

FBD Holdings plc

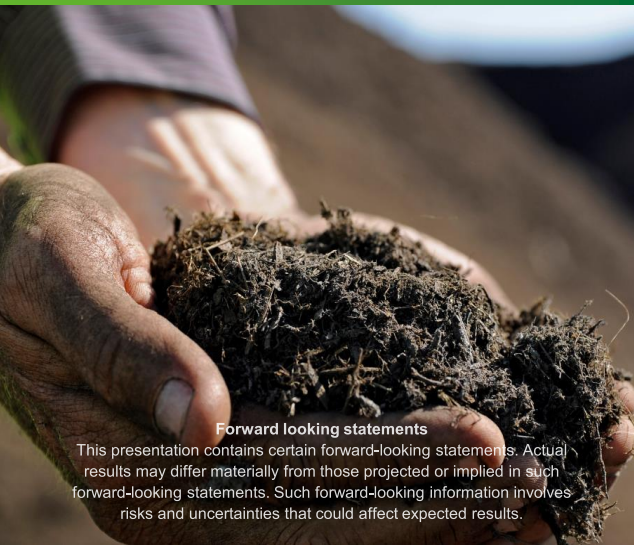
2023 Half Year Results

11th August 2023



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Forward looking statements

This presentation contains certain forward-looking statements. Actual results may differ materially from those projected or implied in such forward-looking statements. Such forward-looking information involves risks and uncertainties that could affect expected results.

2023



2023 HALF YEAR RESULTS

Overview

→ Tomás Ó Midheach, CEO



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Half Year 2023 At a Glance



Profit Before Tax
€39m supported
by very strong
underwriting
performance

COR 81.1%



GWP €206m up
7.3% on H1 2022

Increases in
Written Policy
count across
Farmer, Business
& Retail



Special **Dividend**
on ordinary
shares of **100c**
approved

Strong **Capital**
position with an
SCR of **217%**



Relationship
Strategy continues
to deliver

Farmer and
Business sectors
building on 2022
momentum



Higher interest rates
leading to **increased**
cash and bond
income

Most risk assets
posted a **positive**
performance in H1

Key Highlights

Half year profit of **€39m** before tax



- Insurance Service Result of €65m (€44m HY 2022)
- Customer based Strategy delivering – policy count growth across all Sectors
- Positive Income Statement investment return of €8m (-€15m HY 2022)
- Successful implementation of IFRS 17 - restatement of 2022 comparatives & changes in terminology

Reported COR **81.1%**



- Undiscounted COR 84.2% (HY 2022: 89.2%)
- Current service COR of 95.9% (HY 2022: 93.3%)
- €15m reduction in the Business Interruption best estimate following conclusion of test case
- Positive motor injury claims severity trends offset by motor damage & property frequency & inflation

Insurance Revenue of **€195m**



- Insurance Revenue includes Gross Earned Premium and Income on instalment premium
- Gross Written Premium up 7.3%
- Farm, Home & Business portfolios performing very well
- Written policies increased by 2.6% - Average premium up 4.6% driven by increases in sums insured

Profit supported by continued underwriting discipline

Key Highlights

Investments



- OCI return of €9m (HY 2022: -€64m)
- Book yield of bond portfolios has increased as maturities reinvested at significantly higher yields
- Duration of corporate bond portfolio increased from 2.9 to 3.5 years in line with strategy
- Credit quality corporate bond portfolio A-

Capital



- Special Dividend of 100c
- Net Asset Value 1,274c (restated FY 2022: 1,276c)
- Capital ratio after special dividend of 217% (FY 2022: 226%)
- Return on Equity of 15%
- Return on Targeted Equity of 21%

Customer Focus



- Retention of existing customers showing an increase on H1 2022
- Farmer and Business sectors building on 2022 momentum with Premium up 8%
- Home and Agri policy count up 7% & 3%
- Private Motor average premium up 1.7% fuelled by Parts, Paint & Labour inflation
- Continuing to embed Bank of Ireland Home insurance partnership

Capital position remains strong after special dividend

Business Interruption

Final judgement in test case received



- Sets out points of principle and methodology for final assessment of all claims for “partial closure” periods
- We can now finalise the settlement of all valid Covid-19 related claims
- Best Estimate reduced from €42m at year-end to €27m net of reinsurance
- Provision made for current estimate of €7.5m constructive obligation relating to deduction of State subsidies

Business Interruption issue resolved – finalising claim settlements

Strategy Delivering



Combined Operating Ratio

- Reported COR of 81.1%
- Robust performance with on-going disciplined underwriting



Strongly capitalised with an SCR of 217%

- Fundamentally strong business, well-capitalised and growing



Loyal Customer Base

- Relationship strategy and customer centric focus evidenced by strong retention – up marginally on H1 last year



Premium & Policy Count continue to grow

- Farmer relationship strengthening evidenced by customer policy ratio
- Material increases seen in Agri, Business and Home premium and policy count





2023 HALF YEAR RESULTS

Financial Performance

→ John O'Grady, CFO



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2023 Half Year Results

	2023	2022*
GWP	€206m	€192m
Profit before tax	€39m	€3m
EPS	91c	6c
NAV	1,274c	1,179c
ROE (annualised)	15%	1%
ROTE (annualised)	21%	1%
	2023	2022
Loss ratio	54.0%	60.9%
Expense ratio	27.1%	25.7%
Combined Operating Ratio	81.1%	86.6%
Total investment return	1.5%	(6.6%)
▪ Income statement	0.7%	(1.3%)
▪ OCI	0.8%	(5.3%)

* restated prior year financials following the adoption of IFRS 17 and IFRS 9



81.1%
Combined Operating
Ratio



15%
ROE

2023 Half Year Results

Income Statement	2023 €'000s	2022* €'000s
Insurance revenue	194,540	186,142
Insurance service expenses	(91,957)	(127,322)
Net expense from reinsurance contracts held	(37,180)	(14,768)
Insurance service result	65,403	44,052
Total investment return	8,389	(15,281)
Net insurance finance expenses	(2,104)	(4,782)
Net insurance and investment result	71,688	23,989
Non-attributable expenses	(16,165)	(13,780)
Finance costs, other provisions	(16,046)	(7,700)
Profit before taxation	39,477	2,509

* restated prior year financials following the adoption of IFRS 17 and IFRS 9



€195m
Insurance Revenue



€65m
Insurance Service
Result

Analysis of Combined Operating Ratio

	2023 %	2022 %
Current Service Combined Operating Ratio	95.9%	93.3%
Past Service Combined Operating Ratio	-14.8%	-6.7%
Reported Combined Operating Ratio	81.1%	86.6%
Undiscounted Combined Operating Ratio	84.2%	89.2%



