capital Management Framework. We continue to actively monitor our solvency position and remain ready to take any necessary action to ensure we maintain a strong capital position as the pandemic develops.

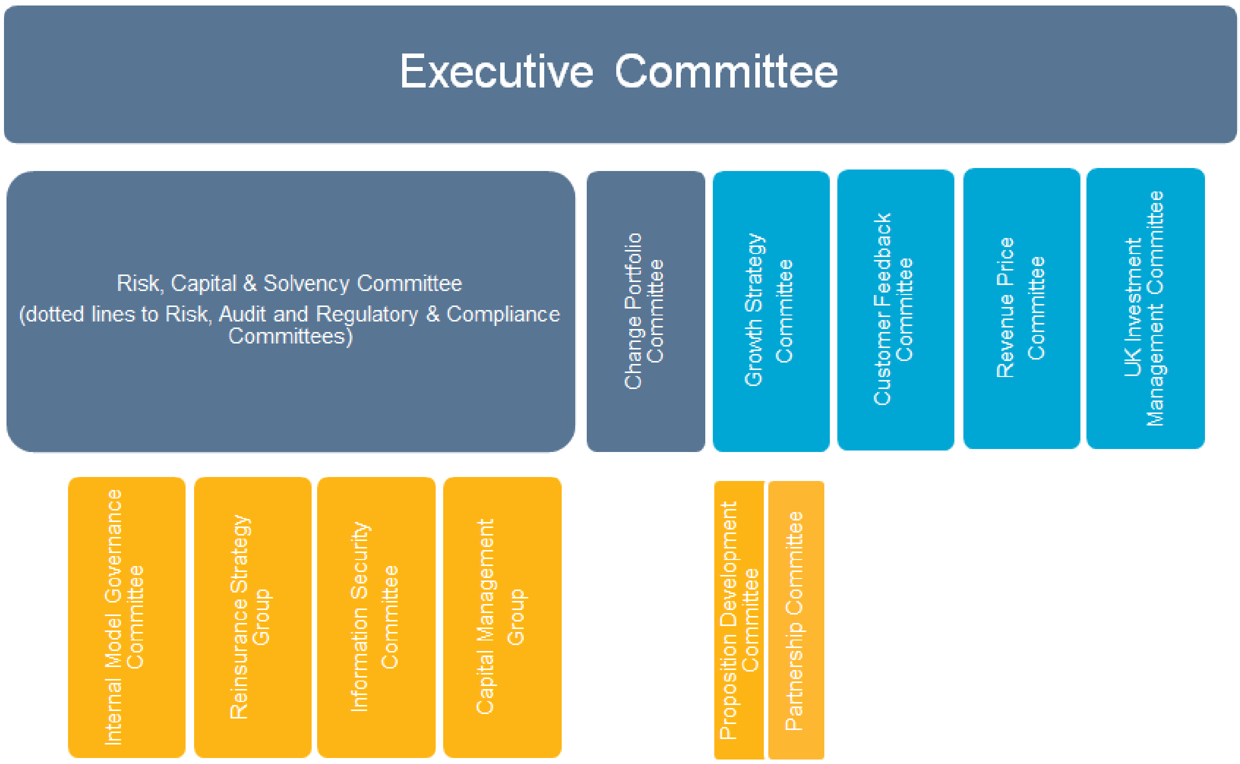
There is no further material information regarding the business of UL or the EEA Group and their performance to disclose.

B System of Governance

B.1 General information on the system of governance

Structure of the Administrative Management or Supervisory Board:





UEHCL and UL's governance rests ultimately with the joint Boards who are supported by the Audit, Risk, Regulatory & Compliance committees of both entities and by the Nomination & Remuneration Committee of UEHCL. The membership of the Boards and sub-committees of UEHCL and UL mirror each other.

The Boards are focussed on strong corporate governance and the application of the highest levels of industry best practice where appropriate and suitable. For example, the Board Committees are all chaired by non-executive directors. The appropriateness of the governance structure and associated framework are continually under review. The Company has a clear governance structure and defined roles and responsibilities at all levels, supported by the Executive Committee and its sub-committees shown in B.1 (which are described, where relevant, in later sections of this document).

Board of Directors

The role of the Boards

The Boards provide governance and oversight either directly or through the operation of its Board committees. They bring independent judgement on all issues of strategy, performance, resources and standards of conduct. At Board meetings, the Board deals with matters specifically reserved for its consideration which are set out within its terms of reference. The Board meets at least five times a year. Additional meetings are convened as required.

Responsibility for implementing strategy and managing day-to-day business operations is delegated to the Chief Executive Officer, who operates through the Executive Committee which meets weekly and is comprised of two executive directors and other executive management.

The composition of the Boards

The Boards comprise two independent executive directors (the CEO and CFO) and four independent non-executive directors (including the Chair).

Nomination and Remuneration Committee

The main objective of the UEHCL Nomination and Remuneration Committee is to ensure that there is a robust process around appointments to the Board (and other Committees) and to approve overall remuneration policy.

The Nomination and Remuneration Committee is chaired by a non-executive director. The Committee meets at least once a year. Additional meetings are convened as required.

New non-executive directors are appointed for an initial term of three years. This is extendable by no more than two additional three year periods. In exceptional circumstances non-executive directors can be extended beyond nine years subject to annual reappointment.

Senior executives' remuneration levels are reviewed by the Nomination and Remuneration Committee and set by the Human Capital Committee of Unum Group in accordance with the approved remuneration framework and policy.

Audit Committee

The purpose of the Audit Committee is to provide assurance on the integrity of financial reporting, controls and plans. The Committee is responsible for monitoring the effectiveness of the internal audit function, external auditor's independence, the external audit process and the supply of non-audit services. It is also responsible for reviewing the Company's financial plans, including the financial reporting of capital adequacy and projections, and dividend recommendations to the Board.

The Audit Committee is chaired by a non-executive director. The Committee meets at least four times a year. Additional meetings are convened as required.

The Head of Internal Audit and the external auditors have unrestricted access to the Chair of the Audit Committee and have at least one closed session with the Audit Committee members each year.

The Committee also makes recommendations to the Audit Committee of Unum Group, via the Company's Board, in relation to (i) the appointment of the Company's external auditors and (ii) seeking approval from the US for material non-audit services to be carried out for the Company by its external auditors. All such assignments are reviewed and referred to the Audit Committee of Unum Group to ensure that the auditor independence requirements of the Sarbanes-Oxley Act 2002 (as amended), Audit Directive, FRC Ethical Standard and other regulatory requirements are not breached or compromised.

Risk Committee

The Risk Committee's ('RC') main objective is to provide oversight of the nature and extent of significant risk faced by the Company and Unum EEA Group and their capital requirements. The Committee recommends the risk management strategy and appetite to the Boards and oversees appropriate risk frameworks, within which the Company's risk and capital management processes and annual risk plan can be tracked and monitored.

The RC is chaired by a non-executive director. The Committee meets at least four times a year. Additional meetings are convened as required.

The Chief Risk Officer has unrestricted access to the Chair of the RC and has at least one closed session with the RC members each year.

The RC is supported by the Risk, Capital and Solvency Committee (RCSC), a quarterly Executive Committee meeting whose responsibilities include challenging the company's risk profile and controls; reviewing/challenging risk appetite tolerances; and planning and assessing the adequacy of the Company's capital requirements.

Regulatory and Compliance Committee

The Regulatory and Compliance Committee's main objective is to provide oversight of the regulatory and legislative framework that the Company operates within. The Committee monitors and reviews compliance, legal and regulatory requirements including financial crime, data protection, human resources, conduct risk, culture, Treating Customers Fairly requirements and health and safety.

The Regulatory and Compliance Committee is chaired by a non-executive director. The Committee meets at least four times a year. Additional meetings are convened as required.

B.1.1 Material changes

During the year, as part of an orderly succession plan, a new independent Chair of the Board was appointed and new Independent Non-Executive Director appointed to the Board and as Risk Committee Chair.

B.1.2 Remuneration policy and practices

We seek to operate remuneration policy and practices that are in line with the Group's long-term interests and performance.

Our principal means of rewarding our staff is through basic salaries which are regularly reviewed to ensure market competitiveness using comprehensive Financial Services and other relevant survey data. Individuals are paid within salary ranges with actual salary and salary increases related to individual performance as measured against performance objectives.

We also operate a company bonus scheme, Annual Incentive Plan (also known as Performance Based Incentive or “PBI”) which is designed so that the Group can reward and encourage its staff by providing a link between the Company’s performance and their individual performance.

There are longer-term performance measures and incentives for our Executive Directors including links to operation within risk appetite. There is a corporate earnings threshold that must be met before any long term incentive award can be granted. Additionally, there is a deferral component to these awards since each is subject to a vesting period. Under the conditions of the award the Directors have to have been continuously employed with Unum Group and its subsidiaries from the award date to the date of the stock vesting to the Directors.

There is no supplementary pension or early retirement scheme available for members of the management body or key function holders.

B.1.3 Related Party Transactions

During 2019 Unum EEA Group and UL entered into various transactions with fellow participating interests which are subject to common control from Unum Group including Unum European Holding Company Ltd, Unum Limited, Claims Services International Ltd, Unum Select Limited and National Dental Plan Ltd. All transactions are conducted within the normal course of business.

During 2019, UL established a new credit facility the form of an intercompany agreement with Unum Group Inc. The agreement is in place to provide additional credit to UL if there are any exceptional short-term liquidity needs, however the Directors consider the likelihood of the facility being called upon as remote.

UL has transacted approximately £350m of notional Total Return Swaps, to mitigate the credit risk on its bond portfolio, with other US entities subject to common control from Unum Group Inc.

Aside from intragroup outsourced activities, the only other material transactions between Unum EEA Group and the shareholder Unum Group Inc. was in relation to expense recharges and dividends.

There were no material transactions during the reporting period between the Company and the Board members and members of the administrative, management or supervisory body.

B.2 Fit and proper requirements

Unum EEA Group has policies and procedures to ensure that the persons effectively running the business or who have other key functions are fit and proper to do so. UL defines these persons as Senior Management Functions (SMFs) and Certification Functions.

B.2.1 Process for assessing fitness and propriety

UL ensures that the persons effectively running the business are fit and proper. This includes demonstrating on appointment and on an ongoing basis that the individual:

- Has the personal characteristics (including being of good repute and integrity);
- Possesses the level of competence, knowledge and experience;
- Has the relevant qualifications or is progressing towards achieving qualifications; and
- Has undergone or is undergoing all training.

The Senior Managers & Certification Regime Fitness and Propriety and Conduct Rules Policy outlines the policy for establishing fitness and propriety at recruitment and on an ongoing basis thereafter.

The assessment within the recruitment process includes:

- A review of CV, qualifications and experience;
- A skills and competence gap analysis;
- A fit and proper declaration from the individual;
- Regulatory references for SMF and Certification Functions, from employers for at least the previous 6 years;
- Background checks including criminal background and financial soundness; and
- Consideration of how the individual's appointment will advance the firm's strategy and objectives.

Unum monitors ongoing fitness and propriety on a regular basis through:

- Regular one to one meetings with line manager and formal reviews once a year;
- Annual self-attestation of fitness and propriety;
- Regular criminal background and financial soundness checks; and
- Reviews of ongoing training.

Persons effectively running the business or carrying out other key functions are required to notify Unum should there be any change in their fitness and propriety.

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

B.3.1 Risk management system

This section applies to both the Unum EEA Group and UL as the same risk management system is applied consistently to all entities within the Unum EEA Group.

The Unum EEA Risk and Capital Operating Model (RCOM) sets out the risk management system and notably its governance structure, capital management framework and the policies, processes and tools used to manage it. At the heart of the RCOM are the Internal Model and Own Risk and Solvency Assessment (ORSA) which combine to provide the internal assessment process and quantification of risk which feed into strategic decision making, the management of solvency, continued compliance with capital requirements and any action required due to a change in risk profile.

Risk identification

Risk identification is an ongoing activity and Unum EEA maintains a register of known risks, as well as capturing emerging risks, external and internal headwinds and tailwinds. These are reviewed regularly to ensure they reflect the current risk profile of the organisation, recognising that changes occur over time. This part of the RCOM is captured through the Risk Identification and Emerging Risk Process.

Risk measurement

Risk effectiveness is measured against Unum EEA's Risk Appetite. This is summarised in the Company's Risk Appetite Statement which is reviewed and recommended to the Board for approval by the Risk Committee on an annual basis. The Risk Appetite Statement articulates the categories of risk and key tolerances that Unum EEA has consciously decided to accept in its day to day activities in order to meet its overall business strategy.

Risk management

The treatment of Unum EEA's risks include risk acceptance, risk avoidance, risk transfer and application of internal controls. A governance framework is established within the RCOM to provide oversight and day-to-day management of risk, along with a suite of sub-risk policies which are designed to provide mandatory approaches to managing each of Unum's Risk Categories. The risk mitigation techniques implemented vary by risk and more detail can be found in section C.

Risk monitoring

Risk monitoring is a fundamental concept of effective risk management. Regular monitoring of risk across Unum EEA is the responsibility of the Risk function. Unum EEA's risk profile is monitored using Key Risk Indicators, the Risk and Control Assessment process, analysing Risk Events and via the Emerging Risk Process.

Risk reporting

Regular risk reporting to RCSC and RC presents a summary of the monitoring activity decribed above. Where required, more detailed reporting is provided by the Risk function to meet specific ad-hoc requirements. The main risk reporting channels are through the annual Own Risk and Solvency Report and quarterly CRO report which are both presented to RCSC and RC. The CRO report includes reporting current risk profile against agreed appetite and a forward looking view including emerging risks and headwinds.

B.3.2 Risk management system implementation and integration

This section applies to both the Unum EEA Group and the Solo entity of UL as the same risk management system applies consistently to all entities within the Unum EEA Group.

Roles, responsibilities & accountabilities for the Internal Model

In addition to the responsibilities outlined in Section B1, the following roles are assigned in relation to Unum EEA's Internal Model.

The Board

Ultimate responsibility for the management of the Internal Model lies with the Board, which means:

- Ensuring that all risks are understood and managed effectively;
- Ensuring that the Risk Committee possesses sufficient professional qualifications, knowledge and experience in all the relevant areas of the business to give adequate assurance that they are collectively able to provide a sound and prudent management of the Internal Model; and
- Final approval of the Internal Model and recommendations for major change.

For day-to-day management purposes, the Board has delegated authority for risk management to key individuals, and to key Board and management committees**.**

Risk Committee

The Risk Committee (RC) is responsible for ensuring the ongoing appropriateness of the design and operations of the Internal Model, and that the Internal Model continues to appropriately reflect Unum EEA's risk profile by ensuring that:

- Each of the functions listed above possesses sufficient resources to develop, monitor and maintain the Internal Model; and
- There are adequate independent review procedures in place around the Internal Model design, operation and validation.

The RC is authorised to take independent advice where such advice is required in order to meet their responsibilities for the Internal Model.

RCSC

The Risk Capital Solvency Committee (RCSC) is intended to provide goverance of the Internal Model and will:

- satisfy itself that recommendations on model development and model changes are aligned to current and future business strategy; and
- provide preliminary approval on model changes.

Both the RC and the RCSC may recommend changes to the strategic direction of the Internal Model.

IMGC

The Internal Model Governance Committee (IMGC) is a subcommittee of the RCSC and is responsible for:

- Internal Model governance;
- embedding model use and ongoing development; and
- overseeing the Unum EEA expert judgement process.

Role of the Risk function

The Risk function is responsible for:

- The Enterprise Risk Management (ERM) framework, risk taxonomy and provision of assurance to the Risk Committee;
- Design of RCOM and the Internal Model Scope, in consultation with the wider firm;
- Governance of policies relating to the Internal Model;
- Ensuring implementation of SII in accordance with the Solvency requirements;
- Independent validation of the Internal Model to ensure it remains fit for use;
- In conjunction with the Finance Function, ensuring the Board, executive and senior management have, and demonstrate, an appropriate understanding of SII and the role of the Internal Model; and
- Carrying out the regulatory responsibilities of the Actuarial Function with the UK Chief Actuary reporting to the UK Chief Risk Officer (See Section B6).

On an ongoing basis, the Risk function:

- Reviews the Internal Model Governance Framework, at least once a year;
- Identifies and challenges the need for model change to reflect material changes in the corporate risk profile;
- Monitors and manages operational risk and ensures the modelling of operational risk within the Internal Model reflects the Unum EEA's operational risks;
- Carries out quarterly review of risks and controls within RCOM and the Internal Model;
- Reviews the policies owned by the UK Chief Risk Officer (CRO) at least once a year;
- Oversees divisional "deep dives" into the risk profile of each business area;
- Manages plans for future development of the Internal Model including tracking any remediation actions;
- Promotes a corporate culture that reflects Unum EEA's risk and capital vision; and
- Monitors the financial risks from climate change.

The UK CRO has a matrix reporting line both to the Group CRO and the UK CEO as well as regular direct contact with the non-executive Risk Committee chair.

B.3.3 Process and integration

Unum EEA's ORSA encompasses all the risk and capital management processes that allow the Company to identify the material risks to the business, to manage the risk profile within our risk appetite limits and to form an internal view of the capital required.

The UL Board is responsible for the ORSA on behalf of Unum EEA and ensures it takes account of the information coming from the ORSA process in its key decisions. The ORSA brings together information across the enterprise, in particular Risk and Finance. Consequently the ORSA framework is managed and coordinated by the CRO (on behalf of the Board).

ORSA process activities can be grouped into the following categories:

- Performing the underlying risk and capital management processes;
- Compiling the ORSA Annual Results Report;
- Using ORSA information in decision-making; and
- Performing the above activities in response to significant events.

B.3.4 Frequency of ORSA reviews and approval

Unum EEA operates a quarterly ORSA process with outputs consolidated into an ORSA Annual Results Report containing the latest information from the underlying risk and capital management processes. The ORSA Annual Results Report is scrutinised by the RCSC and is approved by the Risk Committee on behalf of the Board.

Unum EEA has made use of the option provided for in the third subparagraph of Article 246(4) of Directive 2009/138/EC and has received a waiver from the PRA to produce a single ORSA Report to cover the EEA Group and the firm-level ORSA for all the firms in the Group. This is consistent with Unum EEA's approach to use a single Internal Model for both the solo entity, UL and the Unum EEA Group.

B.3.5 Determination of own solvency needs

Unum EEA quantifies risks for a sufficiently wide range of outcomes, using appropriate techniques to provide an adequate basis for risk and capital management purposes.

The assessment of the overall solvency:

- Reflects the risks arising from all assets and liabilities, including intra-group and off-balance sheet arrangements;
- Reflects Unum EEA's management practices, systems and controls;
- Assesses the quality of processes and inputs, in particular the adequacy of the system of governance, taking into consideration risks that may arise from inadequacies or deficiencies;
- Connects business planning to solvency needs;
- Includes explicit identification of possible future scenarios;
- Addresses potential external stress; and
- Uses a valuation basis that is consistent throughout the overall solvency needs assessment.

Unum EEA's assessment of its overall solvency needs uses economic capital modelling techniques, including the use of the Internal Model. The level of sophistication of the methods and techniques employed is appropriate to the risk profile at the time of the assessment and takes into account management actions that may be adopted in adverse circumstances.

B.4 Internal control system

This section applies to both the Unum EEA Group and the Solo entity of UL as the same internal control system is applied consistently to all entities within the Unum EEA Group.

This consistency is achieved by UEHCL having the same Board (including independent directors) as that of UL using the same corporate governance framework, including shared corporate functions such as Risk Management, Finance, Compliance and Internal Audit.