€25m

Best Estimate PY
Release excl. ENID

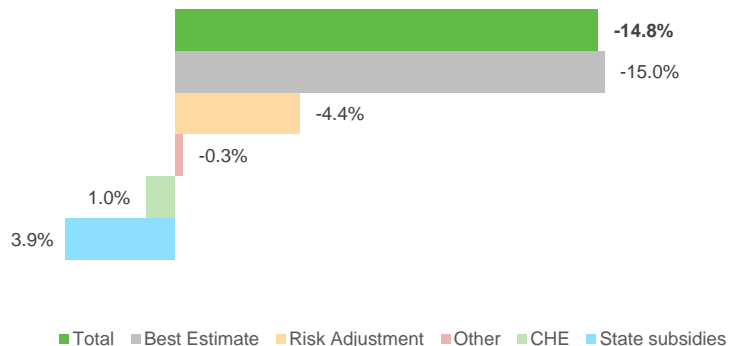


84.2%

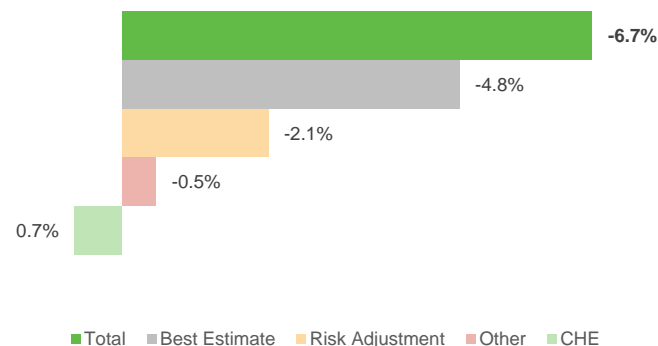
Undiscounted COR

Breakdown of Past Service

Analysis of Past Service COR HY 2023

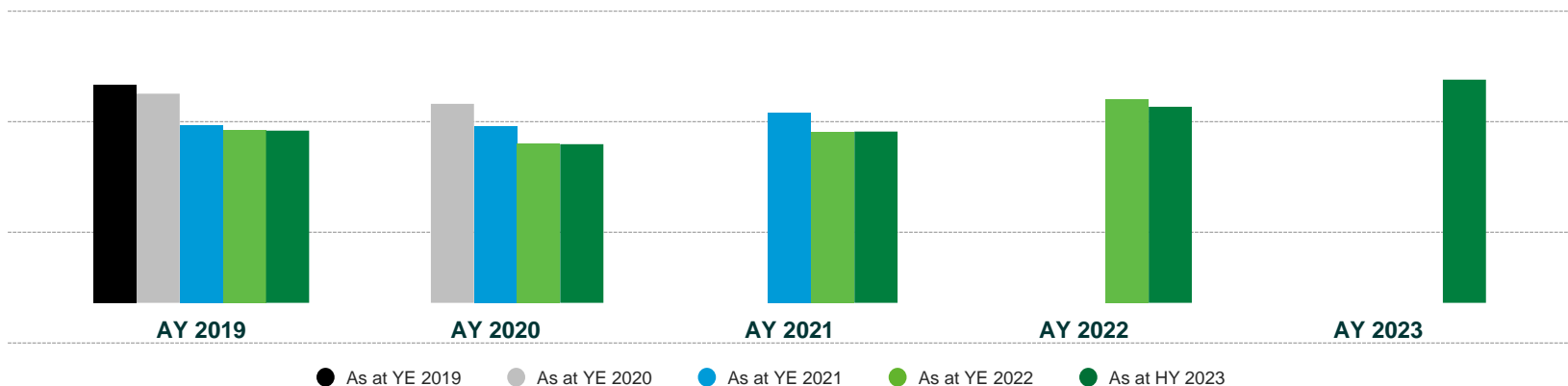


Analysis of Past Service COR HY 2022



- The above analysis breaks out the elements associated with Past Service COR
- The provision made for constructive obligation relating to the deduction of State subsidies is an element of Past Service
- Claims Handling Expenses, movement in provision and paid, has a negative impact on Past Service
- Movement on Risk Adjustment is added under IFRS 17, this reflects the uncertainty related to timing and amount of cashflows
- Other is made up of Reinstatement premium and Discounting in the Insurance Service Expenses

Best Estimate Claims Reserve Development



- **Net positive** prior year reserve development in the first half of 2023 for Accident Years 2014-2018
- Continued favourable trends in **Large Claims** in recent years
- Smaller injury claims showing positive impact of the introduction of the **Personal Injuries Guidelines**
- Current year **frequency** increased on last year but still lower than pre-Covid for some lines of business
- Expectations for future injury claims **inflation** have been allowed for within the reserves

Note: The above graphs include EL, PL and Motor only

Interest rates stabilise after very challenging 2022

Income Statement actual return

0.7%

Equates to €8.3m



Fixed Income and Risk Assets:

- Positive yielding cash and deposits contribute €1.4m
- Income from sovereign and corporate bond portfolios beginning to increase as maturities reinvested at higher book yields
- Most risk assets post positive returns for half year

OCI actual return

0.8%

Equates to €8.7m



Corporate and Sovereign Bonds:

- Risk-free rates broadly unchanged from YE 2022
- Credit spreads have narrowed over the course of the half year leading to OCI gains
- €72m unrealised loss on the bond portfolios will unwind over the remaining life as they are held to maturity

Income Statement Analysis vs prior year

The following table compares the Income Statement returns for H1 2023 vs H1 2022

	2023	2022
Group Investment Assets	€000	€000
Cash and Deposits ¹	1,450	(291)
Government Bond Income ²	1,063	773
Corporate Bond Income ²	3,498	2,013
Bond portfolio realised losses ³	(1,095)	(77)
Risk Asset return	5,063	(17,171)
Investment Property income ⁴	(834)	227
Expenses	(756)	(755)
Total	8,389	(15,281)

1. Return on Cash and Deposits has increased due to significant increase in interest rates over the year
2. Government and Corporate bond income increasing in 2023 as maturities are re-invested at higher interest rates
3. Realised losses on bond portfolio include €0.95m realised loss due to sale of downgraded bond, in 2023
4. Investment Property return in 2023 includes write down of €0.75m on commercial property holding



ECB deposit rate has increased by 4% from June 2022 to June 2023



10% of Corporate Bond portfolio matured in H1 2023



3% of Government Bond portfolio matured in H1 2023

Investment Allocation

The following table illustrates the changes to investment allocation over the year:

	30-Jun-23		31-Dec-22*	
Group Investment Assets	€m	%	€m	%
Corporate Bonds	575	51%	563	49%
Government Bonds	276	24%	271	24%
Deposits and Cash	124	11%	175	15%
Other Risk Assets	92	8%	83	7%
Equities	56	5%	50	4%
Investment Property	14	1%	15	1%
Total	1,137	100%	1,157	100%

- One corporate bond, nominal €5m, downgraded from investment grade and sold from portfolio
- Allocation to BBB rated securities continues to fall: 40% vs 42% at YE 2022
- Reduced cash and deposits due to dividend payment (€36m) and €10m investment into risk assets

* restated prior year financials following the adoption of IFRS 17 and IFRS 9



Corporate Bond
portfolio average credit
rating of A- with lower
exposure to BBB's



Underweight risk
assets vs Strategic
Asset Allocation



Lower allocation to
cash due to dividend
payment

2023 HALF YEAR RESULTS

Conclusion

→ Tomás Ó Midheach, CEO



Capital and Dividends



- Given continuing strong capital position, and following engagement with our stakeholders, a special dividend of 100c per share is approved



- Solvency Capital Ratio of 217% (unaudited) after special dividend
- Maintaining strong capital position is paramount



- Focus is on annual dividend sustainability with attractive yield, subject to maintaining a robust capital position



- SCR Risk Appetite 150%-170%
- We will continue to monitor our capital position with the intention of moving closer to target capital based on risk appetite



Summary



Profit of €39m with Reported COR **81.1%**



Special **Dividend** of **100c** approved
SCR strong at **217%** - SCR Risk Appetite 150%-170%



Premium performance from average premium and policy count growth supported by our **loyal** customers



Business Interruption - Final judgement in test case received - proceeding with finalising settlement of all valid Covid-19 related claims



Progressing well in positioning FBD for the **future** - Relationship **Strategy** continues to deliver



2023 HALF YEAR RESULTS

IFRS 17

→ John O'Grady, CFO



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Principles



- Comprehensive accounting standard for insurance contracts, replacing IFRS 4 and effective from 1 January 2023
- The standard establishes new principles for the recognition, measurement, presentation and disclosure of insurance and reinsurance contracts



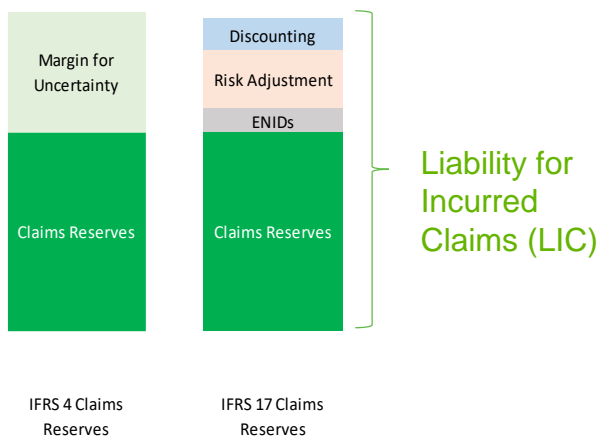
- **Key Principles:**
 - Best estimate of expected cashflows discounted for time value of money
 - Explicit allowance for risk associated with those cashflows in the risk adjustment
 - No recognition of profit until services provided
 - Timely recognition of expected losses on onerous contracts



- **Fundamentals Unchanged:**
 - No impact on dividend, solvency ratio or cash generation
 - No implications for strategy, risk appetite or business plans
 - No change to overall profitability, discounting of claims reserves will impact timing of profit recognition
 - Modest impact on total equity at transition date. Discounting impact on balance sheet more prevalent in 2022 due to interest rates rises
 - FBD eligible for simplified approach of Premium Allocation Approach (PAA) as contracts are less than one year

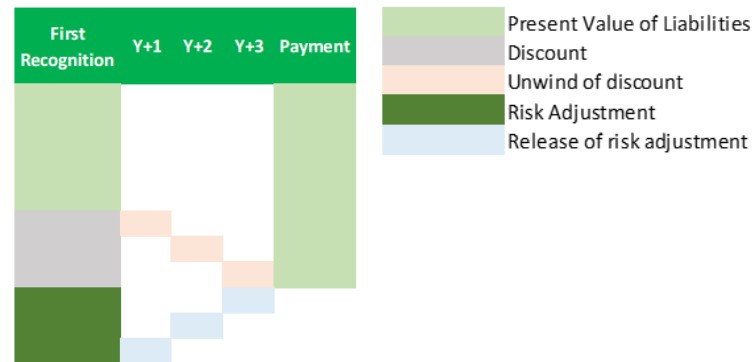
Claims Reserves

- Margin for Uncertainty is removed and Events Not in Data (ENIDs) added
- Claims liabilities are discounted, and a Risk Adjustment (RA) is applied; FBD have targeted a RA between 75% and 80%



Risk Adjustment

- Reflects uncertainty related to timing and amount of cashflows arising from non-financial risk
- Unfavourable impact on current service claims
- Release of risk adjustment on past service has a favourable impact
- FBD have adopted a confidence level approach



Presentation

IFRS 17 PRESENTATION	
Insurance Revenue	X
Insurance service expenses	(X)
Net expense from Reinsurance contracts held	(X)
Insurance service result	X
Net Investment Income	X
Insurance finance income/expenses	(X)
Reinsurance finance income/expenses	X
Net insurance finance expenses	(X)
Net insurance financial result	X
Other income & expense	(X)
Profit or loss before tax	X
Insurance finance income/ expenses (OCI)	(X)
Reinsurance finance income/ expenses (OCI)	X
Other Comprehensive Income	X
Total comprehensive income	X