Unum EEA has a robust system of governance with a clear and well defined organisational structure that has clear lines of responsibilities through the organisation which are documented. The System of Governance is designed to establish, implement and maintain effective cooperation, internal reporting and communication for information at all relevant levels as well as establishing decision making frameworks. Proper corporate governance is achieved by:

- Monitoring by the Board: the Board monitors the corporate governance continuously through its activities, ensuring there are clear lines of accountability for management. It will also monitor and input into the corporate strategy, key business decisions, the risk policies, and performance;
- Review of the effectiveness of internal controls by the Controlled Function Heads who regularly review the effectiveness of the internal controls through the first, second and third lines of defence;
- Internal audits, risk, compliance assurance and quality assurance: a programme of internal audits assess the standard of governance processes, operational activities and financial controls;
- Policies and procedures documenting the approach, risk appetite and controls;
- Sarbanes-Oxley Act controls: a subset of our control environment which have been mapped, where applicable, to appropriate corporate risks;
- Performance based remuneration: the Board oversee the application of the compensation and succession planning of Executives; and
- Monitoring by the ultimate parent company, Unum Group Inc, and other stakeholders.

Rule 4.1 of the PRA Rulebook requires undertakings to have in place a Compliance Function as part of the internal control system. The role of this function is to identify, assess, monitor and report the compliance risk exposure of the undertaking.

In accordance with Rule 4.2 of the PRA Rulebook, the Compliance Function advises the administrative, management or supervisory body on compliance with the applicable laws and regulations. In order to assess the possible impact of significant changes in the legal and regulatory environment that the undertaking operates in, as well as identifying and assessing the compliance risk that could arise from such changes, the Compliance Function monitors relevant regulatory legislation, changes to regulation and assesses its potential impact on the undertaking.

B.5 Internal Audit Function

This section applies to both the Unum EEA Group and the Solo entity (UL) as the same Internal Audit Function operates for all entities within the Unum EEA Group.

B.5.1 Implementation of Internal Audit Function

Internal Audit is the 3rd line in the three lines of defence model operating within the Unum EEA Group. It is responsible for providing the Audit Committee of the Board of Directors and management with independent, objective controls assurance and advice designed to add value and improve the operations of the Group. It helps the organisation accomplish its objectives by bringing a systematic, disciplined approach to the evaluation of key controls, risk management procedures and governance processes.

The function operates in accordance with the Definition of Internal Auditing, Code of Ethics, the International Professional Practices Framework, and the UK Code for Internal Audit functions operating in the financial services industry, as published by the Chartered Institute of Internal Auditors.

The role of Internal Audit is to understand the key risks of the Group and to examine and evaluate the design and effectiveness of the system of risk management and internal control managed by the Group. Internal Audit provides recommendations, advice and guidance to help management discharge its operational and control responsibilities.

Internal Audit also assesses the evidence supporting the cultural behaviours that underpin the ‘We are Unum’ and Code of Conduct principles. This assessment is performed on every audit and is based on four key factors relevant to a culture assessment: the tone from the top, the application of ‘SMART risk’ decision-making, the metrics and management information available, and the engagement and support received from management and staff during the audit.

The Head of Audit is responsible for developing an annual audit plan based on an understanding of the significant risks facing the Group, submitting the plan to the UK Audit Committee for review and approval, and implementing the approved plan through delivery of timely audit reports. The Head of Audit flexes the plan where required for unplanned events and emerging risks, and provides the rationale for any changes to the plan to the Audit Committee for approval.

B.5.2 Independence and objectivity of the Internal Audit Function

The independence of Internal Audit is embodied in the Internal Audit Charter. It is approved by the Audit Committee annually and reinforces the independence of the function.

Internal Audit has unrestricted access to all records, property and personnel (including contractors and others acting on behalf of the Group). There is no impediment to Internal Audit’s ability to challenge executive management and to report its concerns. All staff and management within the Group are required to provide the necessary assistance to, and co-operate with, the staff of Internal Audit in the performance of their duties.

Internal Audit is unrestricted in setting its scope and independently assesses the key risks that face the Group, including emerging and systemic risks, and how effectively these risks are being managed.

On a periodic basis, and in accordance with internal auditing standards, the Internal Audit function itself is independently assessed in terms of effectiveness and performance, and at least once every five years. The assessment includes an evaluation of the function's compliance with the agreed audit methodology and internal auditing standards, the efficiency and effectiveness of the function, stakeholder management processes, and opportunities for improvement.

To reinforce the function's independence, the Head of Audit reports directly to the Chair of the Audit Committee and the Unum Group Chief Auditor.

B.6 Actuarial Function

This section only applies to UL as the rest of the Unum EEA Group are not required to have an Actuarial Function.

The tasks UL's Actuarial function is required to perform, as per the SII regulations, include:

- Ensuring appropriateness of the underlying methodologies, assumptions and data in the calculation of technical provisions;
- Assessing the sufficiency and quality of data used to determine the technical provisions and informing the Board of the reliability and adequacy of the calculation of technical provisions;
- Opining on overall underwriting policy and reinsurance adequacy; and
- Contributing to the effective implementation of the risk management system, particularly in the modelling of risks and capital requirements.

The tasks are performed at least annually. An Actuarial Function Report is produced annually by the UK Chief Actuary covering the technical provisions and opinions on underwriting and reinsurance arrangements and presented to the Audit Committee and Board for approval.

Throughout the period, the Actuarial function was appropriately resourced with personnel of relevant actuarial skills, qualification and experience. The roles and responsibilities of those within the function are documented and there is an ongoing programme of training and development.

Where the Actuarial function performs other roles outside those outlined in the SII regulations, process and procedures are in place to manage any conflict of interest, including external review and committee oversight. Within the second line Risk function, the UK Chief Actuary also contributes to the effective implementation of the risk management system in relation to Internal Model Governance, Validation and supports the ORSA and risk management process by reviewing forward looking capital forecast and stress and scenario test results.

The tasks relating to the coordination and calculation of the technical provisions, the deriving of assumptions and ensuring the sufficiency and quality of data are performed internally within the first line Finance function (as described further in Section D) with oversight from the UK Chief Actuary. Sensitivity analysis is also performed within the first line Finance function to compliment understanding of the materiality of the various assumptions and the uncertainty they present (as described in Section C).

The first line Revenue Strategy team sets pricing bases and implements reinsurance arrangements.They provide recommendations on the appropriate strategy to ensure consistency of underwriting practices with product pricing, the potential impact on future profitability to key risk factors and potential changes in terms and conditions. They also recommend reinsurance arrangements to meet risk appetite objectives including mitigating balance sheet volatility whilst ensuring commercial terms remain competitive. There is regular interaction between the Revenue Strategy team and the Actuarial function, and framework and metrics have been developed for establishing underwriting and reinsurance opinions.

B.7 Outsourcing

This section applies to both the Unum EEA Group and the Solo entity of UL as the same Material Outsourcing Policy operates for all entities within the Unum EEA Group.

The Material Outsourcing Policy for the whole of the Unum EEA Group sets out the approach to managing the operational risk of the delegation or transfer of a materially important activity defined as "a critical or important function or activity on the basis of whether it is essential to the operation of the undertaking as it would be unable to deliver its services to policyholders without the function of activity".

This includes:

- All arrangements whereby an important operational service or function is performed by a third party on behalf of Unum EEA; and
- All intra-Group arrangements whereby one Group company performs an important operational service or function for another Group company.

  (each a "Material Outsourcing Contract").

When Unum EEA is considering whether a particular function or activity is to be outsourced, the Policy provides that an assessment should be undertaken as to whether the function or activity would be appropriate for outsourcing. The decision to outsource comprises an assessment of the potential benefits against any possible increased risks and includes consideration of the impact of outsourcing on the business. Benefits may include greater expertise, speed to market, technological benefits and cost efficiencies. The risks may include those associated with loss of control, decrease in operational expertise and the cost of management oversight.

The Chief Legal and Compliance Officer is responsible on behalf of the ExCo for reporting material outsourcing arrangements to the Board. Reporting will include any significant exceptions of a material outsourcing service in complying with Unum EEA's Material Outsourcing Policy and Procedures. Any material issues, defined in terms of the inherent impact that data has on identifying and managing Unum EEA's Risk and Capital profile, must be notified to the (RCSC) which also receives a quarterly report of the delivery of services. The Chief Legal and Compliance Officer is responsible for ensuring that the Material Outsourcing Policy complies with SII, the PRA and FCA and other relevant regulatory and legal requirements. The Chief Legal and Compliance Officer is responsible for notifying the PRA and the FCA of all material outsourcing contracts.

Intragroup Outsourcing	Jurisdiction of outsourced activity
Human Resources (enterprise wide services)	US
Investment Management	US
Information technology services (enterprise wide services)	US
Outsourced Service	
Claim payments for specified customer segments	UK
New Business and existing business administration for specified products	UK
Outsourcing of preparation of Corporation Tax, Value Added Tax and Insurance Premium Tax returns	UK

The above intra-group arrangements relate to the wider Unum Group in the US. The intra-group arrangements between entities in the Unum EEA Group are detailed in Section B.1.3 on related party transactions.

B.8 Any other information

B.8.1 Assessment of adequacy of the system of governance

The Chief Legal and Compliance Officer has reviewed the systems of governance for Unum EEA Group and UL as at 31 December 2019 and has confirmed the adequacy of the systems of governance given the nature, scale and complexity of risks inherent in the business and its compliance with EIOPA guidelines to the Board members.

B.8.2 Climate change

Under the requirements of the PRA's SS 3/19, UL has allocated Senior Management Function responsibility for the financial risks from climate change to the Chief Risk Officer. In addition, the Chair has taken on Director responsibility for the same in a Board capacity.

B.8.3 Any other material information

There is no other information regarding the system of governance of Unum EEA that is considered material to this SFCR.

C. Risk profile

This section applies to both Unum EEA and UL as the same Risk categorisation exists for all entities within the Unum EEA Group. All the material risks reside within UL as explained in Section C1.

Materiality of risks

UL and Unum EEA Group have ranked all of its risks covered by the Internal Model, into three categories (High, Medium, Low), according to their materiality. This is primarily based on the size of the exposure as indicated by the SCR. However, the following considerations are also taken into account:

- Unum EEA's risk appetite, competitive advantage and control over each risk (reflecting the risk-reward dynamic and the internal expertise relating to each risk);
- Reliance on risk mitigation techniques (e.g. reinsurance and derivatives) to reduce the exposure; and
- The level of complexity of underlying factors affecting the risk, and the level of sophistication required to support asset-liability modelling, risk management and business decisions.

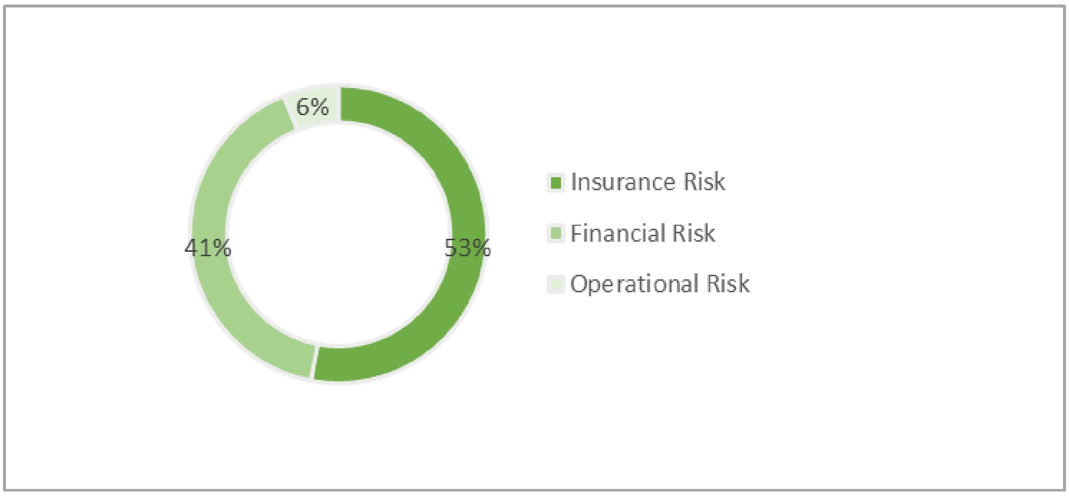
The overall classification for each risk category is as follows:

- Underwriting/ Insurance Risk: High materiality (C.1)
- Market Risk: Medium materiality (C.2)
- Credit Risk: High materiality (C.3)
- Liquidity Risk: Low materiality (C.4)
- Operational Risk/ Conduct Risk: High materiality (C.5)
- Other risks- Group Risk and Strategy Risk: Low materiality (C.6)

There has been no change in this classification over the reporting period.

The split of pre-diversified SCR by high-level risk type for UL and Unum EEA Group as at 31 December 2019 is shown below (with Market Risk and Credit Risk being classified as "Financial"):

Capital Requirements by Risk



C.1 Underwriting/Insurance Risk

This is the risk that actual claims and expenses experience varies from that assumed in product pricing including mispricing and reserving assumptions.

C.1.1 Assessment measures, concentration and mitigation

The sections below describe the assessment measures, concentration and mitigation for the most significant risks within the Insurance Risk category, which all reside within UL. There have been no material changes in these assessment measures or in the concentrations and mitigations over the reporting period.

The Insurance Risk category also includes other risks which are less material than those discussed below, including the risk of higher than expected claims on the dental business, persistency risk, expense risk and mortality risk.

Termination and Inception Risks

Unum EEA specialises in employer paid 'Group Risk' products. This results in the termination and inception risks within UL being relatively significant within the Underwriting risk category.

Termination risk refers to the risk of incapacity claims lasting longer than expected. This is UL's biggest insurance risk, due to the significant size of the claims in payment portfolio in UL as well as the active policies. Inception risk is the risk of higher than expected incapacity/morbidity claims.

Both these risks are assessed using a consistent method. Specifically, it is recognised that the potential risk is captured by either:

- Random fluctuation: the risk of having a "bad year" despite the best estimate assumption being correct; and
- Permanent step-change: the risk of a long term, systematic shift in the underlying experience due to changes in the level and trend risk drivers.

UL has high volumes of internal experience data with the required level of granularity giving it a large degree of flexibility in the analysis. The assessment of random fluctuation risk is therefore based on internal data as it ensures higher relevance to existing risk exposure relative to using external data (which is not available with sufficient granularity).

In the absence of relevant internal past experience for calibrating step change risks, judgement is formed based on scenario analysis and a number of factors such as relevant external research, historical data and medical opinion.

Pandemic Risk

Pandemic Risk is the risk that a potential pandemic results in mortality being higher than expected for UL's Group Life and Group Dependants product, morbidity inceptions being higher than expected and/or terminations being lower than expected on the Income Protection products. This is classified as a high materiality risk for Unum within the Underwriting/Insurance risk category. All short-term material exposure to pandemic risk is expected to arise from the Group Life and Dependants products as any impact of a pandemic on the income protection business is likely to emerge over a longer time period.

The assessment of this risk is focussed on the type of infection or disease which could potentially lead to a pandemic outbreak.

As no internal data exists to model pandemic risk, calibration is based on an assessment of three separate key factors which are determined based on past pandemics and publications giving consideration to medical advancements. The factors relate to the proportion of the general population that becomes infected during a pandemic, the death rate among those infected and the incidence in the insured workforce. Each of the factors is set based on judgements given past external pandemic experience.

Catastrophe Concentration

Catastrophe Concentration Risk is the risk of a one-off catastrophe occurring in a geographical area where Unum EEA has significant insured exposure, leading to a large accumulation of claims.

The main sources of catastrophe concentration risk are the active Group Risk products in UL where the exposures are concentrated in specific locations.

External data is used to assess this risk, since no internal data is available; no catastrophe has occurred to date in any location that UL has written business. Analysis of historic events has been conducted, namely terrorist attacks, industrial catastrophes and natural disasters. From this, it is concluded that a terrorist attack delivered in densely populated city centres at large buildings, could potentially lead to the greatest casualties. The likely mortality and injury rates are then assessed for this scenario.

Longevity Risk

Longevity risk is the risk of fewer than expected deaths among the Group Dependents claimants, leading to higher reserves for these claims.

In the absence of sufficient internal past experience for calibrating the longevity risk stress, judgement is formed based on scenario analysis and a number of factors such as relevant external research, industry benchmarking and medical opinion.

C.1.2 Risk mitigation

In view of the materiality of the above risks, Unum EEA makes extensive use of risk mitigation techniques. Reinsurance is the primary risk mitigating technique and includes a variety of treaties from quota share to surplus to catastrophe providing different levels of risk mitigation across the risks.

The Reinsurance Strategy Group (RSG) reports into the RCSC, and is responsible for setting reinsurance strategy, and monitoring and managing the reinsurance process. It meets at least quarterly and monitors the continued effectiveness of the current reinsurance arrangements on a regular basis against the agreed reinsurance criteria such as reducing volatility, gaining reinsurance expertise, reducing exposure to concentration risks, improving solvency capital and profits, as well as the reinsurer selection criteria such as credit rating, experience and expertise as set out in the relevant policy document and reviews / re-tenders the arrangements on a periodic basis, where relevant.

Other risk mitigation techniques include:

- review of premium rates if the experience has been poor;
- control over the type and mix of business; and
- strict application of underwriting and claims approval process.

C.2 Market Risk

Market risk is the risk of loss, or of adverse change in the financial situation resulting, directly or indirectly, from fluctuations in the level and volatility of market prices of assets, liabilities and financial instruments.

C.2.1 Assessment measures, concentration and mitigation

The sections below describe the assessment measures for the most significant risks within the Market Risk category, which all reside within UL. There have been no material changes in these assessment measures or in the concentrations and mitigations over the reporting period.

External data is used in the assessment of these risks. This is felt to be reasonable because:

- It is the standard practice across the industry for market risk calibration; and
- Higher volume of data is available relative to internal data leading to better credibility of the stress.

Unum EEA has limited exposure to equity, property and currency risks. The risks are assessed by analysing historic annual movements in relevant indices in addition to industry benchmarking.

Interest rate risk

Interest rate risk is the risk of adverse interest rate movements, such that the value of Unum EEA's assets reduces/increases by more/less than the value of Unum EEA's liabilities.

This risk currently applies to UL, whose assets are primarily invested in bonds, and to the defined benefit pension scheme for UL employees (the Pension Fund) where the risk resides within UEHCL.

The risk is assessed by analysing the variation in the relative movement in the Bank of England (BoE) interest rate term structure data from 1970.

Principal Component Analysis (PCA), an industry standard proven statistical technique, is used to determine the various independent patterns implied by the underlying data set. This approach allows modelling of changes in the shape of the yield curve (i.e. shift, tilt and bend in the term structure of interest rates). The shift stresses (relative) are supplemented by an absolute floor to ensure the stresses remain appropriate under low yields environment.

Inflation rate risk

Inflation risk is the risk of adverse movements in inflation, such that the value of Unum EEA's inflation-linked assets reduces/increases by more/less than the value of UL's inflation-linked liabilities. In addition, the Pension Fund's Assets and Liabilities are also exposed to inflation risk.

This risk is assessed by analysing the variation in historic spot rates for implied inflation by analysing the difference between the nominal forward rates and real forward rates. The methodology for assessing the risk follows a similar method to that of interest rates.

Gilt/ swap spread risk

The gilt swap spread risk is the basis risk that arises for UL when the UK government and other sovereign bonds are used to back insurance liabilities that are discounted using rates based on swap.

The risk is assessed by analysing the variation in the relative movement in the UK government bonds and swap data from 1999.

Market concentration risk

This is the risk of being over-exposed to individual investment counterparties and consequently to the specific risks of the failure of those counterparties (on top of the systematic risk relating to the overall market). This risk is assessed based on concentration thresholds.