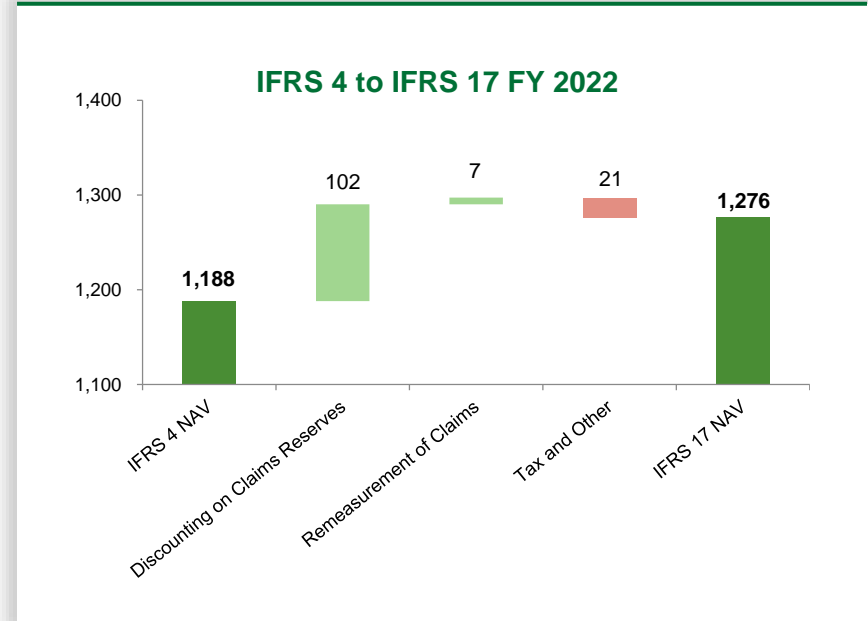
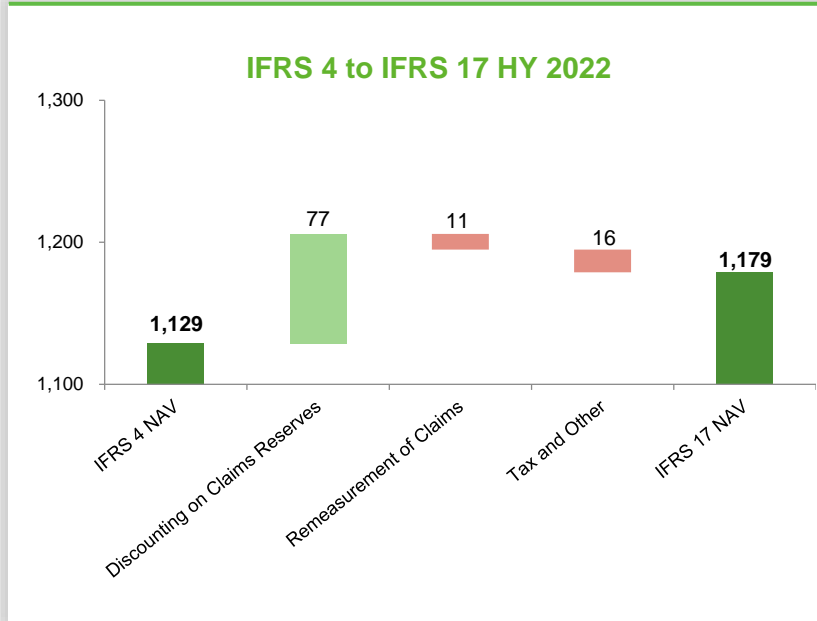
IFRS 17 PRESENTATION	
Assets	
Insurance contract assets	
Reinsurance contract assets	
Liabilities	
Insurance contract liabilities	
(LRC + LIC)	
Reinsurance contract liabilities	

IFRS 4 PRESENTATION	
Gross Written Premium	X
Reinsurance Premiums	(X)
Net Written Premiums	X
Change in provision for unearned premiums	X
Net Earned Premium	X
Net investment return	X
Total Income	X
Net claims and benefits	(X)
Other underwriting expenses	(X)
Other expenses	(X)
Total operating expenses	X
Profit or loss before tax	X
Other comprehensive income	X
Total comprehensive income	X

IFRS 4 PRESENTATION	
Assets	
Deferred acquisition costs	
Insurance debtors (Premiums receivable)	
Reinsurance contract assets	
Liabilities	
Unearned premiums	
Claims Outstanding	
Insurance creditors (Premiums payable to reinsurers)	

- GWP/NWP/NEP no longer on face of P&L
- Income on instalment premium now part of insurance revenue (previously other income)
- Claims incurred discounted for time value of money in insurance service expenses
- Discounting unwound in the insurance finance income and expenses (IFIE)
- FBD have elected to disaggregate IFIE - Changes in discount rate subsequent to initial recognition rate recognised in the IFIE OCI – this is consistent with the treatment of assets (FVOCI)
- Only directly attributable expenses in insurance service result, non-attributable expenses move to other expenses

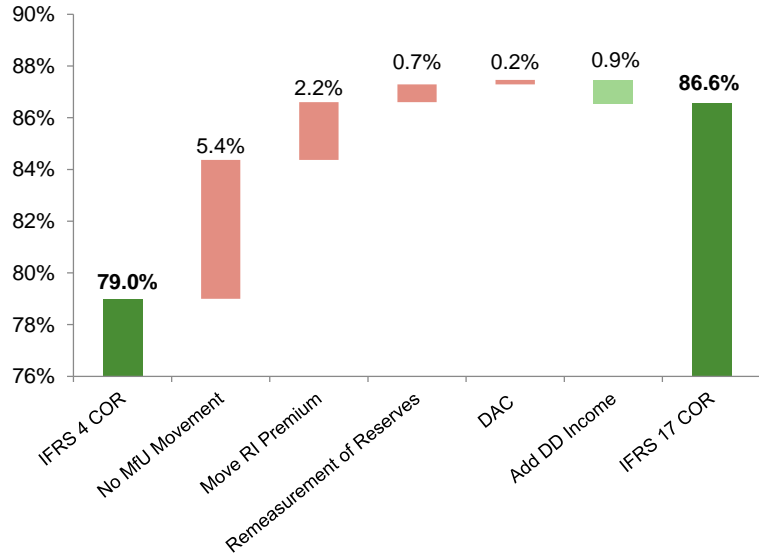
NAV Bridge



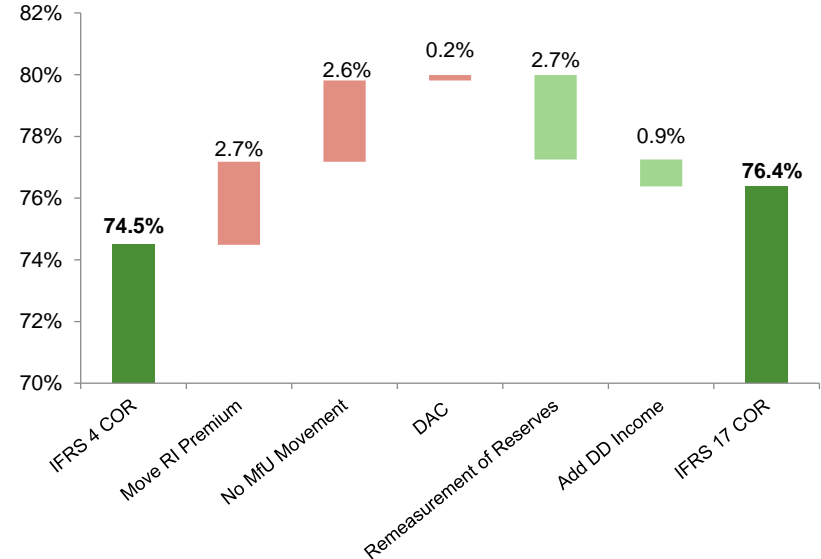
- Claims reserves discounted as the weighted time to settlement is greater than one year
- Requirement to allow for the time value of money is a change from the previous practice (not discounted under IFRS 4)
- The introduction of the explicit risk adjustment as an allowance for uncertainty replaces the Margin for Uncertainty under IFRS 4