C.2.2 Risk Mitigation

The main risk mitigation technique used for market risk is to manage and limit the exposure by matching the duration of assets and liabilities, separately for fixed and index linked portfolios. There are limits on the acceptable level of mismatches and these are monitored regularly for continued appropriateness. Furthermore, there are limits on the amount of investments by individual counterparties, class of asset and issuer as set out in UL's Investment Limits and Restriction document.

C.3 Credit Risk

Credit risk is the risk from another party failing to perform its debt or reinsurance obligations, or failing to perform them in a timely fashion, including the risk of reductions in the market value of corporate bonds due to:

- Failure to meet principal or interest payments in full and on time (Default Risk);
- Reduction in the credit rating of a bond issuer (Transition Risk); and/or
- Widening of spread over a comparable risk free rate due to changes in the expectation of default, liquidity or other causes (Credit Spread Risk).

C.3.1 Assessment measures, concentration and mitigation

The sections below describe the assessment measures for the most significant risk within the Credit Risk category. Other counterparty risk is considerably less material for the Unum EEA Group. There have been no material changes in these assessment measures or in the concentrations and mitigations over the reporting period.

Corporate bond credit risk

UL mainly invests in corporate bonds and gilts to back its liabilities.The assessment of credit risk for corporate bonds uses external UK data that allows for default, transition and spread risk. The credit risks for financial and non-financial bonds are assessed separately.

The data contains bond information by bond duration and credit rating. Within each duration / rating bucket a distribution is fitted to the data. The best fitting distribution and parameters are chosen. The process is repeated for each duration / rating bucket to derive the 'raw' 1-in-200 stresses.

Once the 'raw' stresses are derived, an expert judgement overlay is applied to ensure the final stresses are appropriate in light of the historical spread movements, and in line with industry benchmarking. This sometimes results in different stresses being recommended other than the 'raw' stresses that fall out of the distribution fitting process.

C.3.2 Risk mitigation

The main risk mitigation technique used to manage corporate bond credit risk to ensure that no material risk concentrations arise, is to impose limits on the amount of investments by asset classes, investment grade bonds, individual counterparties and sectors as set out in UL's Investment Limits and Restrictions. The performance of the bond portfolio is actively monitored and managed by the monthly Investment Management Committee meeting.

In addition, reinsurance and credit derivatives (Total Return Swaps) are used to manage exposures to credit risks (and are themselves assessed for counterparty risk).

C.4 Liquidity Risk

Liquidity risk is the risk that insurance and reinsurance undertakings are unable to realise investments and other assets in order to settle their financial obligations when they fall due.

Liquidity risk is not considered to be a material issue for Unum EEA as the policyholder liabilities of UL are very illiquid with no surrender options and no liquidity risk exists in the rest of the Group. There have been no material changes in the assessment measures or in the concentrations and mitigations over the reporting period.

During 2019, Unum Limited established a new credit facility in the form of an intercompany agreement with Unum Group Inc. The agreement is in place to provide additional credit to Unum Limited if there are any exceptional short-term liquidity needs, however the Directors consider the likelihood of the facility being called upon as remote.

The risk is assessed for UL by considering a range of scenarios on an annual basis, covering both the short term and long term liquidity needs under both best estimate and stressed scenarios. The most recent analysis demonstrated that the expected cash flows from the asset portfolio consisting of bond maturities and coupons, together with the substantial portfolio of liquid gilts would provide sufficient liquidity under the various scenarios.

The mitigations include the requirement to hold a minimum proportion of the investment portfolio for UL in gilts. In addition, one of Unum EEA's key investment objectives is to match the asset cash flows with the cash flows expected to arise from policyholder obligations by nature, term and currency. Further the investment policy requires bonds to be held to their maturity, unless there are concerns regarding meeting insurance payments amongst other considerations. This ensures that no material concentration of risk occurs in respect of liquidity.

For future reporting periods, we will be taking account of the requirements of Supervisory Statement ('SS') 5/19 in our assessment measures and in our monitoring of liquidity risk.

C.4.1 Expected profit included in future premiums

The total amount of expected profit included in future premiums ("EPIFP") at the valuation date is £126.9m (2018: £107.8m) for Unum EEA.

In line with the SII rules, the EPIFP has been calculated as the difference between the technical provisions without a risk margin and a calculation of the technical provisions without a risk margin under the assumption that the premiums that are expected to be received within the contract boundary are not received. The EPIFP is gross of reinsurance.

For assessing liquidity risk and for the purpose of liquidity planning, Unum EEA does not include future premiums and associated claims beyond the contract boundary. This is considered to be a prudent assumption as we expect future new business to generate additional liquidity.

C.5 Operational Risk and Conduct Risk

Operational risk is the risk of loss arising from inadequate or failed internal processes, personnel or systems, or from external events, such as a cyber-attack.

Conduct risk is the risk of failing to provide good outcomes for customers, and/or that the conduct of staff and third parties is inappropriate.

C.5.1 Assessment measures, concentration and mitigation

The assessment of operational risk and conduct risk relies on the input from the internal risk assessment process including historic loss data where relevant for validation purposes. This is a well-established process across the Unum EEA Group whereby risk owners and subject matter experts estimate the likelihood and the potential financial impact of each risk, taking into consideration historic experience, internal and industry knowledge, legal/regulatory environments, as well as the current business model, processes and controls. In forming these views, internal and external data are also considered (e.g. past precedents of regulatory fines are considered in formulating the loss distribution of relevant regulatory risks). Assessments also consider the occurrence of external events, such as a cyber-attack, which may compromise data and systems, disrupt the performance of key business processes and our ability to serve our customers, and damage our reputation.

The operational risks that Unum EEA is exposed to are all captured by the following Operational Risk Consortium (ORIC) standard definitions, with the largest exposure in the "Execution, delivery and process management" category.

Operational Risk Category	Definition
Internal fraud	Losses due to acts of a type intended to defraud, misappropriate property or circumvent regulations, the law or company policy, excluding diversity/discrimination events, which involves at least one internal party.
External fraud	Losses due to acts of a type intended to defraud, misappropriate property or circumvent the law, by a third party.
Employment practices and workspace safety	Losses arising from acts inconsistent with employment, health or safety laws or agreements, from payment of personal injury claims or from diversity/discrimination events.
Damage to physical assets	Losses arising from loss or damage to physical assets from natural disaster or other events.
Business disruption and system failures	Losses arising from disruption of business or system failures,or a cyber-attack .
Clients, products and business practices	Losses arising from an unintentional or negligent failure to meet a professional obligation to specific clients (including fiduciary and suitability requirements), or from the nature or design of a product.
Execution, delivery and process management	Losses from failed transaction processing or process management, from relations with trade counterparties and vendors.

A variety of measures are used to mitigate the risks including active monitoring and analysis of any breaches for lessons learnt and improving future controls to considering operational risk mitigation arrangements such as fraud or building insurance to limit exposure.

Internal and external scenarios (e.g. loss of site or failure of a material outsourcer or third party) are also considered, to evaluate resilience and identify appropriate monitoring and actions.

In addition, the material operational and conduct risk events are regularly monitored. The mitigation of unnecessary operational risk is also an inherent consideration throughout Unum EEA's decision making, this applies across a wide range of areas including, for example decisions relating to remuneration policy and IT systems. This ensures that no material concentration of risk occurs in respect of operational or conduct issues.

There have been no material changes in the assessment measures or in the concentrations and mitigations over the reporting period.

C.6 Other risks and external factors

C.6.1 Other material risks

Unum EEA has identified Group and Strategy risks in addition to the risk areas stipulated by SII requirements (rule 3.1(c) of PRA rulebook).

Group risk is defined as the risk associated with being part of a group of companies. Unum EEA has assessed the risks it faces as a result of being part of the Unum Group, and concluded that there is no need to hold additional capital against this risk, on top of any relevant allowance in the operation risk and counterparty risk modules.

The current credit standing, reputation and financial position of Unum Group are seen as a potential benefit, which is expected to remain the case even under stress scenarios. No value has been allowed for this in the SII balance sheet. Hence the risk of potential reduction in the value of this asset should not contribute to capital requirements.

Stategy risk is the risk of exposure to loss resulting from a defective or inappropriate strategy. Strategic opportunity risk does not impact the financial security of current policyholders or expected new business written within the next year, and therefore has a zero capital requirement.

There have been no material changes in the assessment measures or in the concentrations and mitigations for these risks over the reporting period.

C.6.2 External factors

COVID-19

We continue to monitor COVID-19 closely to assess the potential impact and will respond to the changing external environment to ensure that the business is in a position to continue to provide key products and services to our customers and partners and protect the Company's financial position during this outbreak. Based on what we know to date and the forecasts that we have seen, we believe the impacts for the Company can be managed effectively.

Brexit

There is considerable uncertainty surrounding the potential financial, regulatory, legal, and tax implications of the UK's withdrawal of membership from the European Union. UL has assessed the potential impact for its business, and and takes the view that the general outlook has the potential for slower economic growth, and profit pressure from lower interest rates over longer periods.

The UK formally left the EU on the 31st January 2020. During the remainder of 2020, the UK will be working towards a trade deal with the EU. In all envisaged scenarios, UL and Unum EEA will continue to be able to provide our products and services to UK based employees. We have not been required to, and will not need to make, any changes to our current business model. We will monitor the impacts of Brexit negotiations on the external environment including the economy, our brokers and our customers.

UL does not foresee any direct challenges to its business model and operations from the broader economic uncertainties surrounding Brexit, due to its predominantly UK customer base. However, there is the potential for slower economic growth, volatility in the markets and lower interest rates for longer periods. There is also the potential for some minor disruption from suppliers. These risks are managed within its Risk and Capital Management Framework (Section B) and mitigated by its capital position (Section E).

While UL remains confident in its strategy and focussed on delivery of its growth aspirations, it continues to closely monitor and respond to the changes in our external environment.

Climate change risk

UL's products and operating activities result in UL having low risk exposure to climate change when compared to other business models. The Company has some exposure to physical, transition and liability risks, and has evaluated the nature of various risks in accordance with the Supervisory Statement. UL has given particular consideration to the speed, velocity and impact of the different physical, transition and litigation risks, and this assessment has included both direct risks, for example impairment of assets, and indirect risks, for example where there may be an impact on specific industries which the Company insures. UL's assessment is that the most likely material risks to Unum are deterioration in public health (impacting morbidity and mortality) and impairment of assets.

Actions required to meet the requirements of the Supervisory Statement have been agreed and are underway. These include updates to the Risk Appetite Statement, Board and Committee Terms of Reference, identification and monitoring of risk exposure limits, inclusion of a climate change scenario, and incorporation of climate change into ORSA reporting. These actions will be completed during 2020 with progress being reported to the Board Risk Committee.

C.7 Prudent Person Principle

All of Unum EEA Group's assets are invested in accordance with the Investment Management Policy, which requires that the Prudent Person Principle is met as set out in Chapters 2 to 5 of the Investments Part of the PRA Rulebook (which transpose Article 132 of the Solvency II Directive (2009/138/EC)). In addition, the Investment Limits and Restrictions document for UL specifies requirements for the investment of assets covering technical provisions and capital requirements. There are limits for investing in certain types of assets with restrictions on the currency, credit rating, duration and amounts of assets with single issuers. The document also defines the assessment of non-routine investment activities, managing any potential conflict of interests, treatment of assets not admitted for trading on a regulated financial market and derivatives. These are reviewed annually and approved by Board / appropriate committees.

C.8 Stress testing and sensitivity analysis

C.8.1 Overview of stress and scenario analysis

Stress and scenario analysis is conducted at least annually to assess UL's ability to meet capital and liquidity requirements in stressed conditions, and is used as a key component of effective risk management. The stress and scenario analysis focuses on the key risks within UL and helps the business to develop appropriate risk mitigation actions and continuously monitor and manage these risks.

Stress and scenario analysis includes sensitivity analysis, stress testing, scenario analysis and reverse stress tests. Stress testing and sensitivity analysis both illustrate the balance sheet impact of stressing individual assumptions for UL. They are used to assess the materiality of key assumptions as well as to annually validate understanding of UL's risk profile. Stress testing looks at a 1 in 20 year (95th percentile) stress level as it is considered to be consistent with an 'extreme but plausible' event. Sensitivity analysis is conducted assuming a range of sensitivities e.g.+10% change in assumption.

Scenario testing illustrates the impact of real world scenarios that may affect multiple assumptions simultaneously. It is used to assess the inter-dependence of risks within the Internal Model and the impact of scenarios beyond the normal business plan assumptions. Scenario testing also includes reverse stress testing of UL's business model. Reverse stress tests are defined as stress tests that would render UL's business model unviable, thereby identifying potential business vulnerabilities.

C.8.2 The assumptions underlying the analysis

The results of the tests show the movement in the excess own funds and solvency ratio for each material risk and each scenario. The tests are performed at various points in the year based on the latest SII balance sheet. For stress testing, sensitivity analysis and reverse stress tests, the stresses/sensitivities have been assumed to apply immediately and permanently at the balance sheet date. For scenario testing, the impacts are based on a combination of an immediate impact on the balance sheet and our future expectation following the stress.

As appropriate for each stress or scenario, allowance is made for the impact of the stress or scenario on best estimate liabilities, risk margin, own funds, and the SCR. No allowance is made for a re-calculation of the TMTP (which would be subject to PRA approval). It is also assumed that the 1 in 200 year SCR calibrations remain unchanged as a result of the stress or scenario. No other management actions are assumed in applying the stresses and scenarios.

C.8.3 The impact of sensitivities performed as part of stress and scenario analysis

The table below illustrates the sensitivities to a range of risks performed on UL's balance sheet as at 31 December 2019. The results are shown pre-dividend and net of tax and make no allowance for recalculation of the TMTP or any other management actions:

Risk	Impact on Own Funds £m	Impact on SCR £m	Impact % change in SCR coverage ratio
Interest rate decreasing by 50bps	(7)	24	-8%
Credit spread widening by 50bps	(33)	(7)	-5%
Equity market values fall by 10%	(10)	(2)	-1%
Property market values fall by 10%	(2)	-	0%
Morbidity termination rates fall by 5%	(41)	-	-9%
Morbidity inception rates rise by 10%	(17)	-	-3%
Mortality rates rise by 10%	(5)	-	-1%

C.8.4 Interpretation of the results

The results of the most recent stress and scenario analysis confirmed that the risks previously considered the most material produced the largest expected losses. As shown in the sensitivities above, the most material risks are credit spread risk, interest rate risk and morbidity termination risk.

The Company has also conducted 1-in-20-year level stress tests which show that it is expected to withstand a shock at a 1-in-20 year level, as a solvency ratio of over 100% is maintained in all stresses.

One of the key outcomes is the impact on the Capital Management and Reinsurance Strategy. The analysis is a key input in the ongoing refinement of monitoring and prevention actions that would be taken by management as well as potential actions to apply post-stress. These actions are split into different levels depending on their potential impact, timing and ease of execution.

The outcome of the reverse stress testing demonstrates that the likelihood of the scenarios occurring and causing business model failure is extremely remote. The test results show adverse performance in areas routinely monitored by management, so it is expected that early warning signs would trigger management response to mitigate the impacts and ultimately the risk of business failure from such an extreme scenario.

D. Valuation for Solvency Purposes: Unum Limited

The UL (Solo) SII Balance Sheet valuation as at 31 December 2019 is presented below. During the year, the Company adopted IFRS 16 for the purposes of disclosure of its operating leases (see D.1.2 and D.3.3 for further details). There have been no other changes made to the recognition and valuation bases used or to estimations during the reporting period.

As at 31 December 2019	Unum Limited SII Balance Sheet £000	Unum Limited Balance Sheet (UK GAAP) £000	Variance
ASSETS			
Intangible assets	-	27,212	(27,212)
Property, plant & equipment held for own use	25,414	17,884	7,530
Investments	2,575,841	2,572,915	2,926
Reinsurance assets	146,199	168,232	(22,033)
Other Assets	132,539	205,523	(72,984)
Total Assets	**2,879,993**	**2,991,766**	**(111,773)**
LIABILITIES			
Technical provisions	2,034,641	2,341,913	(307,272)
Other provisions	-	-	-
Deferred tax liabilities	32,894	1,469	31,425
Insurance & intermediaries payables	35,337	35,337	-
Reinsurance payables	73,882	73,882	-
Other liabilities	47,171	36,710	10,461
Total Liabilities	**2,223,925**	**2,489,311**	**(265,386)**
Excess of assets over liabilities	**656,068**	**502,455**	**153,613**

D.1 Valuation of assets: Unum Limited

D.1.1 Intangible assets

Intangible assets in the financial statements consist of computer software. Computer software is stated at cost less accumulated amortisation and accumulated impairment losses.

Computer software has been valued at £nil for the purposes of the SII Balance sheet as there is no market for the asset. As the value is £nil estimations and judgements are not relevant.

D.1.2 Valuation of property, plant and equipment

Property, plant and equipment

UL does not hold any investment properties. It has one owner occupied property serving as the Company Head Office.

Property is required to be measured at fair value. For this purpose the revaluation model in UK GAAP is accepted as a reasonable approximation of fair value. Freehold property is valued by a chartered surveyor every three years at fair value.

Plant and equipment is required to be valued at fair value. Plant and equipment consists of computer hardware and fixtures, fittings and equipment.

Unum considers fair value to be not materially different from the valuation in the UK GAAP accounts at historic cost less depreciation, a significant proportion of these assets have been acquired in the past few years thereby reducing the likelihood that fair value would be materially different from depreciated cost. There are no material estimations or judgements made due to the nature of the assets.

Adoption of IFRS 16: Leases

During 2019, IFRS 16: Leases was adopted for the purposes of SII reporting, resulting in a £7.5m right of use asset and a £7.7m lease liability being recognised on the SII Balance Sheet.

The right of use asset (presented within property, plant and equipment within the SII Balance Sheet) at 31 December 2019 is calculated as the present value of future lease payments, less cumulative depreciation for the year. The valuation is not considered to be materially different to the market consistent valuation basis.

The UL financial statements for the year ended 31 December 2019 continue to be prepared on a UK GAAP basis, with the operating lease rental for the year expensed to the Profit and Loss account, and no Balance Sheet impact.

D.1.3 Valuation of investments

Investments As at 31 December 2019	SII Solo Balance Sheet £000	Unum Limited Financial Statements £000	Variance
Holdings in related undertakings	156	-	156
Bonds	2,569,427	2,569,427	-
Derivatives (SII gross basis, UK GAAP net basis)	3,083	313	2,770
Alternative Investments	3,175	3,175	-
Total	**2,575,841**	**2,572,915**	**2,926**

Holdings in related undertakings

UL does not participate in joint ventures or associates. The only type of participation that needs to be valued is that of investments in unlisted subsidiaries. UL holds a single £1 share in Claims Services International Limited (CSI), which amounts to a 50% holding in that company. In UL, this is treated as a participation in net assets at 50%, and is fully consolidated for the purposes of the Unum EEA Group. CSI has been valued at the SII values of its underlying assets and liabilities.

Investments in bonds

There is no difference in the valuation of the investments in bonds between the UL Financial Statements and the SII Balance Sheet.

Unum's bond holdings consist substantially of corporate bonds and government bonds.

The bond portfolio is valued consistently with the SII regulations Rule 2.1(1) of the Valuation Part of the PRA Rulebook for SII Firms and the valuation hierarchy in Article 10 of the SII Delegated Regulation.

At 31 December 2019, 99.4 percent of our fixed maturity securities were valued based on non-binding quotes or other observable and unobservable inputs, as discussed below:

- In line with Article 10(3) of the Delegated Regulation, approximately 87.9% of our securities were valued based on prices from pricing services that generally use observable inputs such as prices for securities or comparable securities in active markets in their valuation techniques. These assets were classified as Level 2. Level 2 assets or liabilities are those valued using inputs (other than prices included in Level 1) that are either directly or indirectly observable for the asset or liability through correlation with market data at the measurement date and for the duration of the instrument's anticipated life.
- Approximately 11.5% of our securities were valued based on prices of comparable securities, matrix pricing, internal models, or were valued based on non-binding quotes with no other observable market data. These assets were classified as either Level 2 or Level 3, with the categorisation dependent on whether there was other observable market data. Level 3 is the lowest category of the fair value hierarchy and reflects the judgement of management regarding what market participants would use in pricing assets or liabilities at the measurement date. Financial assets and liabilities categorised as Level 3 are generally those that are valued using unobservable inputs to extrapolate an estimated fair value.

We consider transactions in inactive or disorderly markets to be less representative of fair value. We use all available observable inputs when measuring fair value, but when significant other unobservable inputs and adjustments are necessary, we classify these assets or liabilities as Level 3.

Gains or losses arising from the sale of investments and changes in the market value of investments are included in the value of the portfolio.

Bonds valued using alternative valuation methods

Within the bond portfolio UL holds private placement securities. A private placement security is a corporate or asset-backed bond that is sold directly to a single or small group of qualified institutional investors, generally insurance companies. They share many characteristics with both public bonds and bank debt, and in many ways they are a hybrid of the two. Private placement securities tend to be less liquid than public bonds and may not have quoted prices. These assets are valued using alternative valuation methods as described in section D.4.

The private placement securities are estimated to have a market value of approximately £275.2m as at 31st December 2019 (2018: £230.4m). Exposure to private placement securities is approximately 10.7% (2018: 9.1%) of the overall asset portfolio. Unum's investment team ensures that exposure to a single counterparty within these securities is less than 1% of the total corporate bond portfolio.

Valuation of derivatives

Unum has some foreign currency bond holdings. They constitute less than 2% of the overall bond portfolio with the exchange rate risk mitigated by holding cross currency swaps.

Cross currency swaps are initially recognised at fair value on the date on which a derivative contract is entered into, which usually represents their cost, and are subsequently re-measured at fair value. Fair values are obtained from quoted market prices in active markets, including recent market transactions, and valuation techniques, including discounted cash flow models and options pricing models, as appropriate.

UL also has transacted approximately £350m notional Total Return Swaps to mitigate the credit risk on its bond portfolio.

The Total Return Swaps are valued based on inputs observed in the market using a bespoke valuation model. Daily collateral posting is required based on the movement in the value of the Total Return Swap to minimise the counterparty risk.

Derivates are presented on a gross basis in the SII Balance Sheet and on a net basis in the UK GAAP Financial Statements Balance Sheet of Unum Limited.

Alternative Assets

The Company's investment in Private Equity Partnerships started in 2018 and was increased in 2019. The investment in this alternative investment represents 0.1% (2018: 0.1%) of the Company's total investments under management. The market value of these alternative assets is provided quarterly by external fund managers.

D.1.4 Valuation of reinsurance assets

Unum's primary risk mitigation tool is reinsurance. The valuation methodologies and assumptions for valuing the reinsurance assets are described in section D.2.8.

D.1.5 Valuation of other assets

Other Assets As at 31 December 2019	SII Solo Balance Sheet £000	Unum Limited Financial Statements £000	Variance
Insurance and intermediaries receivables	69,463	69,463	-
Reinsurance receivables	1,671	1,671	-
Receivables (trade, not insurance)	481	481	-
Cash and cash equivalents	60,924	60,924	-
Deferred acquisition costs	-	72,985	(72,985)
Any other assets, not elsewhere shown	-	-	-
Total	**132,539**	**205,524**	**(72,985)**

The other material assets considered within the SII balance sheet are as follows:

Receivables

This includes policyholder, reinsurance receivables, intermediary receivables and other receivables. These are valued at cost on initial recognition with each receivable subject to impairment review. Due to the short term nature of the receivables there are no differences between the financial statement and the SII balance sheet valuations. There is no adjustment required for amounts not past due, as receivables are only recognised when due.

There are no significant assumptions or judgements made about the future as all of the receivables are short term receivables and therefore no material assumptions have been made for future events.

Cash and cash equivalents

This is the amount of cash valued simply as the amount on demand. There is no difference between the financial statement and the SII balance sheet valuation.

There are no significant assumptions or judgements used in valuing the cash holdings due to the nature of valuing cash in pounds sterling.

Deferred acquisition costs

In accordance with UK GAAP the costs of acquiring new business which are incurred during a financial year, but expected to be recoverable out of future revenue margins, are deferred. Such costs are disclosed, as an asset, gross of tax, in the balance sheet and are determined explicitly. The asset is amortised over the period during which costs are expected to be recoverable out of revenue margins from the related policies. The rate of amortisation is consistent with the pattern of emergence of such margins.

This asset is valued at £nil for the purposes of the SII balance sheet.

D.2 Technical provisions: Unum Limited

D.2.1 Technical provisions

Technical provisions are valued in accordance with the relevant SII regulations as the sum of the best estimate liability ("BEL") and the risk margin. Technical provisions are gross of reinsurance recoverables as, under SII regulations, these are treated as a reinsurance asset rather than a deduction to technical provisions. The BEL represents the amount of funds set aside to meet the expected future pay-outs for insurance obligations taking into account any cash inflows such as premiums. The risk margin reflects the cost of capital required by a third party to support taking over UL's business in addition to the best estimate liabilities.

The table below presents the amount of the BEL, the risk margin and the value of technical provisions at the valuation date by material lines of business. The figures include volatility adjustment (see section D.2.5) and TMTP (see section D.2.7). In the QRT balance sheet disclosure S.02.01.02 the BEL and Risk Margin is shown net of the TMTP. In order to see how the TMTP is split, by life and health business, between BEL and Risk Margin, please refer to template S.12.01.02.

Line of Business Year ended 31 December 2019 (£000)	Best Estimate Liability (A)	Risk Margin (B)	Technical Provisions (A+B)	TMTP (C)	Technical Provisions after TMTP (A+B+C)
Life Insurance Obligations					
Other Life Insurance	579,562	55,311	634,873	-93,178	541,695
Health SLT Obligations					
Health Insurance SLT	1,417,202	43,519	1,460,721	-36,342	1,424,379
Health Reinsurance	65,552	2,019	67,571	-1,686	65,885
Non-life Insurance Obligations					
Medical Expense Insurance	2,666	16	2,682	-	2,682
	2,064,982	**100,865**	**2,165,847**	**(131,206)**	**2,034,641**

Best Estimate Liability ("BEL")

Lines of business

To accurately calculate the technical provisions, the insurance obligations have been segmented into the following SII lines of business. No unbundling of obligations has been required.

SII Line of Business	Products
Health Insurance SLT	Obligations from group and individual income protection and critical illness contracts
Health Reinsurance	Obligations from reinsurance accepted from group and individual income protection and critical illness contracts
Other Life Insurance	Obligations from group life and dependants contracts
Medical Expense Insurance	Obligations from dental insurance business

Contract boundary

In accordance with the SII regulations, only those cash flows that are within the contract boundary have been included in the BEL calculation. UL has reviewed the terms and conditions for each contract to establish its boundary. The contract boundary is either the next premium review date or the next premium payment date depending on the nature of the contract.

Valuation methodology

For all business except dental insurance, the BEL is determined using a gross premium valuation method, as the present value of the best estimate future net cash flows, using the risk free discount curve.

The calculations are performed at the policy / claim level and there is no grouping of schemes / policies / claims. The methodology involves determining a fixed set of assumptions which are used to project all contractual cash flows.

The calculation includes all contractual cash flows within the contract boundary arising from the insurance obligations, including premiums received, claims paid and expenses incurred. The cash flows are calculated gross of reinsurance recoveries expected from the reinsurance arrangements.

Negative reserves have been allowed where the discounted value of future expected premiums exceeds that of the benefit and expenses.

No future management actions are assumed in the calculation of technical provisions because they are immaterial.

The following approach has been used for all lines of business (except for dental business):

- For in-force policies, BEL is calculated by projecting cash flows from the valuation date up to the contract boundary (with expected claims and expenses projected for the full best estimate claim duration) and discounted back.
- An allowance for claims that were incurred but not reported at the valuation date has been made using tables of the probability of delay in events being reported and recorded relative to the valuation date.
- For claims in payment, BEL is calculated by summing the projection of all expected claim payment and expense cash flows discounted back to the valuation date.

- An allowance for claims that were terminated but not reported at the valuation has also been made.

A simplified approach is taken for calculating the technical provisions for dental insurance business, reflecting that this business represents less than 0.5% of total technical provisions at 31 December 2019.

Valuation assumptions

The assumptions underlying the BEL calculation are best estimate without any margin for prudence and include the economic and non-economic assumptions.

Economic assumptions

The economic assumptions are market based and set with reference to available market information at the valuation date. The main economic assumptions are:

- Risk free interest rate term structure: The discount curves used to value future cash flow are published by the European Insurance and Occupational Pension's Authority ("EIOPA"), part of the European system of financial supervision. Separate discount rates are used depending on the currency of obligations. The discount rates are the same for all products within that currency.

- Benefit indexation: Where claims are linked to external indices such as Retail Price Index (RPI) or Limited Price Index (LPI), appropriate inflation curve (based on RPI expectation) published by the Bank of England is used. Where LPI inflation is capped at 2.5% per annum the benefit is assumed to escalate at a fixed 2.5% per annum.

Non-Economic assumptions

The non-economic assumptions have been set with reference to UL's recent experience and available industry data, along with expert judgement on how the future might be different than the past.

The main non-economic assumptions are:

- Mortality / Longevity assumption: a proportion of S3DFA / S3DMA and AF80 / AM80 Ultimate tables that varies by age and gender. Further allowance is made for future improvement in the annuitants' mortality using the industry standard CMI_2017 model;
- Morbidity inception assumption: a proportion of CMIR7 industry table that varies by type of contract, deferred period, gender, smoker status and occupational class;
- Morbidity termination (recovery, death and net settlement liability release) assumptions: a proportion of CMIR12 industry table that varies by the incapacity group, duration of disability and the age at next birthday of disability;
- Expense assumption: the level of expenses included in the valuation is based on the study of the most recent expenses by the type of expense (acquisition, administration, claims, etc.) along with expectations of future cost inflation;
- Lapse assumption: The assumption of whether the policyholder continues coverage and paying premiums is based on recent experience and future expectations; and
- Incurred But Not Reported ("IBNR") Delay tables: The assumption about reporting delays for new claims, reopening of declined claims, reinstatement of recovered claims and termination of claims in payment are based on recent experience and future expectations.

Risk margin

The calculation for the risk margin is performed net of reinsurance using the approach outlined in the SII rules. This requires estimating the eligible own funds the third party would need to raise to support the taken over business and would be equal to the Solvency Capital Requirement ("SCR") applicable to the third party which is different than UL's SCR.

The third party's SCR is then projected for each future time period until the existing insurance business runs-off. A simplified method is used to project the third party's SCR. Under this method, each individual risk capital for non-hedgeable risks is projected in line with a suitable risk driver such as value of benefits, sum assured, premiums, BEL, etc. The individual risk capitals are then aggregated after allowing for diversification of risks to give the third party's SCR at each future time period. This is the most sophisticated of the hierarchy of simplified methods as per the SII guidelines.

No allowance has been assumed for the loss-absorbing capacity of deferred taxes.

The expected cost of capital is then calculated for each future time period based on a cost of capital rate prescribed in the SII regulations. The present value of these expected costs, discounted by applying the relevant risk free interest rate term structure without any allowance for the SII Volatility Adjustment, represents the risk margin.

D.2.2 Level of uncertainty associated with the value of technical provisions

There is a level of uncertainty in the value of technical provisions associated with the uncertainty in the policyholder data, methodology (including the approach to modelling future management actions and future policyholder behaviour) and the assumptions (including assumptions relating to future premiums) used in the valuation of best estimate liabilities and risk margin. The sensitivity of the own funds and SCR coverage ratio to changes in assumptions is illustrated in section C.8.3. Appropriate controls and governance are in place to minimise any possible uncertainty.

The data used in the calculation is monitored quarterly for quality against the requirements of being complete, appropriate and accurate.

The methodologies are well established and proportional to the nature, scale and complexity of the risks inherent in the business. There are no complicated policyholder behaviours or management actions to model, and therefore any variation between reality and the modelling for policyholder behaviours or management actions is not a material source of uncertainty in the technical provisions.

The valuation of technical provisions is based on certain economic (e.g. discount rates) and non-economic (e.g. termination rates) assumptions. The methodology makes allowance for future premiums within the contract boundary, and the assumptions (both economic and non-economic) determine the level of expected profits in future premiums which are allowed for in the valuation of the technical provisions. The economic assumptions are largely prescribed by the regulator with very limited uncertainty. The non-economic assumptions are set annually based on the experience investigation exercise. In setting these assumptions, we take into account Unum's past experience and the best forward looking view to reflect the long term nature of the technical provisions. Sensitivity analysis is carried out to identify the financial impact of alternative assumptions.

D.2.3 Main difference between bases for solvency and financial statement valuation

The main differences between the valuation of technical provisions for solvency and financial statement purposes arise from the differences in the methodologies and the assumptions used in the calculations. There is no material difference in the underlying policyholder data and the system used in the calculations.

The following table summarises the Company's gross technical provisions split by SII line of business and the differences to UK GAAP technical provisions. The technical provisions are shown gross of reinsurance and the SII figures include the impact of any transitional measures.

Line of Business 2019 Figures in £000s	Best Estimate Liability (A)	Risk Margin (B)	TMTP (C)	Technical Provisions after TMTP (A+B+C)	UK GAAP Technical Provisions (D)	Difference (A+B+C-D)
Life Insurance Obligations						
Other Life Insurance	579,562	55,311	(93,178)	541,695	650,665	(108,970)
Health SLT Obligations						
Health Insurance & Reinsurance	1,482,754	45,538	(38,028)	1,490,264	1,688,243	(197,979)
Non-life Insurance Obligations						
Medical Expense Insurance	2,666	16	0	2,682	3,005	(323)
Total	**2,064,982**	**100,865**	**(131,206)**	**2,034,641**	**2,341,913**	**(307,272)**

Valuation methodology

There are a number of differences between the valuation methodologies for solvency and financial statements. These are set out in the table below, and reflect that UL uses the Solvency I Pillar 1 rules for valuing its technical provisions for financial statements as allowed under FRS 103

Line of Business	Valuation for Solvency	Valuation for Financial Statements
All	Risk Margin ("RM") is calculated and included in the technical provisions. The reinsurance recoverable is adjusted to take account of expected losses due to default of the counterparty, to determine the reinsurance asset held on the SII balance sheet.	RM is not included but other margins are included within UK GAAP to cover uncertainty. There is no explicit adjustment for the default of reinsurance counterparty.
/ Other Life Insurance / Health SLT	TMTP is part of the technical provisions.	TMTP is not included.
Other Life Insurance / Health SLT	For in-force policies, the valuation is performed using a gross premium cash flow method. The cash flows	For group business in-force policies, the valuation includes unearned premium reserve, IBNR reserve and

	are projected from the valuation date up to the contract boundary (with expected claims and expenses projected for the full best estimate claim duration). As policies are expected to be profitable the present value of future premiums is expected to exceed the present value of future benefits and expenses giving negative policy BEL. Allowance is made for IBNR claims. For claims in payment, the BEL is calculated by summing the projection of all expected claim payment and expense cash flows discounted back to the valuation date.	an expense reserve. Policy reserves will be positive. For individual business in-force policies, the valuation is performed using a gross premium cash flow method. All expected future premiums, claim payments and expenses from the valuation date up to the end of the term of the contract are taken into account allowing for an appropriate lapse assumption. Policy reserves may be negative. For claims in payment, the reserves are calculated using broadly the same methodology as in SII.
Medical Expense Insurance	For in-force policies the BEL is the unexpired risk reserve. The unexpired risk reserve covers the claims and expenses, whether in respect of settling claims or the normal business activity, arising in future. An explicit allowance for claims that were incurred but not reported (IBNR) at the valuation date has been made using historic patterns of reporting delays.	For in-force policies, the valuation includes unearned premium reserve and an IBNR reserve.

Valuation assumptions

The material differences between the assumptions used relate to discount rates, termination rates, loss ratios, inception rates, mortality rates and expense assumptions. These differences are outlined in this section.

Key areas of difference between the methods used to calculate SII technical provisions and the methods used to calculate UK GAAP technical provisions are noted below.

UK GAAP margins

Under UK GAAP, explicit margins for uncertainty are added to various best estimate assumptions including discount rates, termination rates, loss ratios, inception rates, mortality rates, lapse rates, expense assumptions and reinsurance counterparty default rates. Margins for uncertainty are not included in the Solvency II BEL. This results, all other things being equal, in a lower SII BEL relative to UK GAAP technical provisions.

Discount Rates

The SII BEL is valued using a risk-free rate curve with an allowance for a credit risk adjustment and a Volatility Adjustment ("VA") where applicable.

UK GAAP technical provisions are valued using a valuation interest rate which reflects the yields available on the underlying assets, with an allowance for credit risk based on internal analysis and a margin for adverse deviation.

D.2.4 Matching adjustment

The matching adjustment (as referred to in Article 77b of the Directive) has not been applied by UL to calculate its financial position.

D.2.5 Volatility adjustment

UL has approval from the PRA to utilise the Volatility Adjustment ("VA"). The VA is an adjustment to the risk free interest rate curve used to discount future cash flows and is determined and published by EIOPA for all major European currencies.

The VA is designed to protect insurers with long-term liabilities from the impact of volatility on the insurers' solvency position.

The VA is applied to all life insurance obligations using the relevant currency specific curves to calculate the BEL. The VA has not been used in the calculation of the risk margin or used in the calculation of the SCR. The table below shows the impact of a change to zero of the VA on UL's financial position at the valuation date. The technical provisions presented in the table below are post dividends and exclude the TMTP.

Financial Position Indicators	Solvency Position with VA and without TMTP (A)	Without TMTP and without VA (B)	Impact of VA (A-B)
Technical Provisions	2,165,847	2,200,253	(34,406)
Basic Own Funds	517,167	490,790	26,377
Eligible Own Funds	517,167	490,790	26,377
Solvency Capital Requirement (SCR)	472,209	472,209	0
SCR coverage ratio	110%	104%	6%
Minimum Capital Requirement (MCR)	212,494	212,494	0
MCR coverage ratio	243%	231%	12%

For more details on the SCR see E.2.1

The impact of the VA is lower on Own Funds than on technical provisions due to a £2,626 increase in the reinsurance asset and a £5,403 impact of deferred tax applied to the VA adjustment on Own Funds.

D.2.6 Transitional: Interest rate

The transitional risk-free interest rate term structure has not been applied by UL to calculate its financial position.

D.2.7 Transitional: Technical provisions

Like many of Unum's peers, the TMTP has been applied by UL to its SII Balance Sheet.

The purpose of the TMTP is to allow UL to make a gradual and smooth transition into the Solvency II regime over a period of 16 years from 2016 (ie. by the start of 2032).

The TMTP is applied to total technical provisions arising from all of UL's insurance business. In line with regulatory requirements to recalculate every 2 years (unless there is a material change in the risk profile), the TMTP was recalculated as at 31 December 2019. Between calculations the TMTP is run-off linearly so it would reach zero by the start of 2032.

The table below quantifies the impact of not applying the TMTP on UL's financial position at the valuation date in £000's. The Technical Provisions (both with and without TMTP) are post dividends and include the impact of the VA.