COR Bridge

IFRS 4 to IFRS 17 HY 2022



IFRS 4 to IFRS 17 FY 2022



- Reinsurance premium moves to numerator of ratio
- Service Charge on instalment premium now included in Insurance Revenue (denominator)
- Claims now discounted for time value of money – initial discounting part of reserve measurement in COR
- IFRS 17 incorporates a more prescribed approach in determining the Deferred Acquisition Costs (DAC) asset compared to IFRS 4



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2023 HALF YEAR RESULTS

Appendix

FBD of 2027

A digitally enabled, data enriched organisation which delivers an excellent customer and employee experience, while also delivering for our 5 key stakeholders



1. FBD has a complete picture of our customer, understands them and delivers a proposition they value

2. FBD is recognised as an Irish insurer, supporting and sustaining our local communities

3. Our People have embraced change & are now driving it

Strategic Objectives

1 Focus on our strengths to deliver profitable growth

2 For farmers we focus on relationship strengthening

3 For business we build on momentum and relationships

4 In retail, execute our intermediary promise and build our offering for mass market

5 Key to success is understanding our customers and execution

Strategic Developments

Data and Process streams supporting growth – ESG and Technology progressing



Data stream has focused on market penetration within both the Farm and Business sectors. Assessment has identified a number of **opportunities**



Several key **Process** reviews have been completed with a view to improving our customer and employee experience. This has created capacity which has facilitated the delivery of **growth**



Our **Sustainability** Committee continue to progress the Pillars of our **ESG** Strategy through improved governance, investigating Science Based targets and CSRD preparation



Technology blueprint for our future architecture agreed with Tia selected to advance our **Claims** customer journey

Focus our ESG Strategy where we can have a meaningful impact



Focus on **Ireland**...



...are the leading insurer
in **Agri/Farming**

E

...Deliver on our ESG
journey & **support our**
customers in theirs

S

...a strong presence at the
heart of the community
we serve

G

...and a best in breed,
proactive governance
structure

UN PSIs will guide our ESG Strategy and be delivered by our Business through clearly defined Pillars

UN Principles for Sustainable Insurance

PRINCIPLE 1:

We will **embed** in our decision-making

PRINCIPLE 2:

Work together with our clients and business partners to **raise awareness**

PRINCIPLE 3:

Work with key stakeholders to **promote widespread action**

PRINCIPLE 4:

Disclose publicly our progress in implementing the Principles.

The pillars of our ESG strategy



Corporate & Advocacy

*How we govern the organisation,
our pledge and promise*



How We Operate

How we run the organisation



Underwriting Sales & Claims

Areas of the business that create liabilities



Investments

Manage the company assets



Disclosures

Reporting, Metrics & Measurements

Underwriting Environment

New Legislation signed into law in 2023

- **Irish Motor Insurance Database (IMID):**
 - Information sharing with Department of Transport to combat uninsured driving
- **Amendments to Occupiers Liability Act**
 - Changes to amend the “common duty of care” provisions in the Occupiers’ Liability Act 1995
- **Road Traffic and Roads Act 2023:**
 - Makes changes to RTA legislation to better regulate use of scramblers/quads and e-bikes/e-scooters
- **Protection of the Collective Interests of Consumers:**
 - Transposes an EU directive giving designated “Qualified Entities” the power to take enforcement action on behalf of consumer groups

Other Legislative Developments

- Monitoring each of these as they progress through the legislative process to assess portfolio impacts
 - Motor Insurance Directive
 - Flood Insurance Bill
 - CICA Bill 2023



Claims environment and emerging trends

Injury



- H1 PIAB settlement rates significantly higher than 2022 however Direct with Solicitor and Claimant remains lower
- Challenge to the Personal Injuries Guidelines heard by the Supreme Court in February - we await the Judgement
- Legal costs in both the High and Circuit Courts have increased

Progress on Claims Reform



- Personal Injury Guidelines
 - Reductions of 40%-45% versus Book of Quantum
 - Court awards in excess of PIAB are being seen
 - Clarity on awarding of uplifts may be required
- PPO legislation was recently signed into law - Indexation rate to be set by ministerial regulations based on a broad range of factors

Motor & Property



- Motor Damage notifications continue to increase and are materially up on pre-Covid levels – substantial Parts, Paint & Labour inflation observed
- Property notifications down slightly on last year with no major weather events in H1. Average cost of Fire and Escape of Water claims have contributed to the overall increase seen

Claims trends



Motor Damage and **Property** average Claims costs have increased by 11% and 7% respectively in the year to June 2023, and are now up **38% and 28%** on 2019, due to disrupted supply lines, skills shortages and materials & parts inflation



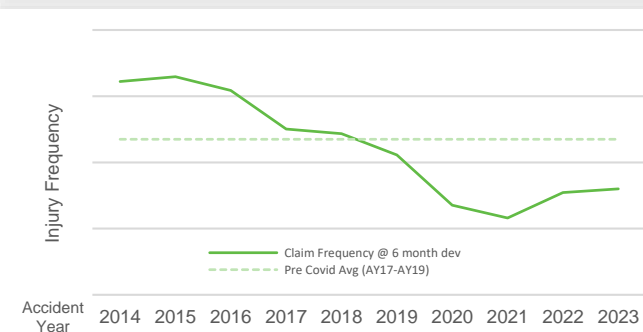
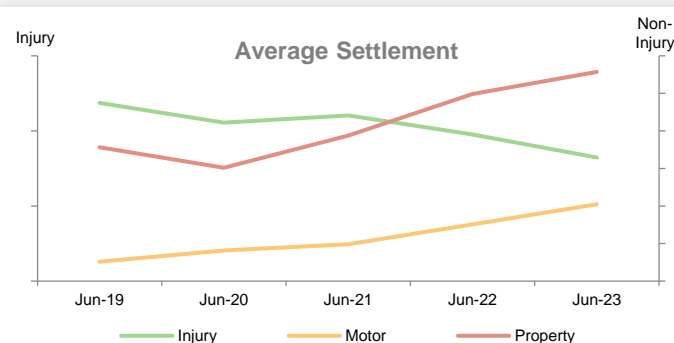
Average **Injury** Claims costs are down 5% in the year to June 2023, continuing the **positive trend** seen since the introduction of the personal injury guidelines in 2021