Financial Position Indicators	Solvency Position with TMTP (A)	Without TMTP (B)	Impact of TMTP (A-B)
Technical Provisions	2,034,641	2,165,847	(131,206)
Basic Own Funds	626,068	517,167	108,901
Eligible Own Funds	626,068	517,167	108,901
Solvency Capital Requirement (SCR)	472,209	472,209	0
SCR coverage ratio	133%	110%	23%
Minimum Capital Requirement (MCR)	212,494	212,494	0
MCR coverage ratio	295%	243%	52%

The impact of the TMTP is lower on own funds than on technical provisions due to deferred tax being applied to the TMTP on Own Funds.

D.2.8 Description of recoverable from reinsurance

UL makes use of reinsurance as a risk mitigation tool, which recovers part of UL's incurred claims, and has a number of reinsurance treaties in place that limit the exposure to insurance loss. There is no insurance special purpose vehicle.

The amount recoverable from reinsurance arrangements is calculated separately and reported as reinsurance asset. The technical provisions are calculated on a gross basis without deduction of the amount recoverable from reinsurance arrangements.

Reinsurance recoverable

The Solvency II rules require that reinsurance contracts should be valued in a consistent way to insurance obligations. The amount recoverable from reinsurance arrangements is therefore calculated using similar methodology and assumptions as those used for the calculation of BEL described in the technical provisions section.

The methodology follows the gross premium valuation method. This method projects all contractual reinsurance claim and premium cash flows arising from each reinsurance treaty, and discounts the net projected payments or receivables at the SII risk free curve used for discounting cash flows to give the reinsurance recoverable.

Default adjustment
The reinsurance recoverable is then adjusted to take account of expected losses due to default of the counterparty, in line with SII rules, to determine the reinsurance asset held on the SII balance sheet.

D.2.9 Material changes in assumptions

The key non-economic assumptions underlying technical provisions have been updated with reference to UL's recent experience and available industry data. This includes updating the termination rate assumptions for Group Income Protection business to reflect emerging experience by claim durations and incapacity groups, resetting loss ratio assumptions for all Group policies to reflect our best view of the claim inception rates and for Group Income Protection policies in particular, the severity and duration of the claims. The longevity assumptions for our Group Dependent claims have also been updated to be based on the S3DFA / S3DMA industry tables, while continuing to use the industry CMI_2017 projection model for future mortality improvements.

D.3 Other liabilities: Unum Limited

D.3.1 Deferred tax liabilities

Deferred tax balances arise due to differences between the carrying amount and tax base of assets and liabilities, and carried forward tax losses/credits. They are valued in accordance with IFRS and included within the SII balance sheet.

Where the calculation of deferred tax in respect of unused tax losses and unused tax credits carried forward results in a deferred tax asset it is only recognised on the SII balance sheet if the UK Group considers that sufficient evidence exists such that it can demonstrated to the PRA that the future profits required to realise the deferred tax asset are probable. Deferred tax balances are not discounted.

The rate used to calculate deferred tax balances is the rate at which they were expected to unwind at the reporting date. No account is taken of any changes in tax rates that were not substantively enacted at the reporting date.

The difference between the deferred tax liability calculated under accounting standards of £1.5m and under SII of £32.9m is mainly attributable to the following adjustments:

- Intangible assets and deferred acquisition costs are excluded under SII, resulting in a reduction in the deferred tax liability of (£17.0m);
- Valuation of reinsurance assets in accordance with SII guidelines resulting in a reduction in the deferred tax liability of (£3.7m); and
- Technical provisions, including reserves for claims and unearned premiums, are adjusted in accordance with the SII guidelines, and result in an increase in the deferred tax liability under SII of £52.2m.

The amount of unused tax losses is £nil (2018: £nil).

D.3.2 Insurance and Reinsurance payables

Insurance and intermediaries payable, and reinsurance payables are amounts due to policy claimants and reinsurers respectively and are valued as the amount expected to be paid. There are no differences between the valuation under SII and UK GAAP. There is no adjustment required for amounts not past due, as payables are only recognised when due.

D.3.3 Valuation of Other Liabilities

Other Liabilities As at 31 December 2019	SII Solo Balance Sheet £000	Unum Limited Financial Statements £000	Variance £000
Derivatives	6,612	3,841	2,771
Debts owed to credit institutions	-	-	-
Payables (trade, not insurance)	40,559	32,869	7,690
Any other liabilities, not elsewhere shown	-	-	-
Total	**47,171**	**36,710**	10,461

Payables (trade not insurance)

Payables comprise: £14.7m of balances owed to other group companies in respect of salaries and other services recharged to the Company, £12.5m relating to other taxes and social security, £4m relating to other creditors and £1.7m relating to accruals and deferred income. No estimation methods, adjustments for future value or valuation judgements are required for these balances.

The remaining £7.7m relates to the lease liability recognised on the SII Balance Sheet following the adoption of IFRS 16: Leases during the year as noted below.

Adoption of IFRS 16: Leases

During 2019, IFRS 16: Leases was adopted for the purposes of SII reporting, resulting in a £7.7m lease liability and a £7.5m right of use asset being recognised on the SII Balance Sheet.

The lease liability at 31 December 2019 (presented within other liabilities in the SII Balance Sheet) is calculated as the present value of future lease payments at 1 January 2019 less the operating lease expense (reduced for interest) in the year. The valuation methodology is not considered to be materially different from the market consistent valuation basis.

The UL financial statements for the year ended 31 December 2019 continued to be prepared on a UK GAAP basis, with the operating lease rental for the year expensed to the profit and loss account, and no Balance Sheet impact.

D.3.4. Other Commitments

UL provides a professional indemnity insurance guarantee to its fellow subsidiaries, Unum Select Limited and National Dental Plan Limited, in respect of their Insurance Mediation activity, as required by the Insurance Distribution Directive. The aggregate annual amount covered under the guarantee for all claims is a maximum of €3.3m, for each company, with the likelihood of a claim being remote.

UL provides a guarantee to UEHCL with regard to that company’s current and future liabilities and obligations to the Unum Pension Scheme. This is a final salary plan providing defined benefits to certain current and former employees of UEHCL which is closed to future service accrual. At 31 December 2019, although the plan was in deficit, the Directors consider the likelihood of the guarantee being called remote, as UEHCL has sufficient liquid resources to continue to fund the scheme. The fund will continue to be funded by UEHCL.

As noted, the Directors consider the likelihood of either the guarantee for claims being called upon or the guarantee for the pension scheme being called upon as remote. As such, the weighted expected present value basis for both guarantees is considered immaterial for inclusion in the SII Balance Sheet.

D.4 Alternative valuation methods

D.4.1 Property

As described in D.1.2, property is valued using the revaluation model in UK GAAP as this is a reasonable approximation of fair value.

D.4.2 Derivatives

The alternative valuation methods for derivatives are described in D.1.3.

Cross currency swaps are initially recognised at fair value on the date on which a derivative contract is entered into, which usually represents their cost, and are subsequently re-measured at fair value. Fair values are obtained from quoted market prices in active markets, including recent market transactions, and valuation techniques, including discounted cash flow models and options pricing models, as appropriate.

Total Return Swaps are valued based on inputs observed in the market using a bespoke valuation model.

D.4.3 Private Placement Securities

As described in D.1.3, market valuations for private placement securities are not readily available. To estimate the fair value, internal prices are determined utilising internal pricing methods which may use observable and unobservable market inputs and assumptions to estimate the underlying values. Investment inputs include spread adjustments to account for credit risk, liquidity, collateral, prepayments, and analogous amendments.

Comparable prices are determined by utilising information about similar securities with terms that are similar to the unpriced security. Once a comparable price has been identified for a security, the Company will maintain that relationship unless conditions change the nature of the relationship. Additionally, prices may be obtained from independent third-party brokers to aid in establishing valuations for certain securities.

D.4.4 Alternative Assets

As described in D.1.3, the market values of alternative assets are provided quarterly by external fund managers.

D.5 Valuation for Group Solvency Purposes: Unum EEA Group

There are no differences between the valuation bases methods and assumptions applied at a Unum EEA Group level and those applied at a Solo level for assets, technical provisions and liabilities except as disclosed below.

UEHCL operates a defined benefit pension scheme, the Unum Pension Scheme, which is closed to new members. At 31 December 2019, the scheme reported a deficit of (£3.1m), which is disclosed in both the SII Balance Sheet and the UEHCL Financial Statements' Balance Sheet. At 31 December 2018, the Pension Scheme reported a surplus of £4.7m, and as permitted under FRS 102, UEHCL elected to restrict the Balance Sheet asset in respect of the Pension Scheme to £nil. There are no differences between the assumptions used for the valuation of the Unum Pension Scheme for Solvency purposes and those used in the Financial Statements of UEHCL for the year ended 31 December 2019.

There are no additional categories of assets or liabilities held by Unum EEA Group whose valuation bases, methods and assumptions are not covered by the disclosures in the previous section. There have been no changes made to the recognition and valuation bases used or to estimations during the reporting period for the group.

UL's investments in subsidiaries are held at cost in accordance with UK GAAP. For Unum EEA Group's SII consolidated balance sheet, all non-insurance subsidiaries come under the definition of ancillary services undertakings and are therefore required to be fully consolidated.

As mentioned previously UEHCL does not prepare consolidated financial statements as it has taken advantage of the exemption under section 401A of the Companies Act 2006. The Balance Sheet below has been prepared on a consolidated basis as if a consolidated set of financial statements were being prepared, using accounting policies that are consistent with UL.

As at 31 December 2019	Unum EEA Group SII Balance Sheet £000	Unum EEA Group Balance Sheet £000	Variance
ASSETS			
Intangible assets	-	27,257	(27,257)
Property, plant & equipment held for own use	27,769	20,143	7,626
Investments	2,576,125	2,573,355	2,770
Reinsurance assets	146,200	168,232	(22,032)
Other Assets	160,823	233,808	(72,985)
Total Assets	**2,910,917**	**3,022,795**	**(111,878)**
LIABILITIES			
Technical provisions	2,034,641	2,341,913	(307,272)
Other provisions- Defined Benefit Pension Scheme deficit	3,075	3,075	-
Deferred tax liabilities	32,322	904	31,418
Insurance & intermediaries payables	35,337	35,337	-
Reinsurance payables	73,882	73,882	-
Other liabilities	48,843	38,286	10,557
Total Liabilities	**2,228,100**	**2,493,397**	**(265,297)**
		-	
Excess of assets over liabilities	**682,817**	**529,398**	**153,419**

D.5.1 Technical provisions: Unum EEA

As described earlier, UL is the only regulated insurance company within the Unum EEA Group. As at 31 December 2019, there is no additional insurance business written in Unum EEA Group. The Technical Provisions for Unum EEA are the same as for UL.

D.5.2 Volatility adjustment: Unum EEA Group

As for UL, the VA is used by Unum EEA Group.

The table below shows the impact of a change to zero of the volatility adjustment on Unum EEA Group's financial position at the valuation date. The technical provisions presented in the table below are post dividends and exclude the TMTP.

Financial Position Indicators at 31 December 2019	Solvency Position with VA and without TMTP (A)	Without TMTP and without VA (B)	Impact of VA (A-B)
Technical Provisions	2,165,847	2,200,253	(34,406)
Basic Own Funds	531,328	512,336	18,992
Eligible Own Funds	531,328	512,336	18,992
Solvency Capital Requirement (SCR)	472,292	472,292	0
SCR coverage ratio	112%	108%	4%
Minimum Capital Requirement (MCR)	212,494	212,494	0
MCR coverage ratio	250%	241%	9%

The impact of the VA on Own Funds for Unum EEA Group is less than the impact on Own Funds for UL due to the minority interest restriction (28% of UL's surplus Own Funds are owned by UPFC, see section A.1.1 for details).

D.5.3 Transitional technical provisions: Unum EEA Group

As for UL, the TMTP is used by Unum EEA Group.

The table below quantifies the impact of not applying the TMTP on UL's financial position at the valuation date in £000's. The Technical Provisions (both with and without TMTP) are post dividends and include the impact of the VA.

Financial Position Indicators	Solvency Position with TMTP (A)	Without TMTP (B)	Impact of TMTP (A-B)
Technical Provisions	2,034,641	2,165,847	(131,206)
Basic Own Funds	609,736	531,328	78,408
Eligible Own Funds	609,736	531,328	78,408
Solvency Capital Requirement (SCR)	472,292	472,292	0
SCR coverage ratio	129%	112%	17%
Minimum Capital Requirement (MCR)	212,494	212,494	0
MCR coverage ratio	287%	250%	37%

The impact of the TMTP on Own Funds for Unum EEA Group is less than the impact on Own Funds for UL due to the minority interest restriction (28% of UL's surplus Own Funds are owned by UPFC, see section A.1.1 for details).

E. Capital Management

E.1 Own funds

E.1.1 Capital policy: Unum EEA Group and Unum Limited

Unum EEA Group and UL's Capital strategy is to maintain an appropriate quantity and quality of capital consistent with its overall business strategy and prevailing regulatory requirements to provide the shareholder with an appropriate return for the level of risk taken. UL maintains a Capital Management Framework, which is used to ensure that the company retains sufficient capital to meet obligations as they fall due. The Framework also sets out the capital contingency plan in the event that capital risk appetite and limits are breached.

UL monitors its performance against a three year business plan. There have been no material changes over the reporting period.

Capital Management Framework

- Unum EEA takes a proactive approach to managing its risk profile and corresponding capital impacts. As part of the Capital Management Framework UL has a capital contingency plan. This sets out management actions dependent on the Solvency Capital Requirement ("SCR") and incorporates a buffer for balance sheet volatility.

- Unum EEA's Capital Management Framework is anchored on meeting a risk appetite defined in terms of reported solvency ratios. UL has defined trigger points for management actions at different solvency ratios.

- Unum EEA targets an appropriate dividend amount after ensuring that its current and projected solvency targets are met (in line with the capital management framework).

- If the capital ratio exceeds the capital management framework targets (and their projected levels for future new business and planned operating experience) then the company will seek to return any excess capital to shareholders over a period of time.

- If the capital ratio falls below the capital management framework targets then the Company will consider a range of management actions, such as recalculating the TMTP (subject to PRA approval), reducing dividend payments, increasing reinsurance, increasing the use of total return swaps or other changes in investment strategy, or raising capital. The exact management actions to be deployed depend on the solvency ratio at the time and the general market conditions.

- The Board will consider the SII balance sheet and projected balance sheet, stresses and scenarios and in light of this will consider the appropriateness of any proposed dividend in conjunction with the Capital Management Framework.

In addition to the regulatory view, the Company also calculates an internal Economic Capital measure (unaudited) which represents the economic view of the capital required. This measure is used in business and investment decisions.

E.1.2 Own funds: Unum Limited

Own Funds	Total £000	Tier 1 unrestricted £000	Total £000	Tier 1 unrestricted £000
	31 December 2019		31 December 2018	
Ordinary share capital (gross of own shares)	12,000	12,000	12,000	12,000
Reconciliation reserve	614,068	614,068	572,053	572,053
An amount equal to the value of net deferred tax assets	-	-	-	-
Deductions				
Deductions for participations in financial and credit institutions	-	-	-	-
Total basic own funds after deductions	**626,068**	**626,068**	**584,053**	**584,053**

UL's ordinary share capital and reconciliation reserve are all available as Tier 1 unrestricted own funds. The ordinary share capital has full voting, dividend and capital distribution (on winding up) rights; it does not confer any rights of redemption, is not subordinated and has no restricted duration. The reconciliation reserve equals the excess of assets over liabilities less other basic own fund items, and foreseeable dividends as at the reporting date. There are no own shares held.

UL has no Tier one restricted own funds, no Tier 2 own funds and no Tier 3 own funds.

The change in Tier 1 Own Funds over the year is analysed in the Profit and Loss Attribution analysis which is presented to UL's Board. From 31 December 2018 to 31 December 2019, Own Funds increased from £584m to £626m. The key sources of profit over the period i.e. increase in Own Funds, are:

- Investment returns on surplus assets and investment returns in excess of risk free on assets backing Technical Provisions;
- Profits on new business, and renewals of business (including retests which extend the outstanding duration at risk); and
- A narrowing of credit spreads which had a favourable impact on Own Funds.

However these were offset by the following key sources of change:

- Dividends paid over the period of £25m, and foreseeable dividends declared of £30m (which reduced the Own Funds shown above by £55m);
- Experience variances on existing business; and
- A fall in the risk free yields which had an adverse impact on own funds.

The significant differences between UL's equity as shown on its audited financial statements and the excess of assets over liabilities as calculated for solvency purpose are as follows:

- Deferred acquisition costs are not recognised under SII;
- Intangibles are disallowed unless they can be readily sold;
- Technical provisions are calculated in accordance with the SII requirements (see section D.2.1);
- Amounts recoverable from reinsurers are recalculated (see section D.2.8);
- IFRS 16 lease adjustment (see sections D1.2 and D3.3); and
- A deferred tax adjustment in relation to the above.

These are quantified in the table below:

Equity per Financial Statements to SII reconciliation	**31 December 2019 £000**	**31 December 2018 £000**
Ordinary Share Capital	12,000	12,000
Capital contribution	29,973	29,973
Retained earnings	454,722	404,969
Revaluation reserve	5,760	5,912
Total Equity	**502,455**	**452,855**
Adjustments for SII		
Deferred tax as a result of SII adjustments	(31,426)	(26,820)
IFRS 16 lease adjustment	(160)	-
Intangible assets	(27,212)	(27,541)
Deferred acquisition costs	(72,985)	(72,802)
SII adjustment for reinsurance assets	(22,032)	(22,121)
SII adjustment for technical provisions	307,272	280,322
Other including participation in CSI	156	160
SII excess of assets over liabilities	**656,068**	**584,053**

Assets representing own funds are invested in gilts, corporate bonds, alternative investments and cash or cash equivalents with the remainder being working capital held in debtor and creditor balances.

None of UL's own funds are subject to transitional arrangements and UL has no ancillary own funds. No deductions are applied to own funds. While UL has a ring fenced fund, there are no significant restrictions affecting the own funds availability and transferability.

UL's own funds are all Tier 1 unrestricted and available to cover the SCR and the MCR.

Reconciliation reserve (£000)	**31 December 2019**	**31 December 2018**
Excess of assets over liabilities	656,068	584,053
Own shares (held directly and indirectly)	-	-
Foreseeable dividends, distributions and charges	(30,000)	-
Other basic own fund items	(12,000)	(12,000)
Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	-	-
Reconciliation reserve	**614,068**	**572,053**

The key elements of the reconciliation reserve are the investments and the SII technical provisions; see section D for a description of the valuation of these items in the SII balance sheet.

The level of the Reconciliation Reserve can change depending on a number of factors including market movements (for example in credit spreads), and the underwriting experience of the business. The sensitivity of the balance sheet (and solvency coverage ratio) and the mitigation actions are discussed in Section C. The risk mitigation actions mainly include reinsurance, asset liability matching and adhering to strict investment limits and restrictions.

There are no eligibility restrictions hence eligible own funds are the same as basic own funds.