Injury **settlement activity**, having increased in 2023 due to PIAB settlements, is still **materially down** on earlier years, with claimant solicitor engagement continuing to be a factor



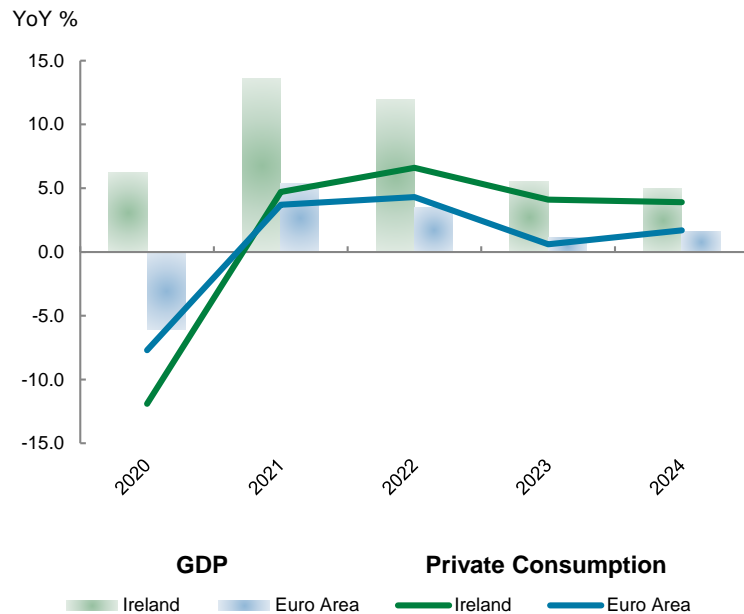
Private Motor Injury Frequency remains below pre-Covid levels however significant increases continue to be observed in **Motor Damage** Loss Ratios & Frequency in H1 2023



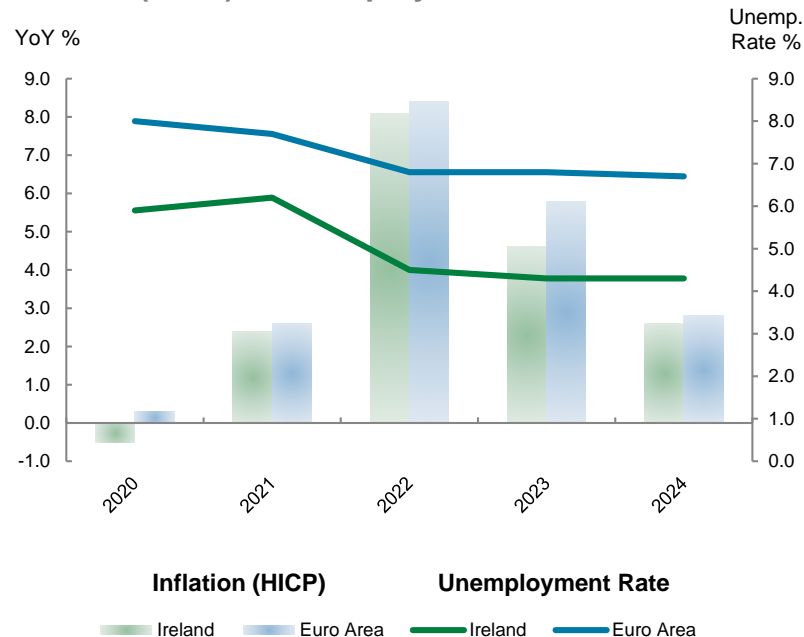
* Claimants with settlement payments up to and including €250,000 are included

Ireland & Euro Area Economic Environment

GDP & Private Consumption

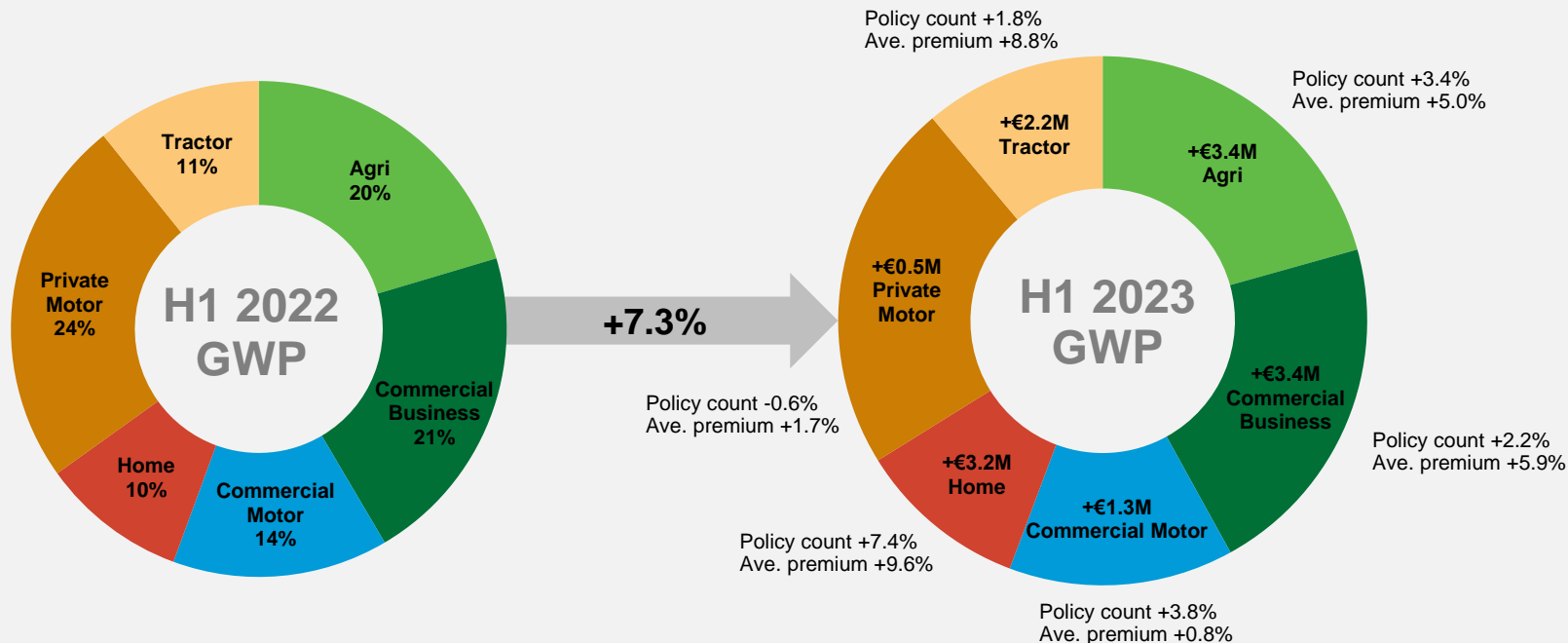


Inflation (HICP) & Unemployment Rate



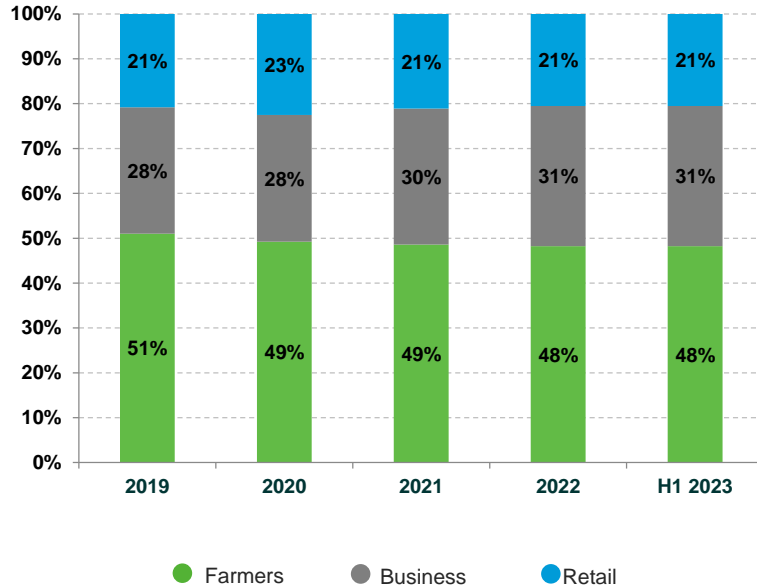
Source: European Commission Spring Economic Forecast

Premium Performance by Product

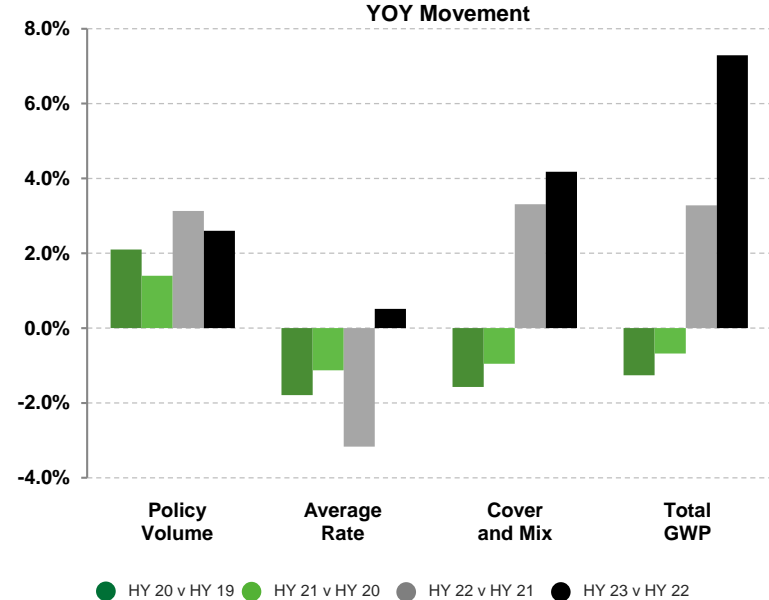


Premium Analysis

Premium by Customer Sector



Change in GWP



Customer Sectors



Farmers

- Average premium increase on multi-peril reflecting property sums insured inflation
- Retention and new business conversion strong
- Policy count increasing across all products
- Continued increases in unique Farmer customer count and product holding ratio



Business

- Direct and Broker GWP up materially on last year
- Strong renewal retention and new business conversions supporting policy count growth
- Renewal premium growth aided by property sums insured inflation

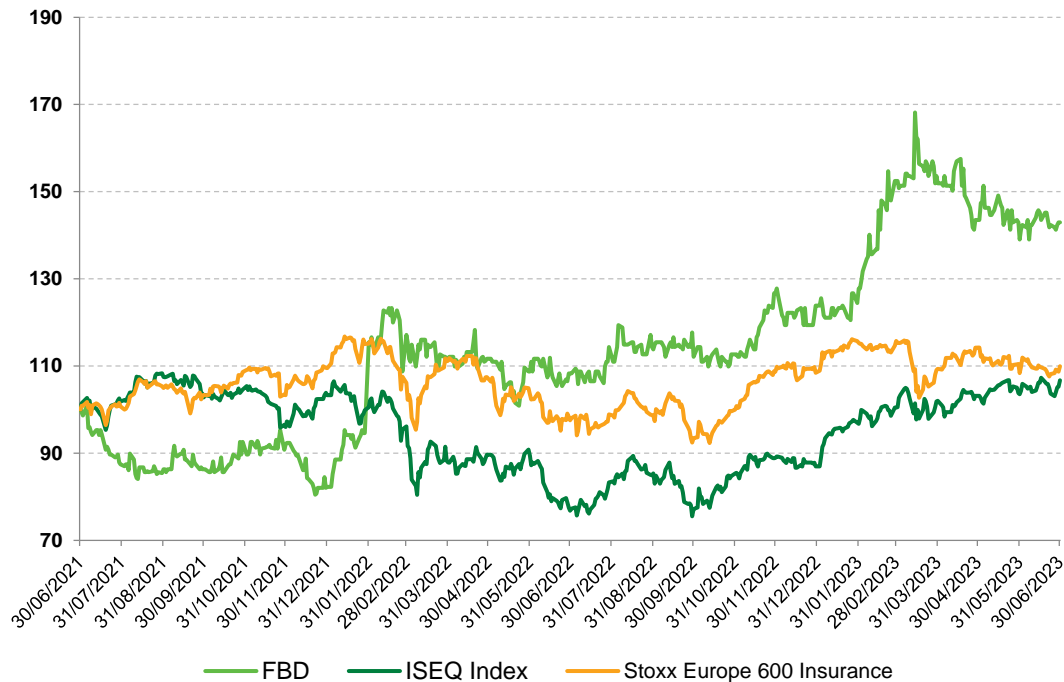


Retail

- Good result in a continuing competitive market, both policy count and GWP grew
- Strong Private Motor and exceptional Home retention rates maintained in H1
- Bank of Ireland new business contributing to overall growth on Home



FBD Share Price Performance



Glossary

Acquisition The total of net commission and operating expenses incurred in the generation of net earned premium and often expressed as a percentage of net earned premium. The operating expenses are after the transfer of direct costs for claims settlement expenses which are included in net incurred claims expense.