Eligible Own Funds (£000)	31 December 2019	31 December 2018
SCR	472,209	427,227
MCR	212,494	192,252
Ratio of Eligible Own Funds to SCR	**133%**	**137%**
Ratio of Eligible Own Funds to MCR	**295%**	**304%**

Own funds: Unum EEA Group

Own Funds as at 31 December 2019	Total £000	Tier 1 unrestricted £000	Tier 1 restricted £000
Ordinary share capital (gross of own shares)	10,266	10,266	-
Share premium account	5,932	5,932	-
Preference shares	14,000	-	14,000
Reconciliation reserve	622,619	622,619	-
An amount equal to the value of net deferred tax assets	-	-	-
Non-available minority interests at group level	(43,081)	(43,081)	-
Deductions	-	-	-
Deductions for participations in financial and credit institutions	-	-	-
Total basic own funds after deductions	609,736	595,736	14,000

Own Funds as at 31 December 2018	Total £000	Tier 1 unrestricted £000	Tier 1 restricted £000
Ordinary share capital (gross of own shares)	10,266	10,266	-
Share premium account	5,932	5,932	-
Preference shares	14,000	-	14,000
Reconciliation reserve	580,625	580,625	-
An amount equal to the value of net deferred tax assets	-	-	-
Non-available minority interests at group level	(43,911)	(43,911)	-
Deductions			
Deductions for participations in financial and credit institutions	-	-	-
Total basic own funds after deductions	566,912	552,912	14,000

Unum EEA Group's ordinary share capital and reconciliation reserve are all available as Tier 1 unrestricted own funds as per Article 69 (a)(i) of the Delegated Regulation. The ordinary share capital has full voting, dividend and capital distribution (on winding up) rights; it does not confer any rights of redemption, is not subordinated and has no restricted duration. The reconciliation reserve equals the excess of assets over liabilities less other basic own funds items, and foreseeable dividends as at the reporting date. There are no own shares held.

UEHCL has issued 14m £1 preference shares. The perpetual non-cumulative preference shares qualified as Tier 1 capital under the Solvency I regime, but did not meet the full criteria set out in the regulations in order to be treated as either Tier 1 or Tier 2 capital under SII. Under the regulations, the preference shares have transitioned into SII as Tier 1 own funds. The transitional period ends 31 December 2025.

Unum EEA Group has no Tier 3 own funds (per Article 76 of the Delegated Regulations).

The Group solvency position has been calculated using the accounting consolidation based method (Method 1) per Article 230 of EU Directive 2009/138/EC. As Unum EEA Group owns 72% of UL, a minority interest adjustment is required. The Unum EEA Group balance sheet therefore has a Minority Interest restriction which is 28% of the UL surplus own funds. All intra group transactions are eliminated on consolidation.

The significant differences between Unum EEA Group's equity as shown on its consolidated balance sheet and the excess of assets over liabilities as calculated for solvency purpose are as follows:

- Deferred acquisition costs are not recognised under SII,
- Intangibles are disallowed unless they can be readily sold;
- Technical provisions are calculated in accordance with the SII requirements (see section D.2.1);
- Amounts recoverable from reinsurers are recalculated (see section D.2.8);
- IFRS 16 lease adjustment (see section D1.2 and D3.3); and
- A deferred tax adjustment in relation to the above.

Equity per Financial Statements to Solvency II reconciliation as at 31 December 2019	31 December 2019 £000	31 December 2018 £000
Ordinary Share Capital	10,266	10,266
Share capital - non-equity interests	14,000	14,000
Share premium	5,932	5,932
Capital contribution	-	-
Retained earnings	352,753	317,083
Revaluation reserve	5,761	5,912
Minority Interest	140,687	126,799
Total Equity	**529,398**	**479,992**
Adjustments for Solvency II		
Intangible assets	(27,257)	(27,793)
IFRS 16 lease adjustment	(161)	-
SII adjustment for reinsurance assets	(22,032)	(22,121)
Deferred acquisition costs	(72,985)	(72,802)
Deferred tax assets	-	(527)
SII adjustment for technical provisions	307,272	280,323
Deferred tax liabilities as a result of SII adjustments	(31,418)	(26,250)
Solvency II excess of assets over liabilities	**682,817**	**610,822**

Unum EEA Groups own funds are all Tier 1 and available to cover the SCR and the Minimum Consolidated Group Solvency Capital Requirement (MGSCR). No deductions are applied to own funds. While UL has a ring fenced fund, there are no significant restrictions affecting the own funds availability and transferability.

The movement in Tier 1 Own Funds for Unum EEA Group in the year from £566.9m to £609.7m is due to:

- Investment returns on surplus assets and investment returns in excess of risk free on assets backing Technical Provisions;
- Profits on new business, and renewals of business (including retests which extend the outstanding duration at risk); and
- A narrowing of credit spreads which had a favourable impact on Own Funds.

Reconciliation reserves	31 December 2019	31 December 2018
	£000	£000
Excess of assets over liabilities	682,817	610,822
Own shares (held directly and indirectly)	-	-
Foreseeable dividends, distributions and charges	(30,000)	-
Other basic own fund items	(30,198)	(30,198)
Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	-	-
Reconciliation reserve	**622,619**	**580,625**

The key elements of the reconciliation reserve are the investments and the SII technical provisions; see section D for a description of the valuation of these items in the SII balance sheet.

The level of the Reconciliation Reserve can change depending on a number of factors including market movements (for example in credit spreads), and the underwriting experience of the business. The sensitivity of the balance sheet (and solvency coverage ratio) and the mitigation actions are discussed in Section C. The risk mitigation actions mainly include reinsurance, asset liability matching and adhering to strict investment limits and restrictions.

There are no eligibility restrictions hence eligible own funds are the same as basic own funds.

Eligible Own Funds (£000)	31 December 2019	31 December 2018
SCR	472,292	427,467
Minimum consolidated SCR	212,494	192,252
Ratio of Eligible Own Funds to SCR	**129%**	**133%**
Ratio of Eligible Own Funds to minimum consolidated SCR	**287%**	**295%**

E.2 Solvency Capital Requirement and Minimum Capital Requirement

E.2.1 Solvency Capital Requirement and Minimum Capital Requirement: Unum Limited

The table below presents the amount of UL's SCR and MCR by risk categories as per the Internal Model at the valuation date and previous valuation date.

Internal Model Risk Categories	Current Period (A) £'000	Previous Period (B) £'000	Difference (A-B) £'000	% Difference [(A-B)/B]
Insurance Risks	590,631	524,418	66,214	13%
Market Risk	143,987	140,470	3,517	3%
Credit Risk	316,081	293,623	22,458	8%
Operational Risk	67,400	74,100	-6,700	-9%
Total Pre-diversified Capital	1,118,099	1,032,611	85,488	8%
Risk Diversification	(553,158)	(522,463)	-30,695	6%
Other Adjustments	(92,733)	(82,920)	-9,812	12%
Solvency Capital Requirement (SCR)	**472,209**	**427,227**	**44,982**	**11%**
Minimum Capital Requirement	**212,494**	**192,252**	**20,242**	**11%**

Note:

- The insurance risk category includes capital requirements arising from both the life and health risks;
- The credit risk category includes capital requirements from bond spread risk and counterparty default risk;
- The pre-diversified capital figures do not allow for any diversification between different risks within each risk category;
- Unum aggregates its capital requirements via the correlation matrix approach using multi-tiered correlation matrices, which is a common approach adopted in the insurance industry. The correlation matrix is developed using historical data analyses and considerable emphasis is placed on overlaying expert judgement;
- 'Other Adjustments' include allowance for non-linearity and the loss-absorbing capacity of deferred tax;
- The final SCR as at 31 December 2019 is still subject to supervisory assessment.

The MCR reflects the minimum level of security below which the amount of financial resources should not fall. The formulae to calculate MCR are specified in the SII rules. The MCR is calculated using a linear formula that applies prescribed factors to the technical provisions and capital at risk. The MCR for UL is calculated as the sum of 2.1% of life technical provisions, 0.07% of the life capital at risk and 4.7% of the non-life technical provisions and net of reinsurance written premiums. The MCR is then restricted to a minimum of 25% and a maximum of 45% of SCR. Moreover an absolute floor is applied as per Rule 3.2 of the PRA Rulebook equal to €6.2m as UL writes both life and non-life business (€2.5m minimum is applied to non-life activities and €3.7m minimum to life activities).

The technical provisions used in the MCR calculation are calculated as the BEL calculated after applying the VA; less reinsurance recoverables; less the amount of the TMTP in excess of the risk margin. The technical provisions are calculated on bases specified in the valuation section.The capital at risk is the sum of the value of benefits, net of reinsurance recoverables, that UL would pay in case of insured event, death or disability, under each contract at the valuation date less the best estimate liability net of reinsurance. For products with annuity benefits, such as Income Protection and Group Dependant contracts, the value of benefit is calculated using the best estimate duration over which the payment is likely to be made. The calculated value of MCR at the valuation date is £212.5m (2018: £192.3m). At 31 December 2019 the restriction of the MCR being a maximum of 45% of the SCR applied.

E.2.2 Material changes in SCR & MCR: Unum Limited

Details of the material changes to components of the SCR over the reporting period are given below by Internal Model risk categories:

- Insurance risk – overall, an increase in insurance risk capital which is mainly driven by a reduction in discount rates over the period which has increased capital, and growth in the business (which increases the outstanding duration at risk);
- Market risk – overall, there was no material change in market risk over the period;
- Credit risk – an increase in credit risk capital which is driven by an increase in the market value of assets; and
- Risk Diversification – a small increase in the benefit from risk diversification, which is materially driven by changes in the undiversified risk capital.

Over the reporting period, there was a small increase in the MCR which is driven by the fall in discount rates over the period and the SCR increase which impacts the restriction applied to the MCR.

E.2.3 Solvency Capital Requirement and Minimum Capital Requirement: Unum EEA Group

The table below presents the amount of Solvency Capital Requirement and Minimum Capital Requirement by risk categories as per the Unum EEA' Internal Model at the valuation date and previous valuation date

Internal Model Risk Categories	Current Period (A) £'000	Previous Period (B) £'000	Difference (A-B) £'000	% Difference [(A-B)/B]
Insurance Risks	590,631	524,418	66,214	13%
Market Risk	143,987	140,470	3,517	3%
Credit Risk	316,284	294,202	22,083	8%
Operational Risk	67,400	74,100	(6,700)	(9)%
Total Pre-diversified Capital	1,118,303	1,033,190	85,113	8%
Risk Diversification	(553,279)	(522,802)	(30,477)	6%
Other Adjustments	(92,733)	(82,920)	(9,812)	12%
Solvency Capital Requirement (SCR)	**472,292**	**427,467**	**44,824**	**10%**
Minimum consolidated Group SCR	**212,494**	**192,252**	**20,242**	**11%**

UL's SCR includes all the material risks that are within the Unum EEA Group.

The Unum EEA SCR includes additional capital as a result of additional counterparty default risk capital which arises from holding more assets giving exposure to additional counterparties.

This additional capital is aggregated with the capital held by UL to determine the final Group SCR. The Group diversification benefit realised is not material.

UL uses a full Internal Model to calculate the Solvency Capital Requirement. Therefore, simplifications to the Standard Formula and undertaking-specific parameters are not relevant to UL and have not been applied in calculating the SCR.

UL and Unum EEA Group have not applied any capital add-on to the SCR.

The final SCR as at 31 December 2019 is still subject to supervisory assessment. The minimum consolidated group solvency capital requirement (MGSCR) is the MCR for UL because UL is the only insurer in the Group.

E.2.4 Material changes in SCR & MCR: Unum EEA Group

As a result of the group structure, the comments on movements in individual components of the UL SCR and MCR also apply to Unum EEA's SCR and MGSCR.

E.3 Differences between the Standard Formula and any Internal Model used

E.3.1 Uses of the Internal Model

The Internal Model is being used widely in key decision making across the Company. The key business processes that use output from the Internal Model are shown below:

Business Process

- Risk strategy setting & management
- Risk Assessment & Mitigation
- Risk appetite setting & management
- Regulatory Reporting
- Solvency Management
- Dividend policy and setting
- Efficient management of capital
- Reinsurance strategy
- Product development and pricing
- Business Planning
- M&A and Special Projects
- ALM and Investment Management
- Profit and Loss Attribution
- Performance Management
- Senior Management & Responsible-Individual Understanding
- Cultural Awareness and Embedding

E.3.2 Scope of Internal Model in terms of business units/risk categories

The Internal Model covers the Unum EEA Group comprising (i) the Group entity UEHCL and (ii) the Solo entity of UL. The same single Internal Model is used to calculate the Solvency Capital Requirements (SCR) for both Solo and Group positions.

All lines of business planned to be written in the forthcoming year, or with non-zero claims reserves held as at the date of running the model are considered within scope. The Internal Model covers all identifiable risks for these lines of business according to the risk categories described in Section C. The only risks in Section C which are not modelled are Group Risk and Strategic Opportunity Risk as we have judged that no capital needs to be held for these risks.

E.3.3 Technique which has been used to integrate any partial internal model into the standard formula

This is not applicable.

E.3.4 Probability distribution forecast and Solvency Capital Requirement

In principle, the calculation of probability distribution forecast can be decomposed into a number of steps such as initial valuation, a projection step and a re-valuation step depending on the risk types and the design of the Internal Model. For UL, these steps are implicitly performed in the underlying theoretical framework of the Internal Model. The implicit allowance is made by applying all risk stress tests instantaneously and in full at the valuation date, rather than progressively over the following year, where the:

- Risk stresses are developed for each individual risk using various statistical analysis (time series, distribution fitting, principal component analysis, etc. on internal and/or external data) to derive the risk distributions and the required stresses; and
- Profits or losses are calculated as differences in the SII balance sheet from the best estimate assumption and relate to changes in basic own funds.

The approach means that the assets and liabilities used in the initial valuation are used directly as an input for the Internal Model and are completely consistent, as no transition and proxy modelling are used for projecting assets and liabilities values, with re-valuation of the change in basic own funds. The approach assumes that the risk profile of UL will not change significantly over the next year.

The individual capital requirements are aggregated using correlation matrices, reflecting dependencies among risks under stressed conditions to determine the Solvency Capital Requirement.

E.3.5 Main difference between the standard formula and UL's model

Model structure & general methodology

The overall structure of the Internal Model is similar to Standard Formula in that the risks within the scope are grouped under a few risks categories. The individual capital requirements are aggregated using a tiered approach using linear correlation metrics, reflecting the expected dependencies under extreme conditions, based on data where relevant and expert judgement, to generate the Solvency Capital Requirement.

The general approach to determining the individual capital requirement for each risk is to calculate the difference between the own funds in the stressed and the base positions, using the same actuarial models and processes, and fully allowing for the impact on the employees' pension scheme. Non-linearity among risks is assessed and is applied as a capital adjustment if necessary.

Risk calibration

In general, the risks under the Internal Model have been calibrated based on internal experience and data, where available and supplemented by external / industry data with adjustments to reflect the characteristics of risks relevant to UL, with expert judgement applied in a prudent manner to ensure that the risk calibration is proportionate and appropriate. For material insurance risks, UL's approach separately considers a short term random fluctuation as well as a long term systematic change in experience to capture the potential risk appropriately. The main differences in the methodology and assumptions are given below, for each relevant Standard Formula risk modules.

Risk Module	***UL's Internal Model***	***Standard Formula***
Life underwriting risk		
Catastrophe risk	Dynamic and granular modelling by separately considering geographic concentration and pandemic risks	Fixed additional mortality stress
Longevity risk	Bespoke mortality reduction stress	Fixed mortality stress
Other risks (Lapse & Expenses)	Own calibration	Standard calibration
Health underwriting risk		
Disability: Morbidity risk	More granular analysis and modelling using high volumes of internal data, by separately considering the risk of new claims and the risk of claims being paid longer	Fixed stress to morbidity and recover rates
Market risk		
Credit risk	Modelled by analysing data relevant to own portfolio, allowing for default, transition and spread risks and considering duration, credit rating, sectors	Stress based on credit rating / duration / types of instruments
Interest rate risk	Captures material changes in the shape of yield curve (shift, tilt and bend) by performing Principal Component Analysis of relevant historical data	Permanent increase or decrease
Inflation rate risk	Captures material changes in the shape of inflation curve (shift, tilt and bend) by performing Principal Component Analysis of relevant historical data	Not Covered
Gilt-Swap spread risk	Captures basis risk when sovereign debt is used to back liabilities by performing analysis on relevant historical data	Not Covered
Counterparty default risk	Combination of historical analysis of corporate bond spread/default for reinsurance counterparties and standard formula approach for other counterparties	Stress by type of counterparty / loss given default approach
Operational risk	Deterministic approach based on input from internal risk assessment and considering the likelihood and severity across a large number of underlying risks	Formula based on stress on technical provisions / capital at risk

E.3.6 Main difference between the Standard Formula and Unum EEA's model

There are no material additional differences between the Standard Formula and Unum EEA's Internal Model other than those mentioned in the UL section.

E.3.7 Risk measure and time period

UL's Internal Model is calibrated using the same risk measure, time period, and confidence level as prescribed in the SII rules and covers all relevant quantifiable risks that impact UL's SII balance sheet. The Solvency Capital Requirement takes an approach, which corresponds to a value at risk of the basic own funds, subject to a confidence level of a 1 in 200 year event over a one-year period and assumes the business remains a going concern.

E.3.8 Internal Model Data

Nature of data

The Internal Model data has been categorised into broad data sets. The data is held in a consistent manner, covering both current and historical information, and holds the key risk factors at claim/ policy record level – as such the data can be split into homogeneous groups and closely reflects the underlying risks.

The capital specific data set includes a number of different data items that are used in the calculation of the SCR and covers areas such as financial data (yields and credit spreads), operational risk, pension risk and catastrophe risk. Data for all insurance risks and operational risk is primarily internal, while data for market and concentration risks tends to be external.

UL has had a large market share for many years in its core market and therefore has a significant amount of data which relates directly to the insurance risks and can be used to analyse extreme past events. Data in respect of market risk comes from UL's asset managers and other well recognised industry sources such as Barclays credit indices and the Bank of England.

Appropriateness of data

As required under the SII regulations, UL maintains a directory of data. All material data used in the Internal Model has been analysed for accuracy and base lined and the results of this are included in the Directory of Data.

The data sets have controls and processes in place to ensure that the data is accurate, appropriate and complete. Additionally the Data Quality Governance framework provides a mechanism to monitor data quality coming into the Internal Model and ensure that data quality is maintained. It uses a combination of approaches including data profiling, systematic checks and validation and governance structure, with the overall assessment that there are no material limitations in the data and that the data is appropriate for use in the Internal Model.

E.3.9 Non-compliance with the Minimum Capital Requirement and Solvency Capital Requirement

UL and Unum EEA Group have continuously complied with both the Minimum Capital Requirement and Solvency Capital Requirement throughout the reporting period.

E.3.10 Capital management: any other information

There is no other information regarding the capital management of Unum EEA that is considered material to this SFCR.

F. Appendices: Glossary and Public QRTs

F.1.1 Glossary

A

ALM	Asset Liability Matching
AMSB	Administrative Management or Supervisory Board

B

BEL	Best Estimate Liability
BoE	Bank of England

C

CAL	Claims Assistance Limited
CAT	Compulsory Annual Training
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CMIR	Continuous Mortality Investigation Report
COCON	Code of Conduct
CRO	Chief Risk Officer
CSI	Claims Services International Limited

E

ECM	Economic Capital Model
EEA	European Economic Area
EIOPA	European Insurance and Occupational Pensions Authority
ERM	Enterprise Risk Management
EPIFP	Expected Profit in Future Premiums
ExCo	Executive Committee

F

FCA	Financial Conduct Authority
FRS	Financial Reporting Standard
FTSE	Financial Times Stock Exchange

G

GAAP	Generally Accepted Accounting Principles
GCI	Group Critical Illness
GDEP	Group Dependants
GIP	Group Income Protection

H

HR	Human Resources

I

IA	Internal Audit
IBNR	Incurred but not reported
IFRS	International Financial Reporting Standards
IMGC	Internal Model Governance Committee
ISA	Individual Savings Account

K

KFH	Key Function Holder

L

LPI	Limited Price Index

M

MCR	Minimum Capital Requirement
MGSCR	Minimum consolidated Group SCR
MIC	Minories Insurance PCC Limited

N

NDP	National Dental Plan

O

ORIC	Operational Risk Consortium
ORSA	Own Risk Solvency Assessment

P

PCA	Principal Component Analysis
PPKF	Persons Performing Key Functions
PPP	Prudent Person Principle
PRA	Prudential Regulation Authority

Q

QRT	Quantitative Reporting Template

R

RACA	Risk and Control Assessment
RC	Risk Committee
RCC	Regulatory and Compliance Committee
RCSC	Risk, Capital and Solvency Committee
RCOM	Risk and Capital Operating Model
RI	Reinsurance
RMG	Reinsurance Management Group
RPI	Retail Price Index
RSG	Revenue Strategy Group

S

SCR	Solvency Capital Requirement
SFCR	Solvency and Financial Condition Report
SIL	Smarter Investments Limited
SFS	Smarter Financial Services LLP
SII	Solvency II
SIMR	Senior Insurance Managers Regime
SLT	Similar to Life Techniques
SOX	Sarbanes-Oxley Act

T

TMTP	Transitional Measure on Technical Provision

U

UEHCL	Unum European Holding Company Limited
UK	United Kingdom
UL	Unum Limited
US	United States
USL	Unum Select Limited

V

VA	Volatility Adjustment

Unum European Holding Company Limited

Solvency and Financial Condition Report

Disclosures

31 December

2019

(Monetary amounts in GBP thousands)

General information

Participating undertaking name	Unum European Holding Company Limited
Group identification code	213800XTPRRAIOHWFL32
Type of code of group	LEI
Country of the group supervisor	GB
Language of reporting	en
Reporting reference date	31 December 2019
Currency used for reporting	GBP
Accounting standards	Local GAAP
Method of Calculation of the group SCR	Full internal model
Method of group solvency calculation	Method 1 is used exclusively
Matching adjustment	No use of matching adjustment
Volatility adjustment	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	Use of transitional measure on technical provisions

List of reported templates

S.02.01.02 - Balance sheet
S.05.01.02 - Premiums, claims and expenses by line of business
S.05.01.02 - Premiums, claims and expenses by line of business
S.05.02.01 - Premiums, claims and expenses by country
S.05.02.01 - Premiums, claims and expenses by country
S.22.01.22 - Impact of long term guarantees measures and transitionals
S.23.01.22 - Own Funds
S.25.03.22 - Solvency Capital Requirement - for groups on Full Internal Models
S.25.03.22 - Solvency Capital Requirement - for groups on Full Internal Models
S.32.01.22 - Undertakings in the scope of the group

S.02.01.02

Balance sheet

		Solvency II value
	Assets	C0010
R0030	Intangible assets	
R0040	Deferred tax assets	
R0050	Pension benefit surplus	
R0060	Property, plant & equipment held for own use	27,769
R0070	Investments (other than assets held for index-linked and unit-linked contracts)	2,576,125
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*	2,569,427
R0140	*Government Bonds*	528,837
R0150	*Corporate Bonds*	2,015,415
R0160	*Structured notes*	0
R0170	*Collateralised securities*	25,174
R0180	*Collective Investments Undertakings*	3,175
R0190	*Derivatives*	3,083
R0200	*Deposits other than cash equivalents*	0
R0210	*Other investments*	439
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:	146,200
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*	146,200
R0320	*Health similar to life*	72,120
R0330	*Life excluding health and index-linked and unit-linked*	74,080
R0340	*Life index-linked and unit-linked*	0
R0350	Deposits to cedants	0
R0360	Insurance and intermediaries receivables	69,463
R0370	Reinsurance receivables	1,671
R0380	Receivables (trade, not insurance)	5,192
R0390	Own shares (held directly)	
R0400	Amounts due in respect of own fund items or initial fund called up but not yet paid in	0
R0410	Cash and cash equivalents	84,497
R0420	Any other assets, not elsewhere shown	
R0500	**Total assets**	2,910,917

S.02.01.02

Balance sheet

		Solvency II value
	Liabilities	C0010
R0510	Technical provisions - non-life	2,682
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)*	2,682
R0570	*TP calculated as a whole*	
R0580	*Best Estimate*	2,666
R0590	*Risk margin*	16
R0600	Technical provisions - life (excluding index-linked and unit-linked)	2,031,959
R0610	*Technical provisions - health (similar to life)*	1,490,264
R0620	*TP calculated as a whole*	0
R0630	*Best Estimate*	1,482,754
R0640	*Risk margin*	7,510
R0650	*Technical provisions - life (excluding health and index-linked and unit-linked)*	541,695
R0660	*TP calculated as a whole*	0
R0670	*Best Estimate*	541,695
R0680	*Risk margin*	0
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	
R0760	Pension benefit obligations	3,075
R0770	Deposits from reinsurers	
R0780	Deferred tax liabilities	32,322
R0790	Derivatives	6,612
R0800	Debts owed to credit institutions	0
R0810	Financial liabilities other than debts owed to credit institutions	
R0820	Insurance & intermediaries payables	35,337
R0830	Reinsurance payables	73,882
R0840	Payables (trade, not insurance)	42,232
R0850	Subordinated liabilities	0
R0860	*Subordinated liabilities not in BOF*	
R0870	*Subordinated liabilities in BOF*	0
R0880	Any other liabilities, not elsewhere shown	
R0900	**Total liabilities**	2,228,101
R1000	**Excess of assets over liabilities**	682,817

S.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	Assistance	Misc. financial loss	Health	Casualty	Marine, aviation and transport	Property	
		C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0120	C0130	C0140	C0150	C0160	C0200
	Premiums written																	
R0110	Gross - Direct Business	25,062																25,062
R0120	Gross - Proportional reinsurance accepted	-323																-323
R0130	Gross - Non-proportional reinsurance accepted																	0
R0140	Reinsurers' share																	0
R0200	Net	24,739	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	24,739
	Premiums earned																	
R0210	Gross - Direct Business	25,579																25,579
R0220	Gross - Proportional reinsurance accepted	-323																-323
R0230	Gross - Non-proportional reinsurance accepted																	0
R0240	Reinsurers' share																	0
R0300	Net	25,255	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	25,255
	Claims incurred																	
R0310	Gross - Direct Business	18,457																18,457
R0320	Gross - Proportional reinsurance accepted																	0
R0330	Gross - Non-proportional reinsurance accepted																	0
R0340	Reinsurers' share																	0
R0400	Net	18,457	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	18,457
	Changes in other technical provisions																	
R0410	Gross - Direct Business	0																0
R0420	Gross - Proportional reinsurance accepted																	0
R0430	Gross - Non-proportional reinsurance accepted																	0
R0440	Reinsurers' share																	0
R0500	Net	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
R0550	**Expenses incurred**	4,002	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	4,002
R1200	**Other expenses**																	
R1300	**Total expenses**																	4,002

S.05.01.02

Premiums, claims and expenses by line of business

Life

		Line of Business for: life insurance obligations						Life reinsurance obligations		Total
		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	
		C0210	C0220	C0230	C0240	C0250	C0260	C0270	C0280	C0300
	Premiums written									
R1410	Gross	321,816			133,594			2,662		458,072
R1420	Reinsurers' share	2,254			41,382			123		43,759
R1500	Net	319,562			92,212			2,539		414,313
	Premiums earned									
R1510	Gross	321,670			131,937			2,668		456,275
R1520	Reinsurers' share	2,105			40,875			123		43,102
R1600	Net	319,565			91,062			2,545		413,172
	Claims incurred									
R1610	Gross	257,228			105,771			16,502		379,501
R1620	Reinsurers' share	3,268			35,593			318		39,179
R1700	Net	253,960			70,178			16,184		340,322
	Changes in other technical provisions									
R1710	Gross	28,249			19,269			-2,003		45,515
R1720	Reinsurers' share	1,187			1,392			-49		2,529
R1800	Net	27,062			17,877			-1,954		42,985
R1900	**Expenses incurred**	91,182			26,624			1,242		119,048
R2500	**Other expenses**									
R2600	**Total expenses**									119,048

S.05.02.01

Premiums, claims and expenses by country

Non-life

		C0010	C0020	C0030	C0040	C0050	C0060	C0070
		Home Country	Top 5 countries (by amount of gross premiums written) - non-life obligations			Top 5 countries (by amount of gross premiums written) - non-life obligations		Total Top 5 and home country
R0010								
		C0080	C0090	C0100	C0110	C0120	C0130	C0140
	Premiums written							
R0110	Gross - Direct Business	25,062						25,062
R0120	Gross - Proportional reinsurance accepted	-323						-323
R0130	Gross - Non-proportional reinsurance accepted							0
R0140	Reinsurers' share							0
R0200	Net	24,739						24,739
	Premiums earned							
R0210	Gross - Direct Business	25,579						25,579
R0220	Gross - Proportional reinsurance accepted	-323						-323
R0230	Gross - Non-proportional reinsurance accepted							0
R0240	Reinsurers' share							0
R0300	Net	25,255						25,255
	Claims incurred							
R0310	Gross - Direct Business	18,457						18,457
R0320	Gross - Proportional reinsurance accepted	0						0
R0330	Gross - Non-proportional reinsurance accepted							0
R0340	Reinsurers' share							0
R0400	Net	18,457						18,457
	Changes in other technical provisions							
R0410	Gross - Direct Business	0						0
R0420	Gross - Proportional reinsurance accepted	0						0
R0430	Gross - Non-proportional reinsurance accepted							0
R0440	Reinsurers' share							0
R0500	Net	0						0
R0550	**Expenses incurred**	4,002						4,002
R1200	**Other expenses**							
R1300	**Total expenses**							4,002

S.05.02.01

Premiums, claims and expenses by country

Life

		C0150	C0160	C0170	C0180	C0190	C0200	C0210
R1400		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
		C0220	C0230	C0240	C0250	C0260	C0270	C0280
	Premiums written							
R1410	Gross	458,072						458,072
R1420	Reinsurers' share	43,759						43,759
R1500	Net	414,313						414,313
	Premiums earned							
R1510	Gross	456,275						456,275
R1520	Reinsurers' share	43,102						43,102
R1600	Net	413,172						413,172
	Claims incurred							
R1610	Gross	379,501						379,501
R1620	Reinsurers' share	39,179						39,179
R1700	Net	340,322						340,322
	Changes in other technical provisions							
R1710	Gross	45,515						45,515
R1720	Reinsurers' share	2,529						2,529
R1800	Net	42,985						42,985
R1900	**Expenses incurred**	119,048						119,048
R2500	**Other expenses**							
R2600	**Total expenses**							119,048

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	2,034,641	131,206	0	34,406	0
R0020	Basic own funds	609,736	-78,409	0	-18,992	0
R0050	Eligible own funds to meet Solvency Capital Requirement	609,736	-78,409	0	-18,992	0
R0090	Solvency Capital Requirement	472,292	0	0	0	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)	10,266	10,266		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	5,932	5,932		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	14,000		14,000	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	622,619	622,619			
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*	43,081	43,081			
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**	43,081	43,081	0	0	0
R0280	**Total deductions**	43,081	43,081	0	0	0
R0290	**Total basic own funds after deductions**	609,736	595,736	14,000	0	0
	Ancillary own funds					
R0300	Unpaid and uncalled ordinary share capital callable on demand	0				
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**	0			0	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

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
	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)	609,736	595,736	14,000	0	0
R0530	Total available own funds to meet the minimum consolidated group SCR	609,736	595,736	14,000	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)	609,736	595,736	14,000	0	0
R0570	Total eligible own funds to meet the minimum consolidated group SCR (group)	609,736	595,736	14,000	0	
R0610	**Minimum consolidated Group SCR**	212,494				
R0650	**Ratio of Eligible own funds to Minimum Consolidated Group SCR**	286.94%				
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)**	609,736	595,736	14,000	0	0
R0680	**Group SCR**	472,292				
R0690	**Ratio of Eligible own funds to group SCR including other financial sectors and the undertakings included via D&A**	129.10%				

	Reconcilliation reserve	C0060
R0700	Excess of assets over liabilities	682,817
R0710	Own shares (held directly and indirectly)	
R0720	Forseeable dividends, distributions and charges	30,000
R0730	Other basic own fund items	30,198
R0740	Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	0
R0750	Other non available own funds	
R0760	**Reconciliation reserve**	622,619
	Expected profits	
R0770	Expected profits included in future premiums (EPIFP) - Life business	126,948
R0780	Expected profits included in future premiums (EPIFP) - Non- life business	
R0790	**Total Expected profits included in future premiums (EPIFP)**	126,948

S.25.03.22

Solvency Capital Requirement - for groups on Full Internal Models

Row	Unique number of component	Component description	Calculation of the Solvency Capital Requirement
	C0010	C0020	C0030
1	10310I	Other interest rate risk	0
2	10320I	Other interest rate risk	36,429
3	10330I	Other interest rate risk	-75
4	10340I	Other interest rate risk	0
5	10350I	Other interest rate risk	2,442
6	10360I	Other interest rate risk	20
7	10390I	Other interest rate risk	0
8	10399I	Other interest rate risk	0
9	10310P	Other interest rate risk	0
10	10320P	Other interest rate risk	-1,934
11	10330P	Other interest rate risk	674
12	10340P	Other interest rate risk	0
13	10350P	Other interest rate risk	-310
14	10360P	Other interest rate risk	0
15	10390P	Other interest rate risk	0
16	10399P	Other interest rate risk	0
17	10400I	Equity risk	1,270
18	10400P	Equity risk	22,269
19	10600I	Property risk	5,210
20	10600P	Property risk	0
21	10700I	Spread risk	280,067
22	10700P	Spread risk	9,744
23	10800I	Concentration risk	5,020
24	10800P	Concentration risk	0
25	10900I	Currency risk	763
26	10900P	Currency risk	6,153
27	11010I	Other market risk	10,371
28	11020I	Other market risk	50,544
29	11010P	Other market risk	5,142
30	11020P	Other market risk	0
31	19900I	Diversification within market risk	-97,949
32	19900P	Diversification within market risk	-10,780
33	20100I	Type 1 counterparty risk	26,473
34	20100P	Type 1 counterparty risk	0
35	20200I	Type 2 counterparty risk	0
36	20200P	Type 2 counterparty risk	0
37	29900I	Diversification within counterparty risk	0
38	30100I	Mortality risk	15,347
39	30200I	Longevity risk	42,532
40	30200P	Longevity risk	10,857
41	30500I	Other lapse risk	1,262
42	30600I	Expense risk	4,838
43	30810I	Life catastrophe risk	96,532
44	30820I	Life catastrophe risk	57,406
45	30899I	Life catastrophe risk	-44,187
46	39900I	Diversification within life underwriting risk	-19,192
47	39900P	Diversification within life underwriting risk	-3,257
48	40330I	Health disability-morbidity risk	69,914
49	40340I	Health disability-morbidity risk	251,492
50	40399I	Health disability-morbidity risk	-28,589
51	40500I	Health SLT other lapse risk	8,134
52	40600I	Health expense risk	25,888
53	40800I	Health NSLT medical expenses	999
54	41400I	Health accident concentration risk	5,431
55	49900I	Diversification within health underwriting risk	-78,328
56	70100I	Operational risk	67,400
57	80300I	Loss-absorbing capacity of deferred tax	-92,733
58	80400I	non linearity	0

S.25.03.22

Solvency Capital Requirement - for groups on Full Internal Models

	Calculation of Solvency Capital Requirement	C0100
R0110	Total undiversified components	743,290
R0060	Diversification	-270,998
R0160	Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC	
R0200	**Solvency capital requirement excluding capital add-on**	472,292
R0210	Capital add-ons already set	
R0220	**Solvency capital requirement**	472,292
	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	-92,733
R0410	Total amount of Notional Solvency Capital Requirements for remaining part	466,763
R0420	Total amount of Notional Solvency Capital Requirement for ring fenced funds	5,528
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	212,494
	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	

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	213800XTPRRAIOHWFL32	LEI	Unum European Holding Company Limited	Insurance holding company as defined in Article 212(1) (f) of Directive 2009/138/EC	Company limited by shares	Non-mutual	
2	GB	5493004P4HMCGZ2OY093	LEI	Unum Limited	Composite undertaking	Company limited by shares	Non-mutual	Prudential Regulation Authority
3	GB	213800SAD5ORMGAMBW91	LEI	Claims Services International Limited	Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35	Company limited by shares	Non-mutual	
4	GB	213800IFXMGHG9MINM90	LEI	Unum Select Limited	Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35	Company limited by shares	Non-mutual	Financial Conduct Authority
5	GB	309173	Specific code	National Dental Plan Limited	Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35	Company limited by shares	Non-mutual	Financial Conduct Authority
6	GB	213800T6SBD9M6L15962	LEI	Claims Assistance (UK) Limited	Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35	Company limited by shares	Non-mutual	

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	% 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	C0180	C0190	C0200	C0210	C0220	C0230	C0240	C0250	C0260
1	GB	213800XTPRRAIOHWFL32	LEI							Included in the scope		Method 1: Full consolidation
2	GB	5493004P4HMCGZ2OY093	LEI	72.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Full consolidation
3	GB	213800SAD5ORMGAMBW91	LEI	86.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Full consolidation
4	GB	213800IFXMGHG9MINM90	LEI	100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Full consolidation
5	GB	309173	Specific code	100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Full consolidation
6	GB	213800T6SBD9M6L15962	LEI	100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Full consolidation

Unum Limited

Solvency and Financial Condition Report

Disclosures

31 December

2019

(Monetary amounts in GBP thousands)

General information

Undertaking name	Unum Limited
Undertaking identification code	5493004P4HMCGZ2OY093
Type of code of undertaking	LEI
Type of undertaking	Undertakings pursuing both life and non-life insurance activity - article 73 (2)
Country of authorisation	GB
Language of reporting	en
Reporting reference date	31 December 2019
Currency used for reporting	GBP
Accounting standards	Local GAAP
Method of Calculation of the SCR	Full internal model
Matching adjustment	No use of matching adjustment
Volatility adjustment	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	Use of transitional measure on technical provisions

List of reported templates

S.02.01.02 - Balance sheet
S.05.01.02 - Premiums, claims and expenses by line of business
S.05.01.02 - Premiums, claims and expenses by line of business
S.05.02.01 - Premiums, claims and expenses by country
S.05.02.01 - Premiums, claims and expenses by country
S.12.01.02 - Life and Health SLT Technical Provisions
S.17.01.02 - Non-Life Technical Provisions
S.19.01.21 - Non-Life insurance claims
S.22.01.21 - Impact of long term guarantees measures and transitionals
S.23.01.01 - Own Funds
S.25.03.21 - Solvency Capital Requirement - for undertakings on Full Internal Models
S.25.03.21 - Solvency Capital Requirement - for undertakings on Full Internal Models
S.28.02.01 - Minimum Capital Requirement - Both life and non-life insurance activity

S.02.01.02

Balance sheet

		Solvency II value
	Assets	C0010
R0030	Intangible assets	
R0040	Deferred tax assets	
R0050	Pension benefit surplus	
R0060	Property, plant & equipment held for own use	25,414
R0070	Investments (other than assets held for index-linked and unit-linked contracts)	2,575,841
R0080	*Property (other than for own use)*	0
R0090	*Holdings in related undertakings, including participations*	156
R0100	*Equities*	0
R0110	*Equities - listed*	
R0120	*Equities - unlisted*	
R0130	*Bonds*	2,569,427
R0140	*Government Bonds*	528,837
R0150	*Corporate Bonds*	2,015,415
R0160	*Structured notes*	0
R0170	*Collateralised securities*	25,174
R0180	*Collective Investments Undertakings*	3,175
R0190	*Derivatives*	3,083
R0200	*Deposits other than cash equivalents*	0
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:	146,200
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*	146,200
R0320	*Health similar to life*	72,120
R0330	*Life excluding health and index-linked and unit-linked*	74,080
R0340	*Life index-linked and unit-linked*	0
R0350	Deposits to cedants	0
R0360	Insurance and intermediaries receivables	69,463
R0370	Reinsurance receivables	1,671
R0380	Receivables (trade, not insurance)	481
R0390	Own shares (held directly)	
R0400	Amounts due in respect of own fund items or initial fund called up but not yet paid in	0
R0410	Cash and cash equivalents	60,924
R0420	Any other assets, not elsewhere shown	
R0500	**Total assets**	2,879,993