Best Estimate The actuary's expectation of future cost to settle all outstanding claims net of any margin for uncertainty, representing a 50% probability that the reserves are adequate to settle all future claims.

Casualty Insurance Insurance that is primarily concerned with the losses resulting from injuries to third persons or their property (i.e. not the policyholder) and the resulting legal liability imposed on the insured. It includes, but is not limited to, general liability, employers' liability, workers' compensation, professional liability, public liability and motor liability insurance.

Catastrophe Reinsurance A reinsurance contract (often in the form of excess of loss reinsurance) that, subject to specified limits and retention, compensates the ceding insurer for losses in related to an accumulation of claims resulting from a catastrophe event or series of events.

Claim The amount payable under a contract of insurance or reinsurance arising from a loss relating to an insured event.

Claims Handling Expense (CHE) Costs incurred in the investigation, assessment and settlement of a claim.

Claims Incurred The aggregate of all claims paid during an accounting period adjusted by the change in the claims provision for that accounting period.

Claims Provision The estimate of the most likely cost of settling present and future claims and associated claims adjustment expenses plus a risk margin to cover possible fluctuation of the liability.

Combined Operating Ratio The sum of the loss ratio and expense ratio. A combined operating ratio below 100% indicates profitable insurance results. A combined operating ratio over 100% indicates unprofitable results.

Deferred Acquisition Costs Acquisition costs relating to the unexpired period of risk of contracts in force at the balance sheet date which are carried forward from one accounting period to subsequent accounting periods.

Directly Attributable Expenses Cash flows arising from the costs of selling, underwriting and starting a group of insurance contracts (issued or expected to be issued) that are directly attributable to the portfolio of insurance contracts to which the group belongs

Events Not in Data (ENID) Insurers are required to allow for all possible events when setting their technical provisions, including those that may not have been historically realised. This is done by allowing for events not in data when calculating technical provisions.

Excess of Loss Reinsurance A form of reinsurance in which, in return for a premium, the reinsurer accepts liability for claims settled by the original insurer in excess of an agreed amount, generally subject to an upper limit.

Expense Ratio Insurance acquisition expenses and non-attributable expenses as a percentage of insurance revenue.

Glossary

Fair Value through Other Comprehensive Income (FVOCI)

Financial assets classified and measured at fair value through other comprehensive income.

General Insurance

Generally used to describe non-life insurance business including property and casualty insurance.

Gross Claims Incurred

The amount of claims incurred during an accounting period before deducting reinsurance recoveries.

Gross Earned Premium (GEP)

The total premium on insurance earned by an insurer or reinsurer during a specified period on premiums underwritten in the current and previous underwriting years.

Gross Written Premium (GWP)

The total premium on insurance underwritten by an insurer or reinsurer during a specified period, before deduction of reinsurance premium.

Incurred but not Reported (IBNR)

Claims arising out of events that have occurred before the end of an accounting period but have not been reported to the insurer by that date.

Insurance Finance Income or Expenses (IFIE)

IFRS 17 permits an entity to choose to present insurance finance income or expenses either in profit or loss or disaggregated between profit or loss and OCI. This choice is made on a portfolio-by-portfolio basis.

Insurance Service Result

Insurance revenue less Insurance service expenses less Net expenses from reinsurance contracts held

Long-tail

Classes of insurance business involving coverage for risks where notice of a claim may not be received for many years and claims may be outstanding for more than one year before they are finally quantifiable and settled by the insurer.

Loss Ratio

Claims incurred net of reinsurance result as a percentage of insurance revenue.

Margin for Uncertainty

The margin held over and above the actuarial best estimate in order to provide greater certainty that claims reserves will be sufficient to settle all outstanding claims as they fall due.

Net Asset Value (NAV)

Net Asset Value is the net value of an entity's assets less its liabilities, divided by the number of shares outstanding.

Net Claims Incurred

The amount of claims incurred during an accounting period after deducting reinsurance recoveries.

Net Claims Ratio

Net claims incurred as a percentage of net earned premium.

Net Earned Premium (NEP)

Net written premium adjusted by the change in net unearned premium for a year.

Net Investment Income

Gross investment income net of foreign exchange gains and losses and investment expenses.

Net Written Premium (NWP)

The total premium on insurance underwritten by an insurer during a specified period after the deduction of premium applicable to reinsurance.

Glossary

Outstanding Claims Provision	The amount of provision established for claims and related claims expenses that have occurred but have not been paid.
Personal Lines	Insurance for individuals and families, such as private motor vehicle and homeowners insurance.
Policyholders' Funds	Those financial assets held to fund the insurance provisions of the Group.
Premium	Amount payable by the insured or reinsured in order to obtain insurance or reinsurance protection.
Premium Allocation Approach (PAA)	The Premium Allocation Approach is a simplification of the General Model for measuring insurance contract assets and liabilities during the coverage period. It is allowed as an optional measurement approach under IFRS 17, mainly intended for contracts of short duration.
Risk Adjustment (RA)	The compensation an entity requires for bearing the uncertainty about the amount and timing of the cash flows that arises from non-financial risk as the entity fulfils insurance contracts
Short-tail	Classes of insurance business involving coverage for risks where claims are usually known and settled within 12 months.
Recoveries	The amount of claims recovered from reinsurance, third parties or salvage.
Reinsurance	An agreement to indemnify a primary insurer by a reinsurer in consideration of a premium with respect to agreed risks insured by the primary insurer. The enterprise accepting the risk is the reinsurer and is said to accept inward reinsurance. The enterprise ceding the risks is the cedant or ceding company and is said to place outward reinsurance.

Reinsurer	The insurer that assumes all or part of the insurance or reinsurance liability written by another insurer.
Retention	That amount of liability for which an insurance company will remain responsible after it has completed its reinsurance arrangements.
Return on Equity (ROE)	Profit after Tax as a percentage of average current year and prior year Equity attributable to ordinary equity holders of parent
Return on Targeted Equity (ROTE)	Profit after Tax as a percentage of IFRS Ordinary Shareholder Funds, at the SCR Risk Appetite
Underwriting	The process of reviewing applications submitted for insurance or reinsurance coverage, deciding whether to provide all or part of the coverage requested and determining the applicable premium.
Underwriting Expenses	The aggregate of policy acquisition costs, and administrative, general and other expenses attributable to underwriting operations.
Underwriting Result	Insurance service result less non-attributable expenses and movement in other provisions.
Underwriting Year	The year in which the contract of insurance commenced or was underwritten.
Unearned Premium	The portion of a premium representing the unexpired portion of the contract term as of a certain date.
Written Premium	Premiums written, whether or not earned, during a given period.