S.02.01.02

Balance sheet

		Solvency II value
	Liabilities	C0010
R0510	Technical provisions - non-life	2,682
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)*	2,682
R0570	*TP calculated as a whole*	0
R0580	*Best Estimate*	2,666
R0590	*Risk margin*	16
R0600	Technical provisions - life (excluding index-linked and unit-linked)	2,031,959
R0610	*Technical provisions - health (similar to life)*	1,490,264
R0620	*TP calculated as a whole*	0
R0630	*Best Estimate*	1,482,754
R0640	*Risk margin*	7,510
R0650	*Technical provisions - life (excluding health and index-linked and unit-linked)*	541,695
R0660	*TP calculated as a whole*	0
R0670	*Best Estimate*	541,695
R0680	*Risk margin*	0
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	0
R0760	Pension benefit obligations	0
R0770	Deposits from reinsurers	
R0780	Deferred tax liabilities	32,894
R0790	Derivatives	6,612
R0800	Debts owed to credit institutions	0
R0810	Financial liabilities other than debts owed to credit institutions	
R0820	Insurance & intermediaries payables	35,337
R0830	Reinsurance payables	73,882
R0840	Payables (trade, not insurance)	40,558
R0850	Subordinated liabilities	0
R0860	*Subordinated liabilities not in BOF*	
R0870	*Subordinated liabilities in BOF*	0
R0880	Any other liabilities, not elsewhere shown	
R0900	**Total liabilities**	2,223,925
R1000	**Excess of assets over liabilities**	656,068

S.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	Assistance	Misc. financial loss	Health	Casualty	Marine, aviation and transport	Property	
		C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0120	C0130	C0140	C0150	C0160	C0200
	Premiums written																	
R0110	Gross - Direct Business	25,062																25,062
R0120	Gross - Proportional reinsurance accepted	-323																-323
R0130	Gross - Non-proportional reinsurance accepted																	0
R0140	Reinsurers' share																	0
R0200	Net	24,739																24,739
	Premiums earned																	
R0210	Gross - Direct Business	25,579																25,579
R0220	Gross - Proportional reinsurance accepted	-323																-323
R0230	Gross - Non-proportional reinsurance accepted																	0
R0240	Reinsurers' share																	0
R0300	Net	25,255																25,255
	Claims incurred																	
R0310	Gross - Direct Business	18,457																18,457
R0320	Gross - Proportional reinsurance accepted																	0
R0330	Gross - Non-proportional reinsurance accepted																	0
R0340	Reinsurers' share																	0
R0400	Net	18,457																18,457
	Changes in other technical provisions																	
R0410	Gross - Direct Business	0																0
R0420	Gross - Proportional reinsurance accepted	0																0
R0430	Gross - Non-proportional reinsurance accepted																	0
R0440	Reinsurers' share																	0
R0500	Net	0																0
R0550	**Expenses incurred**	4,002																4,002
R1200	**Other expenses**																	
R1300	**Total expenses**																	4,002

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	321,816			133,594			2,662		458,072
R1420	Reinsurers' share	2,254			41,382			123		43,759
R1500	Net	319,562			92,212			2,539		414,313
	Premiums earned									
R1510	Gross	321,670			131,937			2,668		456,275
R1520	Reinsurers' share	2,105			40,875			123		43,102
R1600	Net	319,565			91,062			2,545		413,172
	Claims incurred									
R1610	Gross	257,228			105,771			16,502		379,501
R1620	Reinsurers' share	3,268			35,593			318		39,179
R1700	Net	253,960			70,178			16,184		340,322
	Changes in other technical provisions									
R1710	Gross	28,249			19,269			-2,003		45,515
R1720	Reinsurers' share	1,187			1,392			-49		2,529
R1800	Net	27,062			17,877			-1,954		42,985
R1900	**Expenses incurred**	91,182			26,624			1,242		119,048
R2500	**Other expenses**									
R2600	**Total expenses**									119,048

S.05.02.01

Premiums, claims and expenses by country

Non-life

		C0010	C0020	C0030	C0040	C0050	C0060	C0070
		Home Country	Top 5 countries (by amount of gross premiums written) - non-life obligations			Top 5 countries (by amount of gross premiums written) - non-life obligations		Total Top 5 and home country
R0010								
		C0080	C0090	C0100	C0110	C0120	C0130	C0140
	Premiums written							
R0110	Gross - Direct Business	25,062						25,062
R0120	Gross - Proportional reinsurance accepted	-323						-323
R0130	Gross - Non-proportional reinsurance accepted							0
R0140	Reinsurers' share							0
R0200	Net	24,739						24,739
	Premiums earned							
R0210	Gross - Direct Business	25,579						25,579
R0220	Gross - Proportional reinsurance accepted	-323						-323
R0230	Gross - Non-proportional reinsurance accepted							0
R0240	Reinsurers' share							0
R0300	Net	25,255						25,255
	Claims incurred							
R0310	Gross - Direct Business	18,457						18,457
R0320	Gross - Proportional reinsurance accepted	0						0
R0330	Gross - Non-proportional reinsurance accepted							0
R0340	Reinsurers' share							0
R0400	Net	18,457						18,457
	Changes in other technical provisions							
R0410	Gross - Direct Business	0						0
R0420	Gross - Proportional reinsurance accepted	0						0
R0430	Gross - Non-proportional reinsurance accepted							0
R0440	Reinsurers' share							0
R0500	Net	0						0
R0550	**Expenses incurred**	4,002						4,002
R1200	**Other expenses**							
R1300	**Total expenses**							4,002

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								
		C0220	C0230	C0240	C0250	C0260	C0270	C0280
	Premiums written							
R1410	Gross	458,072						458,072
R1420	Reinsurers' share	43,759						43,759
R1500	Net	414,313						414,313
	Premiums earned							
R1510	Gross	456,275						456,275
R1520	Reinsurers' share	43,102						43,102
R1600	Net	413,172						413,172
	Claims incurred							
R1610	Gross	379,501						379,501
R1620	Reinsurers' share	39,179						39,179
R1700	Net	340,322						340,322
	Changes in other technical provisions							
R1710	Gross	45,515						45,515
R1720	Reinsurers' share	2,529						2,529
R1800	Net	42,985						42,985
R1900	**Expenses incurred**	119,048						119,048
R2500	**Other expenses**							
R2600	**Total expenses**							119,048

S.12.01.02

Life and Health SLT Technical Provisions

			Index-linked and unit-linked insurance			Other life insurance						Health insurance (direct business)					
		Insurance with profit participation		Contracts without options and guarantees	Contracts with options or guarantees		Contracts without options and guarantees	Contracts with options or guarantees	Annuities stemming from non-life insurance contracts and relating to insurance obligation other than health insurance obligations	Accepted reinsurance	Total (Life other than health insurance, including Unit-Linked)		Contracts without options and guarantees	Contracts with options or guarantees	Annuities stemming from non-life insurance contracts and relating to health insurance obligations	Health reinsurance (reinsurance accepted)	Total (Health similar to life insurance)
		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
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
	Technical provisions calculated as a sum of BE and RM																
	Best estimate																
R0030	**Gross Best Estimate**						579,562				579,562		1,417,202			65,552	1,482,754
R0080	Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default						74,080				74,080		69,791			2,329	72,120
R0090	Best estimate minus recoverables from reinsurance/SPV and Finite Re						505,482	0			505,482		1,347,411	0		63,223	1,410,634
R0100	**Risk margin**					55,311					55,311	43,519				2,019	45,538
	Amount of the transitional on Technical Provisions																
R0110	Technical Provisions calculated as a whole										0						0
R0120	Best estimate						-37,867				-37,867		0			0	0
R0130	Risk margin					-55,311					-55,311	-36,342				-1,686	-38,028
R0200	**Technical provisions - total**					541,695					541,695	1,424,379				65,885	1,490,264

S.17.01.02

Non-Life Technical Provisions

		Direct business and accepted proportional reinsurance												Accepted non-proportional reinsurance				Total Non-Life obligation
		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**	**Assistance**	**Miscellaneous financial loss**	**Non-proportional health reinsurance**	**Non-proportional casualty reinsurance**	**Non-proportional marine, aviation and transport reinsurance**	**Non-proportional property reinsurance**	
		C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0120	C0130	C0140	C0150	C0160	C0170	C0180
R0010	**Technical provisions calculated as a whole**	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
R0050	Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP calculated as a whole	0																0
	Technical provisions calculated as a sum of BE and RM																	
	Best estimate																	
	Premium provisions																	
R0060	Gross	1,187	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1,187
R0140	Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	0																0
R0150	**Net Best Estimate of Premium Provisions**	1,187	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1,187
	Claims provisions																	
R0160	Gross	1,480	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1,480
R0240	Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	0																0
R0250	**Net Best Estimate of Claims Provisions**	1,480	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1,480
R0260	**Total best estimate - gross**	2,666	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	2,666
R0270	**Total best estimate - net**	2,666	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	2,666
R0280	**Risk margin**	16	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	16
	Amount of the transitional on Technical Provisions																	
R0290	Technical Provisions calculated as a whole	0																0
R0300	Best estimate	0																0
R0310	Risk margin	0																0
R0320	**Technical provisions - total**	2,682	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	2,682
R0330	**Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total**	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
R0340	**Technical provisions minus recoverables from reinsurance/SPV and Finite Re - total**	2,682	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	2,682

S.19.01.21

Non-Life insurance claims

Total Non-life business

Z0020 **Accident year / underwriting year** Underwriting Year

Gross Claims Paid (non-cumulative)
(absolute amount)

		C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0170	C0180
	Year	**Development year**											**In Current year**	**Sum of years (cumulative)**
		0	1	2	3	4	5	6	7	8	9	10 & +		
R0100	Prior											0	0	0
R0160	2010	0	0	0	0	0	0	0	0	0	0		0	0
R0170	2011	0	0	0	0	0	0	0	0	0			0	0
R0180	2012	0	0	0	0	0	0	0	0				0	0
R0190	2013	0	0	0	0	0	0	0					0	0
R0200	2014	0	0	0	1	0	0						0	1
R0210	2015	0	0	35	1	0							0	36
R0220	2016	0	4,072	29	0								0	4,101
R0230	2017	9,327	4,937	52									52	14,316
R0240	2018	11,263	5,242										5,242	16,506
R0250	2019	12,331											12,331	12,331
R0260												**Total**	17,625	47,290

Gross Undiscounted Best Estimate Claims Provisions
(absolute amount)

		C0200	C0210	C0220	C0230	C0240	C0250	C0260	C0270	C0280	C0290	C0300	C0360
	Year	**Development year**											**Year end (discounted data)**
		0	1	2	3	4	5	6	7	8	9	10 & +	
R0100	Prior											0	0
R0160	2010	0	0	0	0	0	0	0	0	0	0		0
R0170	2011	0	0	0	0	0	0	0	0	0			0
R0180	2012	0	0	0	0	0	0	0	0				0
R0190	2013	0	0	0	0	0	0	0					0
R0200	2014	0	0	0	0	0	0						0
R0210	2015	0	0	0	0	0							0
R0220	2016	0	0	0	0								0
R0230	2017	357	0	0									0
R0240	2018	648	0										0
R0250	2019	1,480											1,480
R0260												**Total**	1,480

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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	2,034,641	131,206	0	34,406	0
R0020	Basic own funds	626,068	-108,901	0	-26,377	0
R0050	Eligible own funds to meet Solvency Capital Requirement	626,068	-108,901	0	-26,377	0
R0090	Solvency Capital Requirement	472,209	0	0	0	0
R0100	Eligible own funds to meet Minimum Capital Requirement	626,068	-108,901	0	-26,377	0
R0110	Minimum Capital Requirement	212,494	0	0	0	0

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Own Funds

	Basic own funds before deduction for participations in other financial sector as foreseen in article 68 of Delegated Regulation 2015/35	Total	Tier 1 unrestricted	Tier 1 restricted	Tier 2	Tier 3
		C0010	C0020	C0030	C0040	C0050
R0010	Ordinary share capital (gross of own shares)	12,000	12,000		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	614,068	614,068			
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	0	0	0	
R0290	**Total basic own funds after deductions**	626,068	626,068	0	0	0
	Ancillary own funds					
R0300	Unpaid and uncalled ordinary share capital callable on demand	0				
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**	0			0	0
	Available and eligible own funds					
R0500	Total available own funds to meet the SCR	626,068	626,068	0	0	0
R0510	Total available own funds to meet the MCR	626,068	626,068	0	0	
R0540	Total eligible own funds to meet the SCR	626,068	626,068	0	0	0
R0550	Total eligible own funds to meet the MCR	626,068	626,068	0	0	
R0580	**SCR**	472,209				
R0600	**MCR**	212,494				
R0620	**Ratio of Eligible own funds to SCR**	132.58%				
R0640	**Ratio of Eligible own funds to MCR**	294.63%				

	Reconcilliation reserve	C0060
R0700	Excess of assets over liabilities	656,068
R0710	Own shares (held directly and indirectly)	0
R0720	Foreseeable dividends, distributions and charges	30,000
R0730	Other basic own fund items	12,000
R0740	Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	0
R0760	**Reconciliation reserve**	614,068
	Expected profits	
R0770	Expected profits included in future premiums (EPIFP) - Life business	126,948
R0780	Expected profits included in future premiums (EPIFP) - Non- life business	
R0790	**Total Expected profits included in future premiums (EPIFP)**	126,948

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Solvency Capital Requirement - for undertakings on Full Internal Models

Row	Unique number of component	Component description	Calculation of the Solvency Capital Requirement
	C0010	C0020	C0030
1	10310I	Other interest rate risk	0
2	10320I	Other interest rate risk	36,429
3	10330I	Other interest rate risk	-75
4	10340I	Other interest rate risk	0
5	10350I	Other interest rate risk	2,442
6	10360I	Other interest rate risk	20
7	10390I	Other interest rate risk	0
8	10399I	Other interest rate risk	0
9	10310P	Other interest rate risk	0
10	10320P	Other interest rate risk	-1,934
11	10330P	Other interest rate risk	674
12	10340P	Other interest rate risk	0
13	10350P	Other interest rate risk	-310
14	10360P	Other interest rate risk	0
15	10390P	Other interest rate risk	0
16	10399P	Other interest rate risk	0
17	10400I	Equity risk	1,270
18	10400P	Equity risk	22,269
19	10600I	Property risk	5,210
20	10600P	Property risk	0
21	10700I	Spread risk	280,067
22	10700P	Spread risk	9,744
23	10800I	Concentration risk	5,020
24	10800P	Concentration risk	0
25	10900I	Currency risk	763
26	10900P	Currency risk	6,153
27	11010I	Other market risk	10,371
28	11020I	Other market risk	50,544
29	11010P	Other market risk	5,142
30	11020P	Other market risk	0
31	19900I	Diversification within market risk	-97,949
32	19900P	Diversification within market risk	-10,780
33	20100I	Type 1 counterparty risk	26,270
34	20100P	Type 1 counterparty risk	0
35	20200I	Type 2 counterparty risk	0
36	20200P	Type 2 counterparty risk	0
37	29900I	Diversification within counterparty risk	0
38	30100I	Mortality risk	15,347
39	30200I	Longevity risk	42,532
40	30200P	Longevity risk	10,857
41	30500I	Other lapse risk	1,262
42	30600I	Expense risk	4,838
43	30810I	Life catastrophe risk	96,532
44	30820I	Life catastrophe risk	57,406
45	30899I	Life catastrophe risk	-44,187
46	39900I	Diversification within life underwriting risk	-19,192
47	39900P	Diversification within life underwriting risk	-3,257
48	40330I	Health disability-morbidity risk	69,914
49	40340I	Health disability-morbidity risk	251,492
50	40399I	Health disability-morbidity risk	-28,589
51	40500I	Health SLT other lapse risk	8,134
52	40600I	Health expense risk	25,888
53	40800I	Health NSLT medical expenses	999
54	41400I	Health accident concentration risk	5,431
55	49900I	Diversification within health underwriting risk	-78,328
56	70100I	Operational risk	67,400
57	80300I	Loss-absorbing capacity of deferred tax	-92,733
58	80400I	non linearity	0

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Solvency Capital Requirement - for undertakings on Full Internal Models

		C0100
	Calculation of Solvency Capital Requirement	
R0110	Total undiversified components	743,086
R0060	Diversification	-270,877
R0160	Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC	
R0200	**Solvency capital requirement excluding capital add-on**	472,209
R0210	Capital add-ons already set	
R0220	**Solvency capital requirement**	472,209
	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	-92,733
R0410	Total amount of Notional Solvency Capital Requirements for remaining part	466,681
R0420	Total amount of Notional Solvency Capital Requirement for ring fenced funds	5,528
R0430	Total amount of Notional Solvency Capital Requirement for matching adjustment portfolios	
R0440	Diversification effects due to RFF nSCR aggregation for article 304	

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

		Non-life activities	Life activities
		$MCR_{(NL,NL)}$ Result	$MCR_{(NL,L)}$ Result
		C0010	C0020
R0010	**Linear formula component for non-life insurance and reinsurance obligations**	1,289	0

		Non-life activities		Life activities	
		Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance) written premiums in the last 12 months	Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance) written premiums in the last 12 months
		C0030	C0040	C0050	C0060
R0020	Medical expense insurance and proportional reinsurance	2,682	24,739		
R0030	Income protection insurance and proportional reinsurance				
R0040	Workers' compensation insurance and proportional reinsurance				
R0050	Motor vehicle liability insurance and proportional reinsurance				
R0060	Other motor insurance and proportional reinsurance				
R0070	Marine, aviation and transport insurance and proportional reinsurance				
R0080	Fire and other damage to property insurance and proportional reinsurance				
R0090	General liability insurance and proportional reinsurance				
R0100	Credit and suretyship insurance and proportional reinsurance				
R0110	Legal expenses insurance and proportional reinsurance				
R0120	Assistance and proportional reinsurance				
R0130	Miscellaneous financial loss insurance and proportional reinsurance				
R0140	Non-proportional health reinsurance				
R0150	Non-proportional casualty reinsurance				
R0160	Non-proportional marine, aviation and transport reinsurance				
R0170	Non-proportional property reinsurance				

		$MCR_{(L,NL)}$ Result	$MCR_{(L,L)}$ Result
		C0070	C0080
R0200	**Linear formula component for life insurance and reinsurance obligations**	0	212,184

		Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance/SPV) total capital at risk	Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance/SPV) total capital at risk
		C0090	C0100	C0110	C0120
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			1,885,759	
R0250	Total capital at risk for all life (re)insurance obligations				246,547,698

	Overall MCR calculation	C0130
R0300	Linear MCR	213,473
R0310	SCR	472,209
R0320	MCR cap	212,494
R0330	MCR floor	118,052
R0340	Combined MCR	212,494
R0350	Absolute floor of the MCR	5,340
R0400	**Minimum Capital Requirement**	212,494

	Notional non-life and life MCR calculation	C0140	C0150
R0500	Notional linear MCR	1,289	212,184
R0510	Notional SCR excluding add-on (annual or latest calculation)	2,851	469,358
R0520	Notional MCR cap	1,283	211,211
R0530	Notional MCR floor	713	117,340
R0540	Notional combined MCR	1,283	211,211
R0550	Absolute floor of the notional MCR	2,153	3,187
R0560	**Notional MCR**	2,153	211,